



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

Making government work better

Official Audit Report – Issued May 10, 2011

**Review of Claims Submitted to MassHealth by the
Office of Dr. Doreen Chong, DDS**
For the period July 1, 2005 through June 30, 2010



TABLE OF CONTENTS/EXECUTIVE SUMMARY

INTRODUCTION**1**

MassHealth, within the Massachusetts Executive Office of Health and Human Services (EOHHS), administers the state's Medicaid program, which provides access to healthcare services, including dental services, to approximately one million eligible low- and moderate-income individuals, couples, and families. The goals of MassHealth's Dental Program (Dental Program) are to improve member access to quality dental care; improve oral health and wellness for MassHealth members; increase provider participation in the Dental Program network; streamline program administration to make it easier for providers to participate; and create a partnership between MassHealth and the dental community.

During the period covered by our audit, EOHHS had awarded a contract to Dental Services of Massachusetts, Inc. (DSM) to administer the Dental Program. However, DSM performs its contractual responsibilities through a subcontractor currently known as DentaQuest, LLC (DentaQuest). DentaQuest has both programmatic and administrative responsibilities, including (a) dental provider network administration services, (b) customer services, (c) claims administration and processing, (d) contract administration and reporting, and (e) quality improvement/utilization management.

On November 16, 2010, the Office of the State Auditor issued an audit report (No. 2009-8018-14C) entitled Independent State Auditor's Report on MassHealth's Administration of Dental Claims. This audit identified that deficiencies in the MassHealth dental claims processing system have resulted in millions of dollars in ineligible claims and, in some cases, potentially fraudulent claims being paid by MassHealth. Dr. Doreen Chong, DDS is one of approximately 2,000 dental providers enrolled in the MassHealth Dental Program and specializes in orthodontic services. Dr. Chong, whose dental office is located at 128A Tremont Street, Boston, received approximately \$1.6 million from MassHealth during the audit period for orthodontic services she provided to 811 eligible MassHealth members under the age of 21. Our audit of Dr. Chong was conducted as part of the Office of the State Auditor's (OSA) ongoing independent statutory oversight of the Massachusetts Medicaid program.

We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides 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. Our objectives were to determine whether certain dental claims submitted by Dr. Chong were accurate and properly supported by required documentation; services were delivered; and billings and payments were in compliance with applicable laws, rules, and regulations.

Our audit identified unallowable payments to Dr. Chong for radiographs, orthodontic consultations, periodic orthodontic treatment visits, and orthodontic retention totaling \$82,316. Due to deficiencies within the Dental Program's claims processing system, these unallowable claims went undetected by MassHealth.

AUDIT RESULTS	4
UNALLOWABLE PAYMENTS FOR RADIOGRAPHS, ORTHODONTIC CONSULTATIONS, ORTHODONTIC TREATMENT VISITS, AND ORTHODONTIC RETENTION TOTALING \$82,316	4

MassHealth has established regulations governing orthodontic services for the Dental Program under 130 Code of Massachusetts Regulations (CMR) 420.431. This regulation provides service descriptions and limitations for all covered orthodontic services. However, we found that during our audit period, Dr. Chong submitted claims and received payments totaling \$82,316 for radiographs, orthodontic consultations, periodic orthodontic treatment visits, and orthodontic retention that were contrary to these regulations. Moreover, we found that the Dental Program's claims processing system, which DentaQuest administers for MassHealth, does not contain adequate edits to identify and reject unallowable claims such as these for orthodontic services.¹ In addition, because MassHealth did not adequately monitor DentaQuest's administration of the Dental Program, it did not identify this system deficiency.

¹ Audit Report entitled Independent State Auditor's Report on MassHealth's Administration of Dental Claims, No. 2009-8018-14C, dated November 16, 2010, identified that DentaQuest's claims processing system did not include edits to detect and deny claims for orthodontic services that violated state regulations.

INTRODUCTION

Background

MassHealth, within the Massachusetts Executive Office of Health and Human Services (EOHHS), administers the state's Medicaid program, which provides access to healthcare services, including dental services, to approximately one million eligible low- and moderate-income individuals, couples, and families. Under a contract with the EOHHS, Dental Services of Massachusetts, Inc. (DSM) administers the MassHealth's Dental Program. DSM performs its contractual responsibilities through a subcontractor currently known as DentaQuest, LLC (DentaQuest). Under this contract, DentaQuest has both programmatic and administrative responsibilities, including (a) dental provider network administration services, (b) customer services, (c) claims administration and processing, (d) contract administration and reporting, and (e) quality improvement/utilization management. The goals of MassHealth's Dental Program are to improve member access to quality dental care; improve oral health and wellness for MassHealth members; increase provider participation in the Dental Program network; streamline program administration to make it easier for providers to participate; and create a partnership between MassHealth and the dental community.

On November 16, 2010, the Office of the State Auditor issued an audit report (No. 2009-8018-14C) entitled Independent State Auditor's Report on MassHealth's Administration of Dental Claims. This audit identified that deficiencies in the MassHealth's dental claims processing system have resulted in millions of dollars in ineligible claims and, in some cases, potentially fraudulent claims being paid by MassHealth. This audit was conducted as part of the Office of the State Auditor's (OSA) ongoing independent statutory oversight of the Massachusetts Medicaid program.

Doreen Chong, DDS is one of approximately 2,000 dental providers enrolled in MassHealth's Dental Program. Dr. Chong, whose office is located at 128A Tremont Street, Boston, specializes in orthodontic services. During the period July 1, 2005 to June 30, 2010, Dr. Chong received approximately \$1.6 million from MassHealth for orthodontic services she provided to 811 eligible MassHealth members under the age of 21. The table below details the payments that Dr. Chong received from MassHealth during the audit period:

Fiscal Year	Claims Payment
2006	\$ 332,539
2007	348,790
2008	332,817
2009	317,807
2010	<u>273,443</u>
	<u>\$1,605,396</u>

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor conducted an audit of dental claims submitted by Doreen Chong, DDS during the period July 1, 2005 to June 30, 2010. We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides 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. Our objectives were to determine whether certain dental claims submitted by Dr. Chong were accurate and properly supported by required documentation; services were delivered; and billings and payments were in compliance with applicable laws, rules, and regulations.

To achieve our objectives, we reviewed applicable state and federal laws, rules, regulations, and the MassHealth Dental Program Manual. We then obtained Dr. Chong's dental claims information contained in the Massachusetts Medicaid Management Information System (MMIS), which is the automated claims processing system used by MassHealth to pay dental providers. We analyzed Dr. Chong's data to identify, for the period covered by our audit, (a) the amount and number of paid claims; (b) type and frequency of services performed; and (c) service trends and billing anomalies indicative of systemic billing problems within the claims processing system. From Dr. Chong's records, we selected a judgmental sample of 30 files from members under the age of 21 for review. We tested each member file to ensure that the paid claims were properly authorized and supported by appropriate documentation, including dental charts, radiographs, prior authorization requests,

and related billing forms and records. At the conclusion of the field audit, we discussed the results with Dr. Chong and considered her comments when preparing this report. We also provided the results of our audit to MassHealth and DentaQuest officials and have included their written comments within the applicable sections of this report.

AUDIT RESULTS

UNALLOWABLE PAYMENTS FOR RADIOGRAPHS, ORTHODONTIC CONSULTATIONS, ORTHODONTIC TREATMENT VISITS, AND ORTHODONTIC RETENTION TOTALING \$82,316

MassHealth has established regulations governing orthodontic services for the Dental Program under 130 Code of Massachusetts Regulations (CMR) 420.431. This regulation provides service descriptions and limitations for all covered orthodontic services. However, our audit found that Dr. Chong received payments for radiographs, orthodontic consultations, periodic orthodontic treatment visits, and orthodontic retentions, contrary to these regulations. These payments were made because the Dental Program's claims processing system, which DentaQuest administers for MassHealth, does not contain adequate edits to identify and reject unallowable claims for orthodontic services.² In addition, because MassHealth did not adequately monitor DentaQuest's administration of the Dental Program, it did not identify this system deficiency. Consequently, we found that Dr. Chong received payments for orthodontic services that exceeded the amounts allowable under state regulations by \$82,316 during the audit period.

MassHealth's Dental Program offers orthodontic care for members under age 21 with severe and handicapping malocclusion (abnormality in the coming together of teeth). All orthodontic services require prior authorization from DentaQuest with the exception of orthodontic consultations and orthodontic retention (removal of appliances, construction and placement of retainers). MassHealth has established limits on radiographs,³ orthodontic consultations, orthodontic treatment visits, and orthodontic retention that are allowable in the provision of orthodontic care under 130 CMR 420.431(C), 420.431(B), 420.431(F), and 420.431(H), respectively, as follows:

(C) Orthodontic Radiographs. The MassHealth agency pays for radiographs as a separate procedure for orthodontic diagnostic purposes only for members under age 21, and only if requested by the MassHealth agency. Cephalometric films are to be used in conjunction with orthodontic diagnosis and are included in the payment for comprehensive orthodontic treatment. Payment for radiographs in conjunction with orthodontic diagnosis is included in

² Our prior audit report, Independent State Auditor's Report on MassHealth's Administration of Dental Claims, No. 2009-8018-14C, dated November 16, 2010, identified that DentaQuest's claims processing system did not include edits to detect and deny claims for orthodontic services that violated state regulations.

³ Since January 1, 2003, MassHealth has revised the Dental Program's regulations on four separate occasions. Under each set of regulations, MassHealth specifies that the fee for orthodontic treatment includes reimbursement for radiographs, only warranting payment as a separate procedure for MassHealth members under the age of 21 with prior approval by MassHealth. In addition, all of these regulations indicate that radiographs are not reimbursable as a separate procedure if MassHealth denies the prior authorization request for treatment.

the payment for orthodontic services. If the MassHealth agency denies the request for comprehensive orthodontic treatment, the MassHealth agency pays for the pre-orthodontic work-up that includes payment for radiographs.

(B) Orthodontic Consultation. The MassHealth agency pays for an orthodontic consultation only for members under age 21 and only for the purpose of determining whether orthodontic treatment is necessary, and if so, when treatment should begin. The MassHealth agency pays an orthodontic treatment consultation as a separate procedure only once per six-month period. The MassHealth agency does not pay for an orthodontic consultation as a separate procedure when used in conjunction with ongoing or planned (within six months) orthodontic treatment.

(F) Orthodontic Treatment Visits. The MassHealth agency pays for ongoing orthodontic treatment visits on a quarterly basis. (Each quarter is billed as one unit of service.)⁴

(H) Orthodontic Retention. The MassHealth agency pays separately for orthodontic retention (removal of appliances, construction and placement of retainers). Retention includes the fabrication and delivery of the initial retainers and follow-up visits. The MassHealth agency pays for a maximum of five retention visits (post-treatment stabilization).

However, we found that deficiencies within the Dental Program's claims processing system allowed Dr. Chong to receive payments for (a) radiographs, (b) orthodontic consultations, and (c) periodic treatment visits and orthodontic retention that were not in accordance with MassHealth's regulations, as follows:

a. Radiographs

As noted above, 130 CMR 420.431(C) states that MassHealth pays for radiographs as a separate procedure for orthodontic diagnosis purposes only for members under the age of 21, and only if specifically requested by MassHealth and prior authorization is approved. In most instances, orthodontic radiographs are performed as an integral part of a greater orthodontic procedure (e.g. comprehensive orthodontic treatment) and therefore do not warrant a separate payment. Dr. Chong, whose practice is limited to orthodontics, routinely takes radiographs on her patients and bills MassHealth for these services as a separate diagnostic procedure. According to payment data maintained in the Massachusetts Medicaid Management Information System (MMIS), Dr. Chong took 3,032 radiographs on her patients between July 1, 2005 and June 30, 2010. We determined that MassHealth never requested these radiographs. Consequently, in accordance with MassHealth regulations, these radiographs should not have been paid. Yet, DentaQuest did not identify these

⁴ Based upon the MassHealth Dental Program Office Reference Manual, MassHealth will authorize a maximum of 10 quarters of orthodontic treatment visits per member.

radiographs as being nonreimbursable orthodontic services because its claims processing system did not include edits to detect and deny claims for these radiographs. As a result, Dr. Chong received unallowable payments totaling \$71,418 for these radiographs during our audit period, as detailed in the table below:

Fiscal Year	Radiographs	Payments
2006	796	\$16,317
2007	780	17,505
2008	631	13,944
2009	517	12,714
2010	<u>308</u>	<u>10,938</u>
Totals	<u>3,032</u>	<u>\$71,418</u>

During our audit, Dr. Chong explained that dental radiographs are necessary at times to properly evaluate a patient's dental condition. Dr. Chong also stated that MassHealth officials advised her that claims for the dental radiographs taken on the members in question would be paid. However, Dr. Chong could not provide us with any documentation to substantiate her comments on this matter. Therefore, the payments that Dr. Chong received for these dental radiographs used in conjunction with orthodontic diagnoses represents a violation of 130 CMR 420.431(C).

During our audit, we brought this matter to the attention of MassHealth officials, who provided us with the following written comments:

DentaQuest is unable to make determinations of the purpose of radiographs without the use of specific diagnosis codes; there are no diagnosis codes in dentistry. MassHealth has maintained that all providers, including orthodontists, are eligible to bill for medically necessary radiographs. DentaQuest is researching the providers that routinely provide other services (primarily restorative treatments) in addition to orthodontic procedures that may require radiographs to diagnose decay. The MassHealth agency and DentaQuest are working together to develop the most effective way to monitor and modify the billing behavior of providers solely practicing orthodontics.

In its comments, MassHealth officials state that DentaQuest is unable to make determinations of the purpose of radiographs without the use of specific diagnosis codes, and there are no diagnosis codes in dentistry. While we agree with this statement in general, it has no relevance when discussing dental providers whose practices are limited to

orthodontics such as Dr. Chong's. Orthodontic specialists utilize radiographs almost exclusively for orthodontic diagnosis, thus eliminating any need for DentaQuest to make determinations of the purpose of such radiographs. Further, MassHealth states it has maintained that all providers, including orthodontists, are eligible to bill for medically necessary radiographs. We do not dispute this fact. Our concern is that MassHealth and DentaQuest have not established system edits to detect and deny claims that orthodontists submit for radiographs taken as part of orthodontic diagnosis, which are paid for as part of the overall orthodontic service and should not be compensated for separately unless prior approval is granted by MassHealth. Finally, MassHealth states it is working together with DentaQuest to develop the most effective way to monitor and modify the billing behavior of providers solely practicing orthodontics. In addition, MassHealth's response states DentaQuest is researching the providers that routinely provide other services (primarily restorative procedures) in addition to orthodontic procedures that may require radiographs to diagnose decay. We anticipate that MassHealth's efforts will effect positive change and ensure that orthodontic specialists as well as multi-service dental providers comply with all Dental Program regulations.

b. Orthodontic Consultations

Our audit found that Dr. Chong was paid for orthodontic consultations contrary to state regulations. As previously noted, 130 CMR 420.431(B) states MassHealth will not pay for an orthodontic consultation as a separate procedure when used in conjunction with ongoing or planned (within six months) orthodontic treatment. However, according to payment data maintained in MMIS, Dr. Chong was paid for 337 orthodontic consultations that she performed within six months of comprehensive treatments between July 1, 2005 and June 30, 2010. DentaQuest did not identify these orthodontic consultations as nonreimbursable program costs because its claims processing system did not include edits to detect and deny claims for orthodontic consultations that violated state regulations. As a result, Dr. Chong received unallowable payments totaling \$10,219 for these orthodontic consultations during the audit period, as detailed in the table below:

Fiscal Year	Orthodontic Consultations	Payments
2006	76	\$2,128
2007	77	2,387
2008	72	2,232
2009	59	1,829
2010	<u>53</u>	<u>1,643</u>
Totals	<u>337</u>	<u>\$10,219</u>

During our audit, we brought this matter to the attention of MassHealth officials, who provided us with the following written comments:

DentaQuest is enhancing its internal audit process to ensure that any payment for D8660 [orthodontic consultation] is recovered if the date of service for D8080 [comprehensive orthodontic treatment] is within six months of the original payment (for 8660) to the same provider. DentaQuest has also designed an edit to prohibit D8660 from being paid once payment for comprehensive orthodontics has been made.

At the conclusion of the audit, Dr. Chong explained that MassHealth always paid for one orthodontic consultation in the past. Moreover, she stated that recent changes to the regulations are ambiguous and she has sought clarification from DentaQuest regarding the new limits set for orthodontic consultations without success.

c. Orthodontic Treatment Visits and Orthodontic Retention

Our test of 30 member files found that Dr. Chong received payments for orthodontic treatment visits and orthodontic retention contrary to state regulations that resulted in unallowable payments totaling \$679. For example, based upon 130 CMR 420.431(H), MassHealth pays for a maximum of five retention visits per member. However, according to payment data maintained in MMIS, Dr. Chong was paid for six orthodontic retentions for two of the 30 members tested during the audit period. Furthermore, pursuant to 130 CMR 420.421(F), MassHealth pays for ongoing orthodontic treatment visits on a quarterly basis. (Each quarter is billed as one unit of service.) Based upon the MassHealth Dental Program Office Reference Manual, MassHealth will authorize a maximum of 10 quarters of orthodontic treatment visits per member. However, Dr. Chong received 11 payments for each of two MassHealth members, when only 10 were reimbursable under 130 CMR 420.431(F). DentaQuest did not identify the extra orthodontic retention (those greater than

five) or orthodontic treatment visits (those greater than 10) as non-reimbursable orthodontic services. The following table details the six unallowable payments that we found within the 30 sampled member files:

Member	Procedure	Payment	Regulation	Explanation
A	Periodic Ortho. Treatment Visit	\$150	420.431(F)	Regulation allows 10 visits; but 11 payments were received
B	Periodic Ortho. Treatment Visit	\$150	420.431(F)	Regulation allows 10 visits; but 11 payments were received
C	Ortho. Retention Visit	\$95	420.431(H)	Regulation allows 5 visits; but 6 payments were received
D	Ortho. Retention Visit	\$95	420.431(H)	Regulation allows 5 visits; but 6 payments were received
E	Ortho Retention Visit	\$94	420.431(H)	Retention visit not allowed because ortho. treatment was denied
F	Ortho Retention Visit	<u>\$95</u>	420.431(H)	Retention visit paid prior to actual ortho. treatment
Totals		<u>\$679</u>		

During the audit, Dr. Chong provided two possible explanations for the extra payments. First, Dr. Chong stated that at times, she will re-submit a dental claim if MassHealth does not pay it in a timely manner (i.e., within 3-4 months), which can result in her receiving two separate payments for the same procedure. Second, Dr. Chong stated that the extra payments could have resulted from an inadvertent mistake during the preparation or processing of her dental claims. In this regard, Dr. Chong stated she manually prepares her dental claims, which DentaQuest must input into the claims processing system for payment. Dr. Chong believes a mistake could have occurred during either step, which could lead to an extra payment if undetected by DentaQuest.

During our audit, we brought this matter to the attention of MassHealth officials, who provided us with the following written comments:

DentaQuest will generate appropriate reports to identify all providers who have received more retention payments than regulations allow. DentaQuest will then identify those cases which received appropriate approval for additional retention through the PA process and any/all payments in excess of the regulations (without approvals) will be recovered. Ongoing testing and monitoring by DentaQuest will assure compliance with regulations

Recommendation

Overall, based on its written comments, MassHealth is taking measures, including making improvements to its internal controls over these payments, to address our concerns relative to the issues we raise in this report. In this regard, MassHealth should recover the \$82,316 that Dr.

Chong was paid for dental radiographs, orthodontic consultations, orthodontic treatment visits, and orthodontic retention, contrary to state regulations, during the audit period. Also, Dr. Chong should establish procedures to ensure that she submits claims to MassHealth for dental procedures in accordance with state regulations.