

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**MASSACHUSETTS MEDICAID
PAYMENTS TO HEALTHBRIDGE
MANAGEMENT DID NOT ALWAYS
COMPLY WITH FEDERAL AND STATE
REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



**David Lamir
Acting Regional
Inspector General**

**June 2013
A-01-13-00001**

Office of Inspector General

<https://oig.hhs.gov>

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The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

Massachusetts did not always adjust its Medicaid per diem payments to Healthbridge Management by the amount of beneficiaries' cost-of-care contributions, resulting in an overstatement of \$101,000 (\$56,000 Federal share) from January 2007 through April 2012.

WHY WE DID THIS REVIEW

Previous Office of Inspector General reviews found Medicaid overpayments to providers because they did not adjust Medicaid per diem claims by the amount of beneficiaries' cost-of-care contributions. Medicaid is the payer of last resort, and providers must identify and refund overpayments they have received.

The objective of this review was to determine whether the Massachusetts Executive Office of Health and Human Services, Office of Medicaid (State agency), made Medicaid payments to Healthbridge Management (Healthbridge) in accordance with Federal and State requirements from January 2007 through April 2012.

BACKGROUND

The State agency is responsible for administering MassHealth, the Massachusetts Medicaid program, in compliance with Federal and State statutes and administrative policies. The State agency reimburses nursing homes based on an established per diem rate for services provided to Medicaid beneficiaries. Pursuant to Medicaid requirements, the State agency must use certain additional resources that a beneficiary has, including Social Security payments, to reduce Medicaid payments to nursing homes. The State agency determines the amount of the beneficiary's contribution during the financial eligibility process and enters this amount into its computer system. The beneficiary's contribution is remitted to the nursing home each month.

When the State agency reimburses the nursing home and does not reduce the Medicaid per diem payment to the nursing home by the amount of the beneficiary's contribution, the nursing home could receive overpayments. Medicaid requirements state that the nursing home must return any overpayments to the State Medicaid program, which in turn is required to refund the Federal share to the Centers for Medicare & Medicaid Services on its Form CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.

Healthbridge has 15 Medicare and Medicaid certified nursing facilities in Massachusetts. This report covers payments to the following eight Healthbridge facilities: Brookline Health Care Center, Concord Health Care Center, Holyoke Rehabilitation Center, Lexington Health Care Center, Lowell Health Care Center, New Bedford Health Care Center, Peabody Glen Health Care Center, and Wilmington Health Care Center.

WHAT WE FOUND

Massachusetts Medicaid payments to Healthbridge did not always comply with Federal and State requirements. The State agency did not always adjust its Medicaid per diem payments to Healthbridge by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions. As a result, the State agency's Federal claim was overstated by a total of \$101,482 (\$56,466 Federal share). We attributed the incorrect Medicaid payments to clerical and billing errors.

WHAT WE RECOMMEND

We recommend that the State agency:

- collect overpayments totaling \$101,482 from Healthbridge and refund the Federal share of \$56,466 and
- continue its efforts to ensure that Medicaid overpayments to nursing homes are identified, collected, and refunded.

HEALTHBRIDGE MANAGEMENT COMMENTS

In written comments on our draft report, Healthbridge agreed with our finding.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our finding.

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INTRODUCTION

WHY WE DID THIS REVIEW

Previous Office of Inspector General reviews found Medicaid overpayments to providers because they did not adjust Medicaid per diem payments by the amount of beneficiaries' cost-of-care contributions. Medicaid is the payer of last resort, and providers must identify and refund overpayments they have received.

OBJECTIVE

Our objective was to determine whether the Massachusetts Executive Office of Health and Human Services, Office of Medicaid (State agency), made Medicaid payments to Healthbridge Management (Healthbridge) in accordance with Federal and State requirements from January 2007 through April 2012.

BACKGROUND

The Medicaid Program

Title XIX of the Social Security Act (the Act) requires the Medicaid program to provide medical assistance to certain low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. The State agency is responsible for administering MassHealth, the Massachusetts Medicaid program, in compliance with Federal and State statutes and administrative policies.

The State agency reimburses nursing homes based on an established per diem rate for services provided to Medicaid beneficiaries. Medicaid requirements state that the State agency must use certain additional resources that a beneficiary has, including Social Security payments, to reduce its Medicaid payments to nursing homes. The State agency determines the amount of the beneficiary's contribution to the cost-of-care during the financial eligibility process and enters this amount into its computer system. The beneficiary's cost-of-care contribution is remitted to the nursing home each month.

When the State agency does not reduce the Medicaid per diem payment to the nursing home by the amount of the beneficiary's contribution, the nursing home could receive overpayments. Pursuant to Medicaid requirements, the nursing home must return the overpayments to the State Medicaid program, which in turn is required to refund the Federal share to CMS on its Form CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.

Healthbridge Management

Healthbridge has 15 Medicare and Medicaid certified nursing facilities in Massachusetts. This report covers payments to the following eight Healthbridge facilities: Brookline Health Care Center, Concord Health Care Center, Holyoke Rehabilitation Center, Lexington Health Care Center, Lowell Health Care Center, New Bedford Health Care Center, Peabody Glen Health Care Center, and Wilmington Health Care Center.

HOW WE CONDUCTED THIS REVIEW

For the period January 2007 through April 2012, we conducted site visits at 8 nursing homes and reviewed 387 Medicaid beneficiary accounts that contained \$273,144 in credit balances.

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.

Appendix A contains the details of our audit scope and methodology.

FINDING

Massachusetts Medicaid payments to Healthbridge did not always comply with Federal and State requirements. The State agency did not always adjust its Medicaid per diem payments to Healthbridge by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions. As a result, the State agency's Federal claim was overstated by a total of \$101,482 (\$56,466 Federal share). We attributed the incorrect Medicaid payments to clerical and billing errors.

FEDERAL AND STATE MEDICAID REQUIREMENTS

The State agency must reduce its payment to an institution for services provided to a Medicaid-eligible individual by the amount that remains after adjusting the individual's total income for a personal needs allowance and other considerations that the regulation specifies (42 CFR § 435). MassHealth regulations at 450.316 note that all resources available to a member, including but not limited to health and casualty insurance, must be coordinated and applied to the cost of medical services provided by MassHealth.

UNADJUSTED NURSING HOME PAYMENTS

The State agency made 270 overpayments to Healthbridge from January 2007 through April 2012 (Appendix B). Specifically, the State agency did not adjust its Medicaid payments to Healthbridge by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions.

An Example of a Medicaid Overpayment for One Beneficiary

Mrs. F was a patient at a Healthbridge nursing home during July 2010. Based on her other resources, the State agency calculated Mrs. F's cost-of-care contribution to be \$900 a month. The State agency determined that the nursing home was entitled to a monthly payment of \$4,900. Because of Mrs. F's \$900 cost-of-care contribution, the State agency was responsible for only \$4,000 of the \$4,900 nursing home costs. However, the nursing home received a total of \$5,800 (\$4,900 from the State agency and \$900 from Mrs. F). This error occurred because the State agency's computer system did not adjust the payment amount by Mrs. F's cost-of-care contribution. The nursing home, therefore, received an overpayment of \$900 (\$5,800 minus \$4,900) for Mrs. F's care for the month of July.

CONCLUSION

As a result of the overpayments, the State agency's Federal claim for Medicaid payments made to Healthbridge for the period January 2007 through April 2012 was overstated by a total of \$101,482 (\$56,466 Federal share). We attributed the 270 incorrectly reimbursed Medicaid payments to clerical and billing errors. State agency officials informed us that they have recently implemented a new computer system that will reduce future clerical and billing errors.

RECOMMENDATIONS

We recommend that the State agency:

- collect overpayments totaling \$101,482 from Healthbridge and refund the Federal share of \$56,466 and
- continue its efforts to ensure that Medicaid overpayments to nursing homes are identified, collected, and refunded.

HEALTHBRIDGE MANAGEMENT COMMENTS

In written comments on our draft report, Healthbridge agreed with our finding. Healthbridge's comments are included in their entirety as Appendix C.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our finding. The State agency's comments are included in their entirety as Appendix D.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

For the period January 2007 through April 2012, we reviewed Medicaid accounts that were at risk for having overpayments. We limited our review of internal controls to obtaining an understanding of Healthbridge's procedures for reviewing accounts and reporting overpayments to the Medicaid program.

We performed fieldwork from October 2012 through February 2013 at Healthbridge facilities in Brookline, Concord, Holyoke, Lexington, Lowell, New Bedford, Peabody, and Wilmington Massachusetts; the State agency in Boston, Massachusetts; and the CMS Regional Office in Boston, Massachusetts.

METHODOLOGY

To accomplish our objective, we:

- reviewed State and Federal regulations pertaining to overpayments,
- worked with Healthbridge officials to identify credit balances in the accounting records that were potentially overpayments,
- reviewed patient accounts to determine whether overpayments had occurred,
- determined the cause of the overpayments, and
- coordinated our audit with officials from the State agency.

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.

**APPENDIX B: MEDICAID OVERPAYMENTS TO HEALTHBRIDGE
MANAGEMENT BY CALENDAR YEAR**

Calendar Year	Number of Overpayments	Total Overpayments
2007	4	993
2008	4	731
2009	45	11,485
2010	73	29,948
2011	83	41,404
2012	61	16,921
TOTAL	270	\$101,482

APPENDIX C: HEALTHBRIDGE MANAGEMENT COMMENTS

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HealthBridge
MANAGEMENT

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April 23, 2013

David G Lamir
Acting Regional Inspector General for Audit Services
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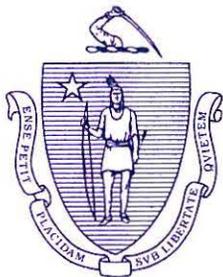
Dear Mr. Lamir:

We are in agreement with the auditors findings of \$77,395.44 in over payments related to the audit of 8 facilities in the Healthbridge Management portfolio. Collectively Brookline Healthcare, Concord Healthcare, Holyoke Rehab, Lexington Healthcare, Lowell Healthcare, New Bedford Healthcare, Peabody Glen Nursing and Rehab, and Wilmington Healthcare received overpayment of \$101,481.81 of which \$24,086.37 was previously been recouped. This leaves an amount of \$77,395.44 due back. Each Healthbridge Management facility has appropriate support documentation relating to recoupment for review. We would appreciate a meeting with the State to provide this documentation.

Sincerely,
Gail Demsey

Assistant Regional Controller
Healthbridge Management MA

APPENDIX D: State Agency Comments



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
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Medicaid Director

June 7, 2013

David G. Lamir
Acting Regional Inspector General for Audit Services
HHS/OIG/OAS, Region I
JFK Federal Building
Boston, MA 02203

RE: Audit Report No: A-01-13-00001

Dear Mr. Lamir:

Thank you for the opportunity to review and comment on Draft Audit Report No.: A-01-13-00001 "Massachusetts Medicaid Payments to Healthbridge Management Did Not Always Comply with Federal and State Requirements". Our responses to the report's specific recommendations are as follows:

Recommendation No. 1: Collect overpayments totaling \$101,482 from Healthbridge Management and refund \$56,466 Federal share of these payments to CMS on the next quarterly CMS-64.

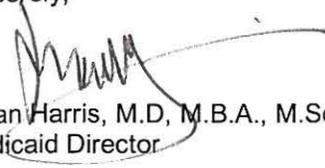
Response: We agree with this finding and will follow the procedures to collect the overpayments described in MassHealth's regulations at 130 CMR 450.237. We would appreciate the OIGs workpapers in case identifying the specific claims becomes necessary to our recovery.

Recommendation No. 2: Continue agency efforts to ensure that Medicaid overpayments to nursing homes are identified, collected and refunded.

Response: We agree with this finding and will continue to conduct periodic reviews and audits to identify, collect and refund overpayments. In addition, the Office of Long Term Supports and Services has reminded Healthbridge Management about MassHealth administrative and billing requirements at issue in the Draft Audit Report.

Thank you, again, for the opportunity to respond to the draft report.

Sincerely,


Julian Harris, M.D., M.B.A., M.Sc.
Medicaid Director