



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

Making government work better

Official Audit Report – Issued December 22, 2017

Office of Medicaid (MassHealth)—Review of Vision Care Claims Paid to Dr. Wensheng Yao

For the period July 1, 2011 through June 30, 2016





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Making government work better

December 22, 2017

Dr. Wensheng Yao
Community Optics
410 Essex Street
Lawrence, MA 01840

Dear Dr. Yao:

I am pleased to provide this performance audit of claims that you submitted to the Office of Medicaid for vision care services provided to MassHealth members. This report details the audit objective, scope, methodology, findings, and recommendations for the audit period, July 1, 2011 through June 30, 2016. My audit staff discussed the contents of this report with you, and your comments are reflected in this report.

I would also like to express my appreciation to you for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
MassCor	Massachusetts Correctional Industries
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 US 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 vision care claims paid to Dr. Wensheng Yao for the period July 1, 2011 through June 30, 2016. During this period, MassHealth paid Dr. Yao approximately \$1,210,513 to provide vision care services for 10,089 MassHealth members. The purpose of this audit was to determine whether vision care services provided to MassHealth members were medically necessary, properly supported by documentation, and allowable in accordance with MassHealth regulations.

The audit was conducted as part of OSA's ongoing independent statutory oversight of the state's Medicaid program. Several of our previously issued audit reports disclosed significant weaknesses in MassHealth's claim-processing system, which resulted in millions of dollars in potentially improper payments. As with any government program, public confidence is essential to the success and continued support of the state's Medicaid program.

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

Finding 1 Page 8	Dr. Yao improperly billed MassHealth for \$396,962 in vision care services provided by other optometrists.
Recommendations Page 9	<ol style="list-style-type: none">1. Dr. Yao should collaborate with MassHealth to establish a plan to repay the \$396,962 in overpayments he received from improper vision care billings.2. Dr. Yao should bill MassHealth only for services he personally provides, using his billing provider identification number.3. Dr. Yao should periodically review all the billing requirements in MassHealth's regulations, as well as updates to these regulations that are described in MassHealth's transmittal letters and provider bulletins, and ensure that he is aware of, and adheres to, these requirements when he bills for services provided to MassHealth members.

Finding 2 Page <u>12</u>	Dr. Yao did not always use the correct date of service when billing MassHealth for vision care services.
Recommendation Page <u>14</u>	Dr. Yao should submit claims to MassHealth using the actual dates on which the vision care services are provided to members.
Finding 3 Page <u>14</u>	Dr. Yao submitted \$218,784 of questionable charges for dispensing eyeglasses.
Recommendations Page <u>15</u>	<ol style="list-style-type: none">1. Dr. Yao should collaborate with MassHealth to determine the amount of dispensing services to be repaid, which should be, at a minimum, \$28,744.2. Dr. Yao should only submit claims for dispensing services for a MassHealth member when he fits the new eyeglasses to that member.

OVERVIEW OF AUDITED ENTITY

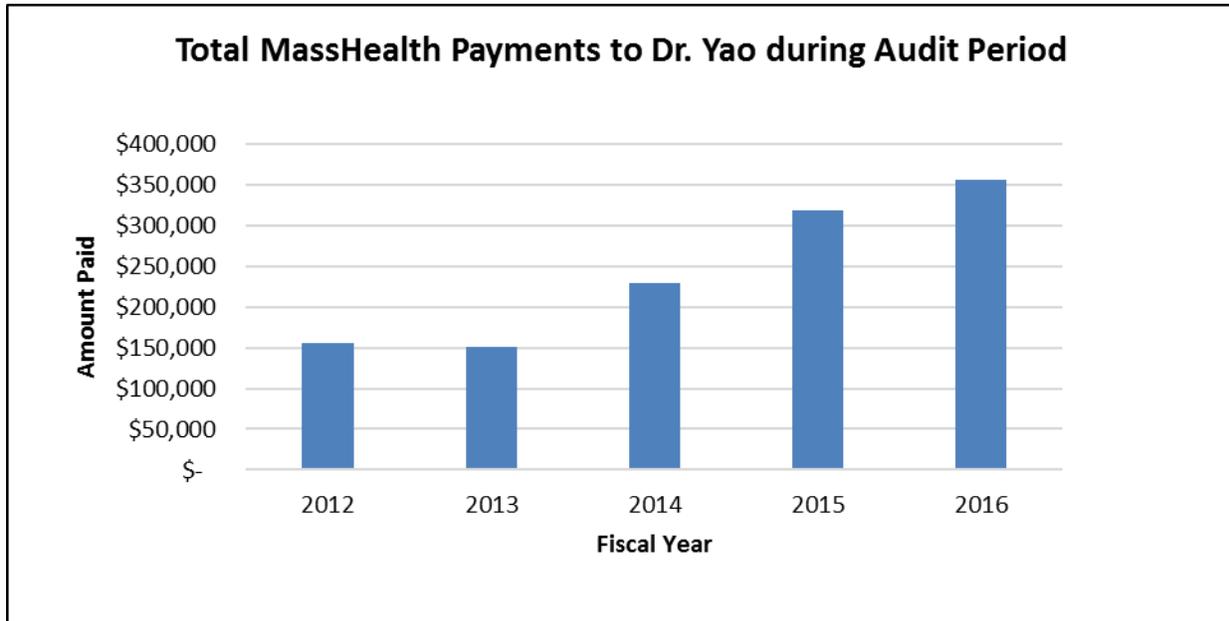
Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services, through the Division of Medical Assistance, administers the state's Medicaid program, known as MassHealth. MassHealth provides access to healthcare services to approximately 1.9 million eligible low- and moderate-income children, families, seniors, and people with disabilities. In fiscal year 2016, MassHealth paid healthcare providers more than \$14 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represent approximately 39% of the Commonwealth's total annual budget.

According to Section 402 of Title 130 of the Code of Massachusetts Regulations, MassHealth pays for vision care services provided to eligible MassHealth members. Dr. Wensheng Yao, optometrist and sole proprietor of Community Optics in Lawrence, is a certified MassHealth service provider. Dr. Yao received a total of \$1,210,513 from MassHealth during the audit period for the services detailed below.

MassHealth Payments Received by Dr. Yao

Type of Service	Amount Received from MassHealth
Fit Eyeglasses*	\$ 499,449
Office Visits	222,159
Comprehensive Eye Exams	393,777
Other	95,128
Total	<u>\$1,210,513</u>

* This service type is also known as "dispensing services" and is referred to by that name elsewhere in this report.



MassHealth payments to Dr. Yao for vision care more than doubled from fiscal years 2012 and 2013 to fiscal year 2016.

Vision Care Services

The vision care services provided by opticians, optometrists, and ophthalmologists¹ to eligible MassHealth members include performing eye exams; diagnosing, treating, and managing disorders of the eye and the associated structures; and fitting and ordering eyewear. MassHealth instructs providers to use specific procedure codes to bill for vision care services, such as dispensing services, eyeglass repairs, comprehensive eye examinations, and problem-specific eye examinations.

Dispensing services: The following are considered dispensing services: assisting a member in choosing appropriate frames, taking necessary measurements for ordering lenses and frames from the optical supplier, fitting the completed eyeglasses to the member, determining whether the member can see clearly through the eyeglasses, making necessary adjustments to the lenses and/or frames, and giving the member the eyeglasses. Dispensing also includes periodic readjustments and minor repairs of eyeglasses for the first six months from the date the member receives the eyeglasses.

1. Opticians specialize in filling lens prescriptions, helping patients choose eyeglasses, and fitting eyeglasses. Optometrists perform vision examinations, fit and prescribe contact lenses and eyeglasses, diagnose and treat eye-related conditions, and prescribe some medications. Ophthalmologists can perform all the same services as optometrists as well as eye-related surgeries.

Repairs: A member is entitled to have his/her broken eyeglasses repaired with replacement parts from the optical supplier. If the replacement parts are not available from the optical supplier, the member is entitled to an entire replacement frame.

Eye examinations: Each member is entitled to a comprehensive eye examination once in a 12-month period for a member under the age of 21, and once in a 24-month period for a member who is 21 or older.

Problem-specific eye examinations: A member is entitled to a comprehensive eye examination more than once per eligibility period when there is a referral from the member's physician or when the member complains of blurred vision, headaches, pain, or redness, or the member is diagnosed with a condition or chronic disease that could impair vision, such as diabetes, hyperthyroidism, HIV, cataracts, or infection.

Massachusetts Correctional Industries

MassHealth's optical supplier is Massachusetts Correctional Industries (MassCor). For eligible Medicaid members, optometrists and opticians use MassCor's online system to order eyeglass-related materials and services produced or provided by Massachusetts inmates, including eyeglass frames, eyeglass lenses, frame cases, lens tints and coatings, and replacement parts.

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 Dr. Wensheng Yao for the period July 1, 2011 through June 30, 2016.

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 our audit objective, indicating the question we intended our audit to answer, the conclusion we reached regarding the objective, and where the objective is discussed in the audit findings.

Objective	Conclusion
1. Did Dr. Yao properly bill MassHealth for vision care services he provided to its members?	No; see Findings 1 , 2 , and 3

Methodology

To achieve our audit objective, we reviewed applicable state and federal laws and regulations, MassHealth bulletins and transmittal letters, the MassHealth All Provider Manual, and the MassHealth Vision Care Manual. We also requested and received the following documentation from Dr. Yao:

- member medical records
- an employee list and dates of employment
- a list of members who did not return to pick up ordered eyeglasses

We gained an understanding of the internal control environment at Community Optics and evaluated the design of controls over the billing process that we deemed significant to our audit objective.

We selected a statistically random sample of 180 out of 35,351 paid vision care claims from the audit period, using an expected error rate of 50%, a desired precision range of 15%, and a confidence level of 95%, to determine whether Dr. Yao properly billed MassHealth for these services. Expected error rate is

the anticipated rate of occurrence of the error of improper billing for services; 50% is the most conservative. Desired precision is a measure of how precise the actual error rate is. Confidence level is the numerical measure of how confident one can be that the sample results reflect the results that would have been obtained if the entire population had been tested. For this audit, we designed our sample so that we would be 95% confident that the actual error rate in the sample of 180 claims would be within a range of +/- 7.5%, or 15%, of the error in the population of 35,351 claims.

To determine whether Dr. Yao properly billed MassHealth for vision care services, we reviewed information in the members' medical records for the sampled claims, including the servicing provider's name. Also, we looked at office hours and employee schedules for the sampled claims. Because the sampled medical records did not identify the service provider, we requested that Dr. Yao assist us in reviewing each sampled medical record to identify who performed the service. In addition, we verified Dr. Yao's determinations on these sampled medical records by comparing them to his office hours and to dates other optometrists were available to perform services in his office.

The statistical sampling method described above allows us to extrapolate the sampled findings to the entire population of paid vision care claims. Based on our testing, the actual error rate in our sample was 40%, and when projecting this to the total population of paid vision care claims, we are 95% confident that at least 32% (at the lower limit) or at most 47% (at the upper limit) of Dr. Yao's vision care claims were overpaid. In OSA's opinion, the lower limit of 32% (the most conservative amount) is the minimum amount that Dr. Yao must repay to the Commonwealth.

To perform our audit procedures, we obtained all data for claims paid by MassHealth to Dr. Yao from the state's Medicaid Management Information System (MMIS). We relied on the work performed by OSA in a separate project that tested certain information system controls in MMIS, which is maintained by the Executive Office of Health and Human Services. As part of the work performed, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the MMIS claim data. Additionally, we performed other validity and integrity tests on all claim data, including (1) testing for missing data, (2) scanning for duplicate records, (3) looking for dates outside specific time periods, and (4) tracing a sample of claims queried to source documents. Based on these procedures, we determined that the claim data obtained from MMIS were sufficiently reliable for the purposes of this report.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Dr. Wensheng Yao improperly billed MassHealth for \$396,962 in vision care services provided by other optometrists.

Dr. Yao improperly submitted claims to MassHealth using his own billing provider identification number for vision care services that were provided by other optometrists. Based on our review of member medical records, 72 of the 180 sampled claims (40%) were improperly billed to MassHealth using Dr. Yao's billing provider identification number when the services were actually performed by one of his four associated optometrists, who should have billed using their own provider identification numbers. This resulted in at least \$396,962 of overpayments during the audit period.

In addition to the above questioned services, we found that 41 of the 180 sampled services (23%) were performed by two of the optometrists before they were enrolled as providers in the MassHealth program (see table below). As a result, during the period when these optometrists were not enrolled as MassHealth providers, there was a risk of members receiving inferior vision care services, since the optometrists had not been subjected to MassHealth's credentialing process.

Optometrist Services Provided

Optometrist	Date Certified by MassHealth	Number of Questioned Services in Sample Population	Number of Services Provided before MassHealth Certification
Dr. Yang	4/24/12	21	0
Dr. Yu Su	11/24/14	6	6
Dr. Suraj Afshar	3/14/11	10	0
Dr. Minsheng Yuan	3/21/17	35	35
Total		<u>72</u>	<u>41</u>

Authoritative Guidance

According to Section 3.07(1) of Title 246 of the Code of Massachusetts Regulations (CMR), optometrists can provide vision care services only under their own certificate of registration (a certificate that they can also use to apply to become a certified MassHealth provider):

An Optometrist shall practice under his or her name as shown on the certificate of registration, whether or not practicing under a corporate or group name.

Also, according to 130 CMR 402.404, vision care claims are payable only to providers who are participating in MassHealth:

Payment for services described in [the MassHealth Vision Care Manual] will be made only to providers of vision care services who are participating in MassHealth on the date of service.

Finally, 130 CMR 450.301 states that a provider cannot make a claim for services rendered by another provider:

- A. *Except as provided in other program regulations, a claim for a medical service may be submitted only by the provider that provided the service. . . .*
 1. *An individual practitioner may not claim payment under his or her own name and provider ID / service location number for services actually provided by another individual, whether or not the individual who provided the service is also a participating provider, or is an associate, partner, or employee of the individual practitioner.*

Reasons for Noncompliance

Dr. Yao stated that it is very common for small private practices to bill services provided by other optometrists under the main doctor's billing provider identification number. He stated that he believed that billing in this manner was acceptable because all of his associate optometrists are board-licensed to perform services under his supervision. However, he had not applied with MassHealth to be a group practice; his certification is for a sole proprietorship. Therefore, he is only allowed to bill for services he provides himself.

Recommendations

1. Dr. Yao should collaborate with MassHealth to establish a plan to repay the \$396,962 in overpayments he received from improper vision care billings.
2. Dr. Yao should bill MassHealth only for services he personally provides, using his billing provider identification number.
3. Dr. Yao should periodically review all the billing requirements in MassHealth's regulations, as well as updates to these regulations that are described in MassHealth's transmittal letters and provider bulletins, and ensure that he is aware of, and adheres to, these requirements when he bills for services provided to MassHealth members.

Auditee's Response

Community Optics for all practical purposes operated as a group practice. The MassHealth regulations define a group practice as "a legal entity that employs or contracts with individual

practitioners who have arranged for joint use of facilities, and for payment into a common account of proceeds from the delivery of medical services by individual practitioners within the group." . . . The practitioners who form a group practice can include the owner, employees and any other provider who delivers services through the group practice. . . . Community Optics is owned by Dr. Yao and has employed different optometrists from time to time to assist with the treatment of its patients. . . . All fees for services provided by such employed optometrists were billed by Community Optics, received directly by Community Optics and credited to a Community Optics account. . . .

The services provided by Community Optics and its employed optometrists were of the quality expected by MassHealth. At all times, services were provided by optometrists eligible for participation in MassHealth. All employed optometrists were licensed and, to the best knowledge of Community Optics, in good standing with the applicable licensing board. Since the optometrists were either eligible to be or actually enrolled in MassHealth, it is reasonable to determine that those providers met applicable MassHealth quality standards.

Since all optometrists were at a minimum eligible to participate in MassHealth, the allegation that inferior vision care services could have been provided is not supported and not accurate. . . .

Community Optics' operations and set-up were based upon Dr. Yao's personal experience when employed by other practices as well as his understanding of community accepted and acknowledged practices. While first gaining experience after becoming a licensed optometrist, Dr. Yao worked for other optometrists in practices owned and run by those optometrists. Those optometrists, to the best of Dr. Yao's recollection and understanding, did not have Dr. Yao sign onto a contract with MassHealth or take other specific action to bill MassHealth through those practices. Instead, Dr. Yao's services were billed by the optometrist employing him. Dr. Yao believes arrangements similar to the Community Optics setup to be common practice in the field.

Community Optics never had ill intent or any other intention to improperly bill MassHealth. Community Optics was only trying to ensure that patients received good, timely care in a manner that Community Optics understood to be consistent with applicable MassHealth requirements.

Alternatively, the practice of Community Optics submitting claims through Dr. Yao can be viewed as submitting claims under supervision. Dr. Yao reviewed the rendering optometrist's notes, discussed the treatment and plan, and provided suggestions on modifications or other changes for the benefit of the patient. Such oversight from Dr. Yao is analogous to supervision provided by a physician to a nurse practitioner or physician assistant. Physicians are permitted to bill for services provided by nurse practitioners or physician assistants under supervision, as set forth in 130 CMR § 433.433(E) and 130 CMR § 433.434(B), respectively. Billing for both nurse practitioners and physician assistants generally requires the provider to be employed, not billing separately, enrolled in MassHealth, and have some degree of supervision. The claims submitted by Community Optics for its employed optometrists were similar in nature and met the hallmarks of billing for services rendered by a supervised, employed provider. . . .

Community Optics is implementing changes to ensure that it monitors MassHealth regulations and guidance for updates or other modifications to requirements.

MassHealth's Response

- 1. MassHealth agrees with [OSA's] finding that as Dr. Yao is enrolled in MassHealth as an individual practitioner, he improperly billed MassHealth for vision care services provided by one of his four associated optometrists, some of whom were not MassHealth enrolled providers at the time. MassHealth agrees with [OSA's] recommendation that Dr. Yao must repay MassHealth any overpayments that resulted from improper vision care billings. MassHealth will initiate recovery of the overpayment from Dr. Yao after the final report has been issued.*
- 2. MassHealth agrees that as an individual practitioner, Dr. Yao can bill MassHealth using his provider identification number only for services he personally provides. MassHealth will require Dr. Yao to implement a corrective action plan that includes training on MassHealth billing rules and provider enrollment process for individual practitioners and group practices to ensure that Dr. Yao and any of his associated optometrists rendering services to MassHealth members are appropriately enrolled with MassHealth and bill only as authorized. MassHealth intends to monitor this provider for compliance with these requirements, and will impose appropriate sanctions for noncompliance.*
- 3. MassHealth agrees that Dr. Yao must periodically review all the billing requirements in MassHealth's regulations, as well as updates to these regulations that are described in MassHealth's transmittal letters and provider bulletins, and ensure that he is aware of, and adheres to, these requirements when he bills for services provided to MassHealth members. MassHealth will include these requirements in the corrective action plan it intends to require Dr. Yao to implement.*

Auditor's Reply

Dr. Yao states that Community Optics operates as a MassHealth group practice organization and should be allowed to bill under his MassHealth provider identification number for services provided by his four associated optometrists. Although Community Optics might operate this way, MassHealth does not recognize Community Optics as a group practice, since Dr. Yao applied for and received certification as an individual MassHealth provider. Therefore, MassHealth regulations allow Dr. Yao to bill using his provider identification number only for vision care services he personally provides, not for those provided by any other licensed optometrist with whom he associates.

Dr. Yao states that his associated optometrists met the quality standards MassHealth requires and that therefore inferior vision care services could not have been provided. We did not assess the quality of services that were provided by Dr. Yao's associates, but as stated in our report, two of his four associated optometrists who provided services to MassHealth members during our audit period had not obtained the required MassHealth certification. The fact that these optometrists could have become

MassHealth certified providers is not relevant to the billing for these services, because optometrists who have not undergone MassHealth's rigorous approval process are not allowed to bill for vision care services to MassHealth members. Until they are approved, there is a risk that providers may not be fully qualified to meet MassHealth's standards and therefore may not be providing the types and level of care that MassHealth requires.

Dr. Yao states that he set up his vision care practice the same way other vision care providers do and that he bills for services provided by his associated optometrists the same way other optometrists billed for services he provided while he was working for them. We cannot comment on how other vision care practices are set up or how they bill for services provided by their associated optometrists, since this was not part of our audit. Our concern is the way Dr. Yao billed for the vision care services provided to MassHealth members by his four associated optometrists, which does not comply with MassHealth regulations.

Dr. Yao states that he had no ill intent when using his individual provider identification number to bill for services provided by his four associated optometrists. We cannot comment on Dr. Yao's intent, but based on the information that he provided to OSA, it appears that he did not clearly understand MassHealth's billing regulations. All MassHealth providers are responsible for being familiar with these regulations and having controls in place to ensure that they are adhered to.

Dr. Yao argues that since he supervised the vision care services his associated optometrists provided, he should be able to bill for such services, as 130 CMR 433.433(E) and 433.434(B) permit physicians to do for services provided by nurse practitioners and physician assistants. However, these regulations apply to physicians who provide medical, radiology, laboratory, anesthesia, and surgery services. Optometrists are not physicians, and therefore these regulations do not apply to them.

Based on MassHealth's and Dr. Yao's responses, both will be taking measures to address this problem.

2. Dr. Yao did not always use the correct date of service when billing MassHealth for vision care services.

Dr. Yao did not always use the proper date of service when billing MassHealth for vision care services. The dates of service used did not match the correct dates of service as documented in the members' detailed medical records or on Dr. Yao's appointment schedule. Of the 180 claims in our sample, 10 (5.5%) were billed to MassHealth with improper dates of service. Because there are limits on how often

MassHealth members are eligible to receive vision care services during a 12- or 24-month period, if the date of service is wrong, a member might incorrectly be denied services for which s/he is eligible. When Dr. Yao improperly reports dates of service to MassHealth when billing, members may be denied medically necessary follow-up vision care services, which could affect the quality of care they receive.

In some cases, Dr. Yao incorrectly entered the date of service as occurring before he actually provided the service, and in other cases, he entered a date of service that fell well after he provided the service, as shown in the table below.

Inaccurate Dates of Service

Date Service Performed	Claim Date of Service
1/24/13	1/19/13
8/14/13	8/11/13
12/19/14	12/17/14
12/20/14	12/17/14
4/6/15	4/20/15
9/3/15	10/6/15
9/9/15	10/6/15
9/11/15	10/6/15
10/1/15	12/11/15
3/7/16	3/17/16

Authoritative Guidance

In accordance with 130 CMR 450.231(B), providers are required to bill MassHealth with the proper date of service, which the regulation defines as “the date on which a medical service is provided to a member.”

Reasons for Inaccurate Dates of Service

Dr. Yao acknowledged that he sometimes may make a mistake when identifying the date of service. For example, Dr. Yao stated that he bills for a month of vision care services at once, and when doing so, he sometimes forgets to adjust the date of service in his billing software to reflect the correct date.

Recommendation

Dr. Yao should submit claims to MassHealth using the actual dates on which the vision care services are provided to members.

Auditee's Response

Community Optics is implementing procedural changes to ensure consistency in identification of the date of service. All services identified were provided and any inconsistencies in reporting the date of service were unintentional and without a material impact. As indicated, Community Optics is modifying its processes to avoid this issue from arising in the future.

MassHealth's Response

MassHealth agrees with [OSA's] finding that Dr. Yao did not always use the correct date of service when billing MassHealth for vision care services. MassHealth agrees that Dr. Yao must submit claims to MassHealth using the actual date on which the vision care service is provided to the member. MassHealth will require Dr. Yao to implement a corrective action plan that includes training regarding appropriately determining and documenting date of service for claims submitted to MassHealth. MassHealth intends to monitor this provider for compliance with these requirements, and will impose appropriate sanctions for noncompliance.

3. Dr. Yao submitted \$218,784 of questionable charges for dispensing eyeglasses.

Dr. Yao was overpaid as much as \$218,784 on 7,137 billings for eyeglass dispensing services. Specifically, for 952 billings, totaling \$28,744, Dr. Yao received payments from MassHealth for eyeglass dispensing services that could not have been provided because the eyeglasses were either never ordered from the optical supplier or never picked up by the MassHealth member. The doctor also submitted 6,185 claims, totaling \$190,040, for dispensing eyeglasses before the eyeglasses had been ordered. Because he submitted claims when glasses had not been dispensed, Dr. Yao was paid for services that had not been performed. The table below summarizes the problems we identified with these billings.

Errors in Billing for Dispensing Services

Type of Dispensing Problem	Number of Claims	Amount Overpaid
Dispensing billed before glasses were ordered	6,185	\$ 190,040
Glasses not ordered from optical supplier	846	25,459
Glasses not picked up by MassHealth member	106	3,285
Total	<u>7,137</u>	<u>\$ 218,784</u>

Authoritative Guidance

According to 130 CMR 402.416, providers should submit claims for dispensing services only after the eyeglasses have been ordered from the optical supplier and properly fitted to the member (i.e., the member can clearly see with his/her new glasses):

(D) In order for a dispensing practitioner to be paid for dispensing a prescription involving ophthalmic materials [eyeglasses] and services available through the optical supplier, all such materials and services must be ordered from the optical supplier. . . .

(E) In order to receive payment for dispensing an item, the dispensing practitioner must take all necessary measurements, verify lens characteristics, and adjust the completed appliance [eyeglasses] to the individual.

Additionally, according to MassHealth Transmittal Letter VIS-37, dated May 2008, the date of service for the dispensing of vision care materials is “the date on which the vision care materials are delivered to the member, not the date of the initial eye exam, nor the date the materials are ordered.”

Reasons for Improper Billing

Dr. Yao acknowledged that there are inaccuracies in his billing for dispensing services. He also stated that when he and his staff assisted a member in choosing frames, took the necessary measurements, and submitted orders for lenses and eyeglasses from the optical supplier, in his opinion, this fulfilled enough of the necessary criteria to bill for dispensing services.

Recommendations

1. Dr. Yao should collaborate with MassHealth to determine the amount of dispensing services to be repaid, which should be, at a minimum, \$28,744.
2. Dr. Yao should only submit claims for dispensing services for a MassHealth member when he fits the new eyeglasses to that member.

Auditee's Response

Community Optics operated with the understanding that dispensing services could be billed at any point in time from performing the initial measurement and fitting to the date on which a patient picked up the eyeglasses. Based upon this understanding, Community Optics used variable dates for submission of dispensing claims.

In part, Community Optics' understanding was based upon the practical steps involved with dispensing services, namely that the bulk of such services are rendered prior to the eyeglasses being received or picked up by the patient. At the initial encounter, Community Optics optometrists and staff assist the patient in selecting eyeglass frames, perform measurements for

proper fitting of the eyeglasses, and lastly order the eyeglasses from the MassHealth optical supplier. These steps require a significant investment of upfront time and resources for the dispensing process.

Community Optics asserts that it would be unreasonable and unfair to require a return of all funds received by Community Optics where the MassHealth member did not ultimately pick up the eyeglasses. As indicated, Community Optics expends a significant amount of time and resources assisting the patient and submitting the order. It would be inequitable to force Community Optics to forgo all compensation for such services that were actually provided.

As a result of the information learned through the audit process, Community Optics is implementing modifications to his [sic] billing process for dispensing services. The procedure adjustment will help ensure the timing of claim submission in line with applicable MassHealth guidance.

In recognition of the issues identified in the Audit Report, Community Optics offers to repay (i) the amount identified for eyeglasses not ordered through the MassHealth optical supplier and (ii) repay half of the amount identified for situations in which the eyeglasses were not picked up by the MassHealth member, which allows for reasonable compensation of the time and resources expended to assist MassHealth members from selection to fitting to ordering. . . .

As indicated, Community Optics has learned from the audit process, takes the findings seriously, and is implementing updates and modifications to its policies and procedures.

MassHealth's Response

- 1. MassHealth agrees with [OSA's] findings that Dr. Yao submitted questionable charges for dispensing eyeglasses. MassHealth agrees with [OSA's] recommendation that Dr. Yao must repay MassHealth any overpayments that resulted from improper charges for dispensing eyeglasses. Because Finding 3 of the audit does not establish a specific amount of inappropriate claiming, MassHealth will determine the appropriate amount and recover the overpayment from Dr. Yao after the final report has been issued.*
- 2. MassHealth agrees that Dr. Yao must only submit claims for dispensing services after he fits the new eyeglasses to the MassHealth member. MassHealth will require Dr. Yao to implement a corrective action plan that includes training on MassHealth billing requirements related to dispensing services. MassHealth intends to monitor this provider for compliance with these requirements, and will impose appropriate sanctions for noncompliance.*

Auditor's Reply

Dr. Yao states that he operated with the understanding that dispensing services could be billed at any point from the initial measurement and fitting to the day a patient picked up the eyeglasses. He further asserts that because dispensing services require a significant investment in time and labor before he orders and receives the eyeglasses and before they are picked up by the patient, he should be

compensated for that work when he performs it rather than waiting until the eyeglasses have been fitted to the member.

However, as noted above, 130 CMR 402.416 allows for payment for dispensing services only after the dispensing process is finished. Of particular concern is the fact that we identified 952 billings, totaling \$28,744, where Dr. Yao received payments from MassHealth for eyeglass dispensing services that could not have been provided because the eyeglasses were either never ordered from the optical supplier or never picked up by the MassHealth member. As a MassHealth provider, Dr. Yao is obligated to be aware of the proper MassHealth billing practices and adhere to them. Although Dr. Yao may believe it is unfair for OSA to recommend the recoupment of these payments, MassHealth has asserted that it agrees with our analysis and conclusions, and therefore Dr. Yao should work with MassHealth on resolving this matter.

Based on his response, Dr. Yao is taking measures to prevent these types of improper billings from occurring in the future.