



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

Making government work better

Official Audit Report – Issued July 27, 2015

Office of Medicaid (MassHealth)—Review of Radiology Claims Submitted by Baystate Mary Lane Hospital

For the period January 1, 2013 through December 31, 2014





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July 27, 2015

Charles Cavagnaro III, M.D., President
Baystate Mary Lane Hospital
85 South Street
Ware, MA 01082

Dear Dr. Cavagnaro:

I am pleased to provide this performance audit of radiology claims submitted to MassHealth by Baystate Mary Lane Hospital. This report details the audit objectives, scope, methodology, and findings for the audit period, January 1, 2013 through December 31, 2014. My audit staff discussed the contents of this report with management of the organization.

I would also like to express my appreciation to Baystate Mary Lane Hospital 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

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EXECUTIVE SUMMARY

The Massachusetts Executive Office of Health and Human Services administers the state's Medicaid program, known as MassHealth, which provides access to healthcare services for approximately 1.5 million eligible low- and moderate-income children, families, seniors, and people with disabilities annually. In fiscal year 2014, MassHealth paid healthcare providers more than \$11.9 billion, of which approximately 47% was funded by the Commonwealth. Currently, Medicaid expenditures represent approximately 34% of the Commonwealth's total annual budget.

The Office of the State Auditor has conducted an audit of Baystate Mary Lane Hospital's claims for radiological services provided to MassHealth members for the period January 1, 2013 through December 31, 2014. The purpose of this audit was to determine whether Baystate Mary Lane Hospital properly documented radiological services in accordance with applicable laws, rules, and regulations. In order to receive payment for medical services provided to a MassHealth member, providers are required to maintain adequate documentation in the member's medical record. Specifically, with regard to acute outpatient hospitals such as Baystate Mary Lane, 130 Code of Massachusetts Regulations 410.409(C) states, "The medical record must contain sufficient data to document fully the nature, extent, quality, and necessity of the care provided to a member for each date of service claimed for payment."

Based on our audit, we have concluded that Baystate Mary Lane Hospital properly documented radiological services it provided to MassHealth members. We did not identify any significant deficiencies in this area.

OVERVIEW OF AUDITED ENTITY

Mary Lane Hospital was established in 1909 and joined Baystate Health in 1991, becoming Baystate Mary Lane Hospital. It is located in Ware, Massachusetts, with 25 patient beds, and offers inpatient and outpatient services, emergency services, and laboratory services. For the two-year period ended December 31, 2014, MassHealth paid approximately \$3 million to Baystate Mary Lane Hospital for services provided to MassHealth members. The table below details this funding and related services provided by Baystate Mary Lane Hospital during the audit period.

Services Provided	Amount Paid
Outpatient Services	\$ 1,340,016.49
Inpatient Services	683,012.25
Emergency Services	578,612.56
Laboratory Services	191,333.64
Medicine	242,311.09
Other Services	40,263.16
Total	<u>\$ 3,075,549.19</u>

Our audit focused on radiological services provided by Baystate Mary Lane Hospital. These services are included within Outpatient Services above and totaled \$583,848 during the audit period. Radiological services include X-rays, mammograms, ultrasounds, and other services.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of Baystate Mary Lane Hospital for the period January 1, 2013 through December 31, 2014.

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 summary of our audit objective and the conclusion we reached regarding that objective.

Objective	Conclusion
Does Baystate Mary Lane Hospital maintain adequate documentation to support its claims for radiological services provided to MassHealth members?	Yes

To achieve our audit objective, we reviewed applicable state laws, rules, and regulations, as well as Baystate Mary Lane Hospital's policies and procedures for its Radiology and Billing Departments. We also gained an understanding of, and tested, the Radiology Department's internal controls related to maintaining adequate documentation for member services.

We queried all Baystate Mary Lane Hospital radiology claims from the Executive Office of Health and Human Services' Massachusetts Medicaid Management Information System (MMIS) and MassHealth's Data Warehouse for the two-year period ended December 31, 2014. We performed data analytics on these claims to identify areas of potential fraud, waste, and abuse. Also, we examined a random sample of 40 member files to determine whether paid claims were supported by adequate documentation, including physician orders and radiology reports. We applied a statistical approach in order to be able to project our results to the population, as needed.

We assessed the reliability of the claim data in MMIS. As part of this assessment, we reviewed selected process and system controls and interviewed knowledgeable agency officials about the data.

Additionally, we performed validity tests on all claim data, including testing for (1) missing data elements, fields, and/or values; (2) duplicate records; (3) relationships between data elements; and (4) values within designated periods. We also traced the sampled claim payments to original source documents, including physician order forms and radiology reports, and information stored in the Data Warehouse. Based on the analysis conducted, we determined that the data obtained were sufficiently reliable for the purposes of this report.