

H. CARL McCALL
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 6, 2001

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Report 2001-F-44

Dear Dr. Novello:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed actions taken by officials of the Department of Health (Health) as of October 30, 2001, to implement the recommendations contained in our audit report, *Private Duty Nursing Services for Medicaid Recipients* (Report 99-S-16). Our report, which was issued on August 3, 2000, addressed selected practices that Health used to help ensure that the Medicaid Management Information System (MMIS) does not make inappropriate multiple payments for private duty nursing care services.

Background

The Medicaid program provides medical assistance to needy people. Medicaid claims are processed and paid by the MMIS, a computerized payment and information reporting system. Health is responsible for administering the Medicaid program and the MMIS. Health's management is responsible for establishing and maintaining a system of internal controls to help ensure the accurate payment of Medicaid claims. To accomplish this objective, Health has developed computer controls (edits) within MMIS to prevent or identify certain inappropriate payments. When Medicaid pays a private duty nursing claim, it should not pay the same claim twice, pay for more than 24 hours of care in a single day for the same recipient, or pay claims for services provided by nurses who have suspended or revoked licenses. Also, private duty nursing services should be approved before they are rendered, and budgeted hours of services should be determined and accurately recorded on the MMIS.

Summary Conclusions

In our prior audit, we found that Health did not have adequate controls for detecting providers who bill more than 24 hours in a day on behalf of the same Medicaid recipient. We also determined that the MMIS lacked controls for detecting and preventing duplicate payments and provider billings with invalid nurses' license numbers. We determined that during the period January 1, 1996 through December 31, 1999, MMIS potentially overpaid private duty nursing care providers more than \$5.9 million for services delivered to Medicaid recipients.

In our follow-up review, we found that Health officials have made progress in implementing the recommendations contained in our prior audit report. According to Health officials, they have completed their investigation of duplicate claims and claims with invalid nurses' license numbers. Health determined that many of the potential overpayments were due to administrative and clerical errors. Further, Health officials found that the nursing time records and patient clinical records maintained by the home care services agencies supported that the skilled nursing services were provided. Regarding potential overpayments for private duty nursing care exceeding 24 hours in a single day for the same recipients, Health officials stated that their review was in progress. Also, Health implemented an edit to prevent private duty nursing care providers from billing for more than 24 hours of care a day and are correcting flaws in the process to detect invalid license numbers.

Summary of Status of Prior Audit Recommendations

Of the eight prior audit recommendations, we found that Health officials have implemented four recommendations and have partially implemented four recommendations.

Follow-up Observations

Recommendation 1

Investigate the over \$5.9 million in overpayments identified in this report. As warranted, take steps to recover overpayments

Status – Partially Implemented

Agency Action – According to Health officials, audit staff visited four of the home care services agencies that our audit identified as receiving payments of \$1.6 million in duplicate claims and about \$722,000 in claims with invalid nurses' license numbers. Health found that many of the potential overpayments were due to administrative and clerical errors made by the agencies. Health officials also concluded that the home care services agencies' nursing and clinical records supported the skilled nursing services provided. Regarding potential overpayments for private duty nursing care exceeding 24 hours in a single day for the same recipients, Health officials stated that their review was in progress. However, according to Health officials, their preliminary review indicates that billing errors for night shifts that overlap two days may be the cause for the daily care

exceeding 24 hours. Consequently, Health officials do not plan to initiate any recovery action until they complete their reviews.

Recommendation 2

Develop and implement computer controls necessary to:

- *detect duplicate payments and prevent Medicaid from reimbursing private duty nursing providers for more than 24 hours of care in a day for a single Medicaid recipient, and*
- *detect invalid Medicaid service-identification numbers (nurses' license numbers) that private duty nursing care providers have recorded on their claims.*

Status – Partially Implemented

Agency Action – Health officials implemented an edit in July 2000 that was designed to prevent Medicaid from reimbursing a private duty nursing provider for more than 24 hours of care in a day for a single recipient. Regarding the detection of invalid Medicaid service-identification number (nurses' license numbers), at the time of our review, Health was in the process of correcting flaws in the license-update process with the State Education Department (see Recommendation 4). According to Health officials, once these flaws are corrected, this license edit should reliably detect invalid nurses' license numbers entered by private duty nursing providers. Also, since the duplicate claims identified in the audit occurred because providers entered erroneous nurses' license numbers, the correction of the weakness should resolve this issue.

Recommendation 3

Instruct Medicaid providers on the proper way to record Medicaid service-identification numbers on their claims.

Status – Implemented

Agency Action – Health sent reminders to providers, instructing them on the correct way to record service-identification numbers on their claims. Also, an article in the May 2000 Medicaid Update instructed nursing registries that claim forms were required to have a valid nurse's license number, effective July 1, 2000.

Recommendation 4

Correct the flaw in the license-updating process, making sure that all valid license information supplied by the New York State Education Department is updated accurately.

Status – Partially Implemented

Agency Action – At the time of our review, Health officials were developing separate license groups for RNs and LPNs. This action will prevent the master file from rejecting those instances when an RN and an LPN have the same six-digit license number. Health expects this project to be completed in May 2002.

Recommendation 5

Develop and implement controls that match license information recorded on providers claims with information supplied by Education. Use these controls to prevent Medicaid from reimbursing private duty nurses who have suspended or revoked licenses.

Status – Partially Implemented

Agency Action – MMIS has an edit to compare the professional license number entered on a claim to its Master License file. This edit is intended to reject all instances where a nurse's license number recorded on the claim does not match the license numbers supplied by the State Education Department. However, until the flaw in the license-update process is resolved (see Recommendation 4), this edit does not prevent reimbursements to private duty nurses who have suspended or revoked licenses.

Recommendation 6

Implement appropriate procedures for ensuring that all prior approval requests for private duty nursing services are reflected appropriately on the MMIS in accordance with the orders of the Medicaid recipients' physicians.

Status – Implemented

Agency Action – Health officials issued a directive, titled "General Instructions for Review of Private Duty Nursing Services," to the Office of Medicaid Management and local district staff who are responsible for prior-approving private duty nursing services. The directive states that approvals will be issued for no more than the total number of hours requested by the Medicaid recipient's physician for the period of service. According to Health officials, new staff members are provided training in these procedures, and local district private duty nursing review personnel meet twice a year to help ensure compliance.

Recommendation 7

Maintain proper documentation to support all prior approval determinations.

Status – Implemented

Agency Action – Health's "General Instructions for Review of Private Duty Nursing Services" directive specifies the need for proper documentation to support all prior approvals. According to Health officials, supervisory monitoring has not identified any problems with the documentation needed to support prior approvals.

Recommendation 8

Determine whether the staffing resources responsible for approving private duty nursing care for Medicaid recipients are adequate.

Status – Implemented

Agency Action – Health replaced the temporary review staff with two full-time reviewers. Additionally, Health reallocated one reviewer from another area to the private duty nursing care review function. Consequently, at the time of our review, the unit was staffed with three nurse reviewers and a supervisor. Health officials stated their belief that this staffing level is adequate to meet the private duty nursing review responsibilities.

Major contributors to this report were Ken Shulman, William Clynes, Don Paupini and Robert Elliott.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Department of Health for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Deirdre A. Taylor