



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – September 21, 2020

Office of Medicaid (MassHealth)—Review of Claims
Paid for Services by City Home Care, LLC
For the period January 1, 2016 through December 31, 2018





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Making government work better

September 21, 2020

Mr. Aleksandr Zolotuskiy, Manager
City Home Care, LLC
425 North Lake Avenue, Suite 102
Worcester, MA 01605

Dear Mr. Zolotuskiy:

I am pleased to provide this performance audit of City Home Care, LLC. This report details the audit objectives, scope, methodology, finding, and recommendations for the audit period, January 1, 2016 through December 31, 2018. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to City Home Care, LLC for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Marylou Sudders, Secretary, Executive Office of Health and Human Services
Daniel Tsai, Assistant Secretary and Director, Office of Medicaid
Alda Rego, Assistant Secretary for Administration and Finance, Executive Office of Health and Human Services
Joan Senatore, Director of Compliance, Office of Medicaid
Teresa Reynolds, Executive Assistant to Secretary Sudders

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LIST OF ABBREVIATIONS

ADL	activity of daily living
AFC	adult foster care
GAFC	group adult foster care
HHA	home health agency
IADL	instrumental activity of daily living
MMIS	Medicaid Management Information System
OSA	Office of the State Auditor

EXECUTIVE SUMMARY

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit to help prevent and identify fraud, waste, and abuse in the Commonwealth's Medicaid program. This program, known as MassHealth, is administered under Chapter 118E of the Massachusetts General Laws by the Executive Office of Health and Human Services, through the Division of Medical Assistance. Medicaid is a joint federal-state program created by Congress in 1965 as Title XIX of the Social Security Act. At the federal level, the Centers for Medicare & Medicaid Services, within the United States Department of Health and Human Services, administer the Medicare program and work with state governments to administer state Medicaid programs.

OSA has conducted an audit of MassHealth claims for group adult foster care (GAFC) paid to City Home Care, LLC for the period January 1, 2016 through December 31, 2018. During this period, MassHealth paid City Home Care \$1,079,110 for 4,514 claims to provide GAFC for 76 MassHealth members. The average annual cost for GAFC provided by City Home Care for each member was approximately \$7,715.¹ The purpose of this audit was to determine whether City Home Care obtained the required prior authorizations, and properly billed, for GAFC provided to MassHealth members during our audit period. In a previous audit (No. 2016-1374-3M2), OSA identified \$15 million in improper payments for adult foster care and GAFC provided to MassHealth members. This audit also recommends that MassHealth enact regulations specifically governing the Group Adult Foster Care Program.

This audit was conducted as part of OSA's ongoing independent statutory oversight of the state's Medicaid program. As with any government program, public confidence is essential to this program's success and continued support.

Below is a summary of our finding and recommendations, with links to each page listed.

1. To calculate this number, we divided the average annual amount MassHealth paid City Home Care for GAFC during the audit period by the average annual number of members who received GAFC during this period.

Finding 1 Page 8	City Home Care was paid as much as \$268,494 for group adult foster care services that appear to be unallowable.
Recommendations Page 9	<ol style="list-style-type: none">1. City Home Care should ensure that it does not bill MassHealth for unallowable GAFC services.2. City Home Care should work with MassHealth to determine the amount City Home Care was overpaid for GAFC, and MassHealth should recoup that amount.

In addition to our finding, we identified an issue we believe warrants MassHealth’s attention, which we have disclosed in the “Other Matters” section of this report.

OVERVIEW OF AUDITED ENTITY

City Home Care, LLC is a private organization in Worcester. It has been a MassHealth provider since 2013 and offers adult foster care (AFC), group adult foster care (GAFC), and home health services for older adults, and people with disabilities, in Massachusetts.

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services, through the Division of Medical Assistance, administers the state's Medicaid program, known as MassHealth. MassHealth provides access to healthcare for approximately 1.9 million low- and moderate-income children, families, seniors, and people with disabilities annually. In fiscal year 2018, MassHealth paid healthcare providers more than \$15 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represented approximately 39% of the Commonwealth's total fiscal year 2018 budget of approximately \$40 billion.

During the audit period, January 1, 2016 through December 31, 2018, MassHealth paid approximately \$1.03 billion for AFC and GAFC for 28,287 members, as detailed below.

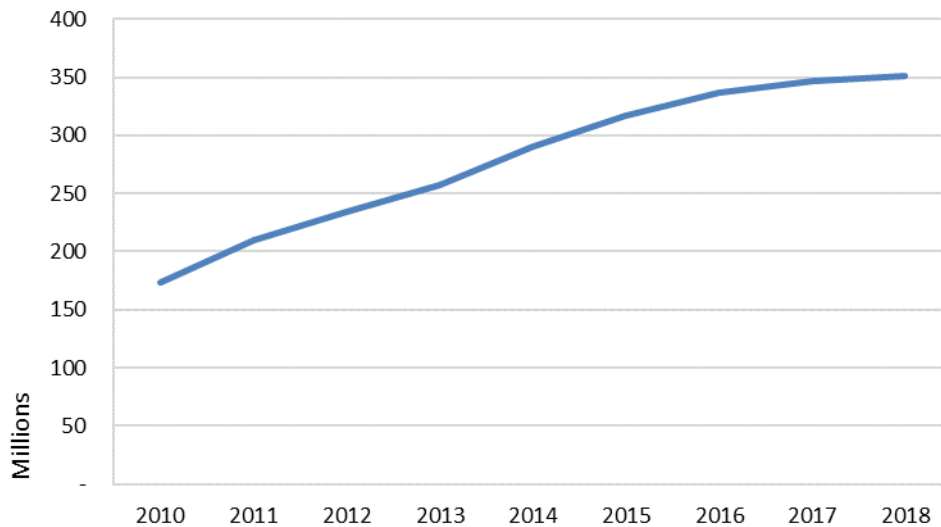
Amounts Paid for AFC and GAFC

Calendar Year	Amount Paid	Members Served	Number of Claims
2016	\$ 336,542,916	19,993	1,783,922
2017	347,052,674	20,989	1,867,651
2018	351,035,446	21,009	2,247,302
Total	<u>\$1,034,631,036</u>	<u>61,991*</u>	<u>5,898,875</u>

* Of these 61,991 members, the unduplicated count is 28,287.

From 2010 through 2018, the Adult Foster Care and Group Adult Foster Care Programs' cost almost doubled, as shown below.

MassHealth Spending on AFC and GAFC



Adult Foster Care and Group Adult Foster Care Programs

The Adult Foster Care and Group Adult Foster Care Programs provide MassHealth members who are elderly or have disabilities with assistance performing activities of daily living (ADLs) and instrumental activities of daily living (IADLs). ADLs include activities such as eating, toileting, bathing, walking, and dressing. IADLs are activities related to independent living that are incidental to a member’s care, such as laundry, shopping, housekeeping, meal preparation and cleanup, transportation, and medication management. Members are eligible to receive either AFC or GAFC if they require assistance or supervision with at least one ADL or IADL. Both programs are designed to provide sufficient assistance to allow members to continue to live independently and avoid the high cost of a long-term-care facility.

Members who receive AFC live in the private residences of caregivers employed by MassHealth-contracted AFC providers and receive 24-hour supervision and assistance with ADLs and IADLs. Each AFC residence may house up to three members. AFC providers must provide nursing and case management for each member.

Members enrolled in the Group Adult Foster Care Program typically live in assisted-living residences or subsidized group housing. Members receive assistance with ADLs and IADLs from GAFC aides for one to two hours each day. GAFC providers also employ nurses and case managers who meet with members at least once every two months to develop and revise member-specific care plans.

Home Health Services Program

The Home Health Services Program pays for home health services, including skilled nursing, home health aide services (for ADLs and IADLs), and therapeutic services (physical, occupational, and speech and language therapy), that are medically necessary for eligible MassHealth members who are under the care of physicians and who live in non-institutional settings. These settings may include their homes, homeless shelters, or other temporary residences in community settings. The program provides home health services through contracts with home health agencies (HHAs) and independent nurses.

During our audit period, MassHealth processed approximately 17.4 million claims for home health services and paid approximately \$1.65 billion to HHAs for the care of approximately 61,500 MassHealth members.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of City Home Care, LLC for the period January 1, 2016 through December 31, 2018.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in this report.

Objective	Conclusion
1. Did City Home Care bill for group adult foster care (GAFC) in accordance with MassHealth's sub-regulatory <i>Group Adult Foster Care Guidelines</i> ?	No; see Finding <u>1</u>
2. Did City Home Care obtain prior authorization from MassHealth for its members who received GAFC?	Yes

Methodology

We gained an understanding of the internal controls we deemed significant to our audit objectives through inquiries. In addition, we performed the following procedures to address our audit objectives.

- We obtained data from MassHealth's Medicaid Management Information System (MMIS) for testing purposes. To test the reliability of the data, we relied on the work performed by OSA in a separate project that tested certain information system controls in MMIS. As part of that work, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the data. Additionally, we performed validity and integrity tests on all claim data, including (1) testing for missing data fields, (2) scanning for duplicate records, (3) testing for values outside a designated range, (4) looking for dates outside the audit period, (5) testing for data validity errors, and (6) tracing a sample of claims queried to source documents. Based on these procedures, we determined that the data obtained were sufficiently reliable for the purposes of this report.

- To determine whether City Home Care provided GAFC in accordance with MassHealth’s sub-regulatory *Group Adult Foster Care Guidelines*, we used data analytics on 100% of paid claims and identified a population of potentially unallowable claims. These claims included all payments made to City Home Care for GAFC provided to members on dates for which MassHealth also paid the agency for home health services provided to the same members. From this population of potentially unallowable claims, we examined whether any paid claims were for care provided to MassHealth members enrolled in the Executive Office of Elder Affairs’ Frail Elder Waiver Program² because members in that program are allowed to receive both GAFC and home health services on the same day. We also determined through review of MMIS records whether members in this population had respite care plans that allowed them to receive both GAFC and home health services on the same day.
- MassHealth’s sub-regulatory *Group Adult Foster Care Guidelines* prohibit GAFC providers from being paid for GAFC they provide to members on the same day the members receive home health services. Therefore, we used the paid claim data in MMIS to determine all instances of these unallowable payments at City Home Care during the audit period and based our conclusion on this analysis.
- To determine whether City Home Care obtained prior authorization from MassHealth for its members who received GAFC, we selected all 76 (100%) of the MassHealth members who received GAFC during the audit period. We then reviewed physician summary forms and prior authorizations for these members to determine whether their physicians approved the need for GAFC and whether MassHealth authorized the services.

2. The Frail Elder Waiver Program is a MassHealth program that went into effect in January 1990. It provides home- and community-based services to Massachusetts residents who require a nursing-home level of care, allowing them to receive healthcare and ongoing support services in their homes or community-living residences instead of in nursing homes.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. City Home Care, LLC was paid as much as \$268,494 for group adult foster care services that appear to be unallowable.

During the audit period, City Home Care, LLC billed, and received payments for, group adult foster care (GAFC) services that appear to be unallowable. These services included home health services, such as personal care and assistance with hygiene, bathing, dressing, walking, and medication, that City Home Care had already provided to members in their homes on the same day under the Home Health Services Program also funded by MassHealth. As a result, City Home Care could have been overpaid as much as \$268,494 for 1,231 GAFC claims.

Authoritative Guidance

MassHealth does not have regulations governing the Group Adult Foster Care Program and relies on a set of sub-regulatory guidelines it has promulgated to communicate program standards and requirements to GAFC providers. The *Group Adult Foster Care Guidelines* require GAFC providers to ensure "that all regulations and guidelines of [MassHealth] for the Adult Foster Care Program are met" for the Group Adult Foster Care Program as well.

For adult foster care, MassHealth's *Adult Foster Care Manual*, Section 408.437 of Title 130 of the Code of Massachusetts Regulations, states, "The MassHealth agency does not pay an [adult foster care] provider when . . . the member receives home health aide services provided by a home health agency." (In the cases in question, City Home Care was classified as both a GAFC provider and a home health agency.)

In addition, according to Section 13(H) of MassHealth's sub-regulatory *Group Adult Foster Care Guidelines*, home health services are disallowed while a member is receiving GAFC:

The participant is not eligible to receive home health aide services while participating in foster care, unless this service is part of [an] approved respite plan.

Reasons for Issue

City Home Care's senior management stated that the agency's previous owner had spoken with MassHealth's Group Adult Foster Care Program manager, who had said there were no clear guidelines and therefore members could receive both GAFC and home health services on the same day.

In addition, City Home Care had been given prior authorizations for the members to receive GAFC; however, billing for GAFC must be in accordance with MassHealth's sub-regulatory guidelines, which only allow GAFC members with approved respite care plans to receive home health services. There was no indication that any of the services in question were for respite care.

Recommendations

1. City Home Care should ensure that it does not bill MassHealth for unallowable GAFC services.
2. City Home Care should work with MassHealth to determine the amount City Home Care was overpaid for GAFC, and MassHealth should recoup that amount.

Auditee's Response

In review of the report summarizing the results of the audit we would like to provide you with additional information for your reconsideration in this matter. Sometime in 2015 the previous owner called [the] then GAFC Program Director . . . asking if both programs can be combined. The GAFC Program Director response was; "yes." On November 19th of 2019, the agency sent an email to . . . the GAFC Program Director at that time to seek further clarification on the issues regarding the mixed messages regarding the provision of GAFC services and HHA services for a client. To this point we have not [been] provided any clearly written guidance but the clinical director of our GAFC program has provided close [monitoring] of all care in which GAFC and HHA services are being provided to assure we avoid duplication of services. We have [reviewed] client records again . . . and have found there is no duplication. Furthermore there are no black and white regulations stating otherwise.

We respectfully disagree that a repayment should be made on the basis that there are no clear guidelines in place and that as an agency providing said services, services have carefully [been] screened to assure that the GAFC services provided were not the same services that was or could have been provided by the other service program.

MassHealth Response

The Executive Office of Health and Human Services (MassHealth's oversight agency) and MassHealth responded,

[The Executive Office of Health and Human Services] agrees with the [Office of the State Auditor] that City Home Care should ensure that it does not bill MassHealth for duplicative services. [The Executive Office of Health and Human Services] plans to conduct an audit of City Home Care to determine compliance with requirements to not bill for duplicative services.

Auditor's Reply

As noted above, MassHealth regulations do not allow payment for GAFC for a member who also receives home health services unless the member is part of an approved respite plan. In its response, City Home Care indicates that it obtained approval from MassHealth to provide both home health services and GAFC to the members in question. However, City Home Care did not provide us with any documentation to substantiate that it had obtained such approval, nor did MassHealth indicate in its response to our report that it had provided any. Further, there was no documentation in City Home Care's records that indicated that any of the members in question received home health services as part of an approved respite plan, nor did City Home Care's billing for GAFC indicate that the claims were for respite care.

Based on the issues we identified with City Home Care's billing practices during this audit, we urge it to implement our recommendations and work with MassHealth to resolve this matter.

OTHER MATTERS

MassHealth lacks specific regulations and clear guidelines for group adult foster care.

MassHealth has promulgated regulations that specifically apply to adult foster care (AFC) but has not done so for group adult foster care (GAFC). Rather, as previously noted, MassHealth relies on a set of sub-regulatory guidelines it has promulgated to communicate program standards and requirements.

However, these guidelines are outdated; they were published in 1991, have not been updated since then, and refer to things like criteria from the state Department of Public Welfare even though that agency no longer exists. They are also unclear; they are titled *Group Adult Foster Care Guidelines*, but most of their discussion of program requirements refers to AFC, not GAFC. Therefore, in a 2016 audit of the Group Adult Foster Care Program, the Office of the State Auditor (OSA) recommended that MassHealth enact regulations specifically governing the Group Adult Foster Care Program. MassHealth's response to this recommendation was as follows:

MassHealth agrees with this recommendation. MassHealth is in the process of enacting regulations to specifically govern the GAFC program.

However, as of the end of our audit period, MassHealth had not promulgated these regulations.

In OSA's opinion, the lack of specific regulations and clear guidelines can cause confusion among GAFC providers regarding Group Adult Foster Care Program requirements. For example, until May 2017, MassHealth regulations only required prior authorization for AFC and GAFC once, before the first date of service. In May 2017, MassHealth amended Section 408.417(B) of Title 130 of the Code of Massachusetts Regulations to require prior authorizations for AFC before the first date of service and annually thereafter. However, because no such specific guidance was issued to GAFC providers, they may not be sure whether they must adhere to this regulatory requirement. As another example, during this audit, it appeared to be unclear to management at City Home Care, LLC that the agency was not allowed to bill for GAFC provided to members who received home health services the same day.

OSA believes that to better ensure compliance with Group Adult Foster Care Program requirements, MassHealth should either promulgate regulations that are specific to that program's services or issue new, clear, comprehensive guidelines for GAFC.

The Executive Office of Health and Human Services and MassHealth provided the following comments on this issue:

The MassHealth Office of Long Term Services and Supports (OLTSS) is in the process of developing and promulgating provider regulations for the GAFC program. OLTSS anticipates issuing its proposed provider regulations for the GAFC program in 2021.