

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**QUESTIONABLE BILLING  
FOR MEDICAID PEDIATRIC  
DENTAL SERVICES  
IN CALIFORNIA**



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# **EXECUTIVE SUMMARY: QUESTIONABLE BILLING FOR MEDICAID PEDIATRIC DENTAL SERVICES IN CALIFORNIA**

## **OEI-02-14-0000480**

### **WHY WE DID THIS STUDY**

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children. In recent years, a number of dental providers and chains have been prosecuted for providing unnecessary dental procedures to children with Medicaid and causing harm in the process. This report is part of a series that identifies dental providers with questionable billing in four States: New York, Louisiana, Indiana, and California. An additional report will look at children's access to Medicaid dental care.

### **HOW WE DID THIS STUDY**

We analyzed paid fee-for-service claims from California's Medicaid program for general dentists and orthodontists who served 50 or more children with Medicaid in 2012. Using several measures, we identified dental providers with questionable billing who are extreme outliers when compared to their peers in California.

### **WHAT WE FOUND**

We identified 329 general dentists and 6 orthodontists in California with questionable billing. Medicaid paid these providers \$117.5 million for pediatric dental services in 2012. These 335 dental providers—representing 8 percent of the California general dentists and orthodontists whom we reviewed—provided large numbers of services or provided certain services to an extremely large number of children, among other practices. These services included pulpotomies—often referred to as “baby root canals”—and extractions. Notably, half of the dental providers with questionable billing in California worked for dental chains. The majority of these providers worked for five chains, two of which have been the subject of State and Federal investigations. A concentration of providers with questionable billing in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

Further, our findings raise concerns that certain providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about the quality of care provided to children with Medicaid. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers with extreme billing patterns warrant further scrutiny. We are engaged in further followup and OIG will take action against these providers, as appropriate.

### **WHAT WE RECOMMEND**

We recommend that the California Department of Health Care Services (1) increase its monitoring of dental providers to identify patterns of questionable billing; (2) closely monitor billing by providers in dental chains; (3) review its payment processes for orthodontic services; and (4) take appropriate action against dental providers with questionable billing. The California Department of Health Care Services concurred with all four of our recommendations.

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## OBJECTIVE

To identify dental providers with questionable billing for Medicaid pediatric dental services in California in 2012.

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## BACKGROUND

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children.<sup>1</sup> Medicaid’s Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit requires States to cover all medically necessary dental services for children 18 years of age and under.<sup>2</sup> Medicaid dental services must include diagnostic and preventive services, as well as needed treatment and followup care. Diagnostic services may include x-rays of the mouth; preventive services may include cleanings, topical fluoride applications, and dental sealants. Dental treatment covers a wide range of services such as fillings; tooth extractions; and pulpotomies, which are often referred to as “baby root canals.”

California’s Medicaid program also covers limited orthodontic services. The State allows these services only for assessing and treating children with handicapping malocclusion, cleft palate, and craniofacial anomalies.<sup>3</sup> Malocclusion occurs when a child’s teeth are so far out of position that he or she cannot engage in normal activities—such as eating and talking—without difficulty.<sup>4</sup> It is commonly associated with other medical conditions such as Down syndrome, muscular dystrophy, or craniofacial anomalies. A provider must receive prior approval from the State before providing orthodontic treatment to a child.

In recent years, a number of individual dental providers and chains have been prosecuted for providing services that were medically unnecessary or

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<sup>1</sup> Thomas P. Wall, *Dental Medicaid—2012*, American Dental Association (ADA), 2012. See also Centers for Medicare & Medicaid Services (CMS), *Annual EPSDT Participation Report, Form CMS-416 (National), Fiscal Year 2012*, April 3, 2014.

<sup>2</sup> Social Security Act (SSA) § 1905(r)(3); 42 CFR § 441.56. Dental services are covered up to age 18, but States may choose to extend eligibility through age 21. California is among the States that have done so.

<sup>3</sup> California Medi-Cal Dental Program, *Medi-Cal Dental Program Provider Handbook*, February 2013.

<sup>4</sup> Christine Ellis, University of Texas Southwestern Medical Center, Division of Oral and Maxillofacial Surgery, *Is Government Adequately Protecting Taxpayers from Medicaid Fraud?* (written Congressional testimony), April 25, 2012. Accessed at <http://oversight.house.gov/wp-content/uploads/2012/04/4-25-12-Ellis-Testimony.pdf> on October 30, 2013.

that failed to meet professionally recognized standards of care. These providers have often been found to have Medicaid billing patterns that seem suspect in comparison to those of their peers. For example, in 2013, an orthodontist with practices in both Indiana and Texas was convicted for health care fraud in Texas and was sentenced to 50 months in prison.<sup>5</sup> He provided medically unnecessary services and billed for services that were never provided. He also maximized Medicaid reimbursement by sometimes scheduling more than 100 Medicaid patients per day.

In addition, FORBA Holdings, LLC (referred to hereafter as FORBA), a dental management company that managed clinics nationwide known as “Small Smiles Centers,” settled with the United States in 2010 for \$24 million to resolve allegations of providing services that were either medically unnecessary or performed in a manner that failed to meet professionally recognized standards of care to children with Medicaid.<sup>6</sup> As part of the settlement, FORBA agreed to enter into a 5-year Corporate Integrity Agreement with the Office of Inspector General (OIG). FORBA subsequently changed its name to Church Street Health Management, LLC, and was then acquired by CSHM, LLC.

In 2012, the Senate Finance and Judiciary Committees investigated CSHM and concluded that contrary to CSHM’s claims, it was the de facto owner of the Small Smiles clinics and that the ownership structure “undermined the independent, professional, and clinical judgment of Small Smiles dentists.”<sup>7</sup> In April 2014, OIG excluded CSHM from participation in Medicaid, Medicare, and all other Federal health care programs for a period of 5 years.<sup>8</sup> Other dental chains have also been investigated for

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<sup>5</sup> The U.S. Attorney’s Office for the Northern District of Texas, *Amarillo, Texas, Orthodontist Sentenced to 50 Months in Federal Prison on Health Care Fraud Conviction*, April 9, 2013. Accessed at [http://www.justice.gov/usao/txn/PressRelease/2013/APR2013/apr9goodwin\\_michael\\_HCF\\_sen.html](http://www.justice.gov/usao/txn/PressRelease/2013/APR2013/apr9goodwin_michael_HCF_sen.html) on May 8, 2014.

<sup>6</sup> U.S. Department of Justice (DOJ), *National Dental Management Company Pays \$24 Million to Resolve Fraud Allegations*, January 20, 2010. Accessed at <http://www.justice.gov/opa/pr/2010/January/10-civ-052.html> on February 20, 2014.

<sup>7</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*, p. 10. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

<sup>8</sup> The exclusion was effective September 30, 2014. OIG, *OIG Excludes Pediatric Dental Management Chain From Participation in Federal Health Care Programs*. Accessed at <http://oig.hhs.gov/newsroom/news-releases/2014/cshm.asp> on April 4, 2014.

allegedly encouraging their providers to perform unnecessary procedures to increase profits.<sup>9</sup>

### **California Medicaid Dental Claims**

California covers biannual dental screenings for children with Medicaid under the age of 21, as well as covering medically necessary treatment services.<sup>10</sup> The biannual screenings generally consist of an examination, x-rays, cleaning, a topical fluoride application, and oral hygiene instruction. Treatment services include fillings, crowns, and oral surgery. The State has a number of specific policy guidelines for when certain services are covered, as well as frequency limitations for certain services. The State also requires prior approval for some services, such as orthodontia.

California has several systems in place to oversee Medicaid pediatric dental claims. The State has claims-processing “edits”—system processes that compare claims data to Medicaid requirements in order to approve or deny claims or flag them for further review. For example, one of these edits checks whether services were provided more frequently than the State allows. In addition, the State conducts utilization reviews on at least a quarterly basis. As part of these reviews, the State has an automated data system that monitors utilization of all pediatric dental services and specific services. Through this process, the State uses aberrant utilization patterns to identify individual providers for additional scrutiny, which may include a review of a provider’s patient records and may result in further investigation.

### **Related Work**

OIG is conducting a larger body of work focusing on Medicaid pediatric dental services. This report is part of a series that identifies dental providers with questionable billing.<sup>11</sup> The first report in this series

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<sup>9</sup> In addition to CSHM, the Senate Finance and Judiciary Committees investigated the following chains: Kool Smiles, ReachOut Healthcare America, Heartland Dental Care, and Aspen Dental Management. In addition, other dental chains have also been the subject of Federal and State investigations. For example, in 2012, the All Smiles chain and its owner agreed to pay the United States and State of Texas \$1.2 million to resolve allegations that All Smiles violated the civil False Claims Act and the Texas Medicaid Fraud Prevention Act. DOJ, *Texas Orthodontic Clinic and Former Owner Resolve Allegations of False Medicaid Claims*, March 21, 2012. Accessed at [http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf\\_AllSmilesSettlement\\_PR.html](http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf_AllSmilesSettlement_PR.html) on June 13, 2014.

<sup>10</sup> Coverage may continue until the last day of the month in which the child turns 21. California Code of Regulations 22 CCR § 50193.

<sup>11</sup> The reports in this series are all based on a similar methodology that analyzed paid fee-for-service claims for dental providers who served 50 or more children with Medicaid during 2012.

identified 23 general dentists and 6 orthodontists with questionable billing in New York.<sup>12</sup> Medicaid paid these providers \$13.2 million for pediatric dental services in 2012. Almost a third of these 23 general dentists were associated with a single dental chain that had settled lawsuits for providing services that were medically unnecessary or that failed to meet professionally recognized standards of care to children.

The second report in this series identified 26 general dentists and 1 oral surgeon with questionable billing in Louisiana.<sup>13</sup> Medicaid paid these providers \$12.4 million for pediatric dental services in 2012. Almost a third of the providers worked for two dental chains.

The third report in this series identified 94 general dentists and 1 oral surgeon in Indiana with questionable billing.<sup>14</sup> Medicaid paid these providers \$30.5 million for pediatric dental services in 2012. Two-thirds of the general dentists with questionable billing worked for four dental chains.

Further, a 2013 OIG audit found that providers inappropriately billed for orthodontic services provided to 43 of 100 sampled beneficiaries in New York City, totaling an estimated \$7.8 million in inappropriate reimbursement.<sup>15</sup> Some of these services were provided without the required annual approval, whereas other services were undocumented or were never provided. These deficiencies occurred because the State agency and providers did not ensure that cases were reviewed annually to determine the need for continuing care and did not ensure that services were adequately documented.

An additional report covering multiple States will look at children's access to Medicaid dental care.<sup>16</sup> It will describe the extent to which children enrolled in Medicaid received dental services in these States.

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<sup>12</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in New York*, OEI-02-12-00330, March 2014.

<sup>13</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in Louisiana*, OEI-02-14-00120, August 2014.

<sup>14</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in Indiana*, OEI-02-14-00250, November 2014.

<sup>15</sup> OIG, *New York Improperly Claimed Medicaid Reimbursement for Orthodontic Services to Beneficiaries in New York City*, A-02-11-01003, October 2013.

<sup>16</sup> OIG, *Access to Medicaid Dental Care for Children*, OEI-02-14-00490, forthcoming.

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## METHODOLOGY

We based our analysis on California Medicaid paid fee-for-service dental claims for children under 21 with service dates from January 1, 2012, through December 31, 2012. California covers Medicaid dental services on a fee-for-service basis for most of the State.<sup>17</sup> We excluded claims for services with special payment rates, such as those submitted by Federally Qualified Health Centers.<sup>18</sup> We analyzed claims from “rendering dental providers”—the providers who provided the services, as opposed to billing providers—to ensure that we compared claims from the providers who performed the services.

We focused our analysis on general dentists and orthodontists.<sup>19</sup> We analyzed the two provider types separately because their billing patterns varied significantly. We did not include pediatric dental specialists because the wide variation in their billing behavior made it difficult to analyze them as one peer group. Some pediatric dental specialists provide services that make them similar to general dentists, while others in this group provide more complex services. In addition, we did not do a separate analysis of other dental specialists because there were too few to analyze.<sup>20</sup>

### General Dentists

Our analysis focused on 3,921 general dentists who provided services to 50 or more children with Medicaid during 2012.<sup>21</sup> We developed a number of measures to identify dentists with questionable billing who are extreme outliers when compared to their peers. We developed these

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<sup>17</sup> In Los Angeles County, Medicaid beneficiaries have the option to receive dental services through managed care, while in Sacramento County, Medicaid dental services are provided only through managed care. California Department of Health Care Services, *Overview: Medi-Cal Dental Managed Care*. Accessed at <http://www.denti-cal.ca.gov/WSI/ManagedCare.jsp?fname=ManagedCareOverview> on November 10, 2014.

<sup>18</sup> We also excluded services provided in a hospital setting because these services differ from services provided in an office setting. In total, we identified 8,627 dental providers who provided services to any children with Medicaid in 2012 on a fee-for-service basis.

<sup>19</sup> We also analyzed 89 oral surgeons who provided services to 50 or more children with Medicaid and identified 6 with questionable billing. However, after reviewing their backgrounds, as well as their claims and payment histories, we determined that their billing was more similar to that of general dentists than to that of other oral surgeons. For example, these providers performed a significantly higher proportion of diagnostic and preventive services than other oral surgeons, who typically performed a more complex set of procedures. Thus, we did not include them in our analysis.

<sup>20</sup> In 2012, 3 periodontists, 3 prosthodontists, 2 endodontists, and 1 oral pathologist provided services to 50 or more children with Medicaid in California.

<sup>21</sup> California had more general dentists than any of the other three States that we reviewed. In comparison, we analyzed 719 dentists in New York who served 50 or more children, 512 in Louisiana, and 787 in Indiana.

measures based on input from officials from CMS, the American Academy of Pediatric Dentistry, and the American Dental Association. We also discussed these measures—as well as the State’s oversight of Medicaid pediatric dental claims—with staff from the State Medicaid agency, the California Department of Health Care Services. We developed these measures to identify several different types of possible fraud, waste, and abuse. For these measures, we included only the children with Medicaid served by these dental providers; we did not include other children whom they served.

For each general dentist, we calculated the following three measures for 2012:

- the average Medicaid payment per child served,
- the average number of services provided per day, and
- the average number of services provided per child per visit.

We developed four additional measures for general dentists who provided selected services in 2012. For each dentist who provided the following service, we calculated the proportion of children with Medicaid who received:

- fillings,
- extractions,
- stainless steel crowns, and
- pulpotomies.

For each measure, we analyzed the averages and the distribution for all general dentists.

Next, we set a threshold for each measure that, if exceeded, indicated that the dentist had billed an extremely high amount or number compared to other general dentists in the State. We used a standard technique for identifying outliers, known as the Tukey method.<sup>22</sup> Under the Tukey method, outliers are values greater than the 75th percentile plus 1.5 times the interquartile range. Additionally, under this method, *extreme* outliers are values greater than the 75th percentile plus 3 times the interquartile range. For this study, we employed only this more conservative approach to identify extreme outliers. We considered dentists who exceeded the threshold for one or more of the seven measures to have questionable billing.

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<sup>22</sup> See J.W. Tukey, *Exploratory Data Analysis*. Addison-Wesley, 1977.

## **Orthodontists**

We did a separate analysis of orthodontists. We analyzed 170 orthodontists who provided orthodontic services to 50 or more children with Medicaid in 2012. These orthodontists served a total of 63,728 children with Medicaid. In California, providers receive a one-time payment for “comprehensive orthodontic treatment”—generally, this is the initial placement of braces on the teeth. They may also bill quarterly for periodic treatment visits, which cover the ongoing maintenance of the orthodontia. The remaining few orthodontic services may be billed for as they are provided.

Because of the way that orthodontists are paid, we calculated one measure for each orthodontist—the total number of children who received orthodontic services.<sup>23</sup> As with our analysis for general dentists, for this measure, we set the threshold for extreme outliers at the 75th percentile plus 3 times the interquartile range. Orthodontists who exceeded this threshold were extreme outliers compared to their peers, and we considered them to have questionable billing.

## **Additional Analysis**

For each dental provider who exceeded the threshold for one or more of the measures, we conducted Internet searches on the provider’s background and analyzed his or her claims and payment history. In some cases, we excluded providers who were actually specialists but had not indicated this on their claims. For the remaining providers, we identified providers who worked for a dental chain in 2012, based on the billing addresses associated with their claims.<sup>24</sup> We researched public records to determine whether any of these providers or chains had been the subject of State or Federal investigations.

## **Limitations**

We designed this study to identify dental providers who warrant further scrutiny. None of the measures that we analyzed confirm that a particular provider is engaging in fraudulent or abusive practices. Some providers may be billing extremely large amounts or numbers for legitimate reasons.

## **Standards**

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

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<sup>23</sup> To compare their billing for orthodontic services, we analyzed only claims for orthodontic services performed by these providers.

<sup>24</sup> We defined a dental chain as an entity with five or more locations within a State or around the country.

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## FINDINGS

### **Three hundred and twenty-nine general dentists and six orthodontists in California had questionable billing in 2012**

We identified 329 general dentists and 6 orthodontists with questionable billing. We identified these providers by looking at general dentists and orthodontists in California who served more than 50 children with Medicaid in 2012.

The providers with questionable billing are extreme outliers when compared to their peers. Although they made up only 8 percent of the general dentists and orthodontists that we reviewed, they provided care to 34 percent of the children with Medicaid served by the general dentists and orthodontists we reviewed.<sup>25</sup> Medicaid paid these 335 providers \$117.5 million for pediatric dental services in 2012. Notably, we found that almost a third (101) of the general dentists exceeded the threshold for more than one questionable billing measure, with 34 dentists exceeding 3 or more measures.

Half of the dental providers with questionable billing worked for dental chains. The majority of these providers worked for five chains, two of which have been the subject of State and Federal investigations.

These patterns raise concerns that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about quality of care. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers who bill for extremely large numbers of services warrant further scrutiny.

### ***Two hundred and twenty-nine general dentists provided an extremely large number of services per day***

General dentists in California provided an average of 24 services per day to children with Medicaid; however, 229 dentists each averaged at least 76 services per day. Two dentists averaged more than 500 services per day, with one of them averaging 862 services per day. These two dentists provided extremely large numbers of services on certain days of the year. One of them provided more than 1,000 services per day on 97 different days. On one day, he provided 1,658 services. If this dentist spent only 5 minutes performing each service, it would have taken over 138 hours to

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<sup>25</sup> The 3,921 general dentists and 170 orthodontists whom we reviewed served a total of 1.4 million children with Medicaid. Some children were seen by both a general dentist and an orthodontist.

complete all of these services. An extraordinarily large number of services per day raises concerns that a dentist may be billing for services that were not medically necessary or were never provided, as well as raising concerns about the quality of care being provided. See Table 1 for more information on general dentists with extremely large numbers of services or high average payments.

**Table 1: General Dentists With Extremely High Average Payments or Large Numbers of Services**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Average Number of Services Per Day	24	76	229
Average Payments Per Child	\$166	\$412	19
Average Number of Services Per Child Per Visit	5	12	1

Source: OIG analysis of California Medicaid claims data, 2014.

Note: Two dentists each exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

***Nineteen general dentists received extremely high payments per child***

General dentists in California received an average payment of \$166 for each child with Medicaid. Nineteen dentists, however, received an average of more than \$412 per child. One dentist averaged \$699 per child. Five of these dentists received more than \$3,000 per child for a total of 10 children. Extremely high payments raise concerns about whether these dentists are billing for unnecessary services or for services that they did not provide.

***One general dentist provided an extremely large number of services per child per visit***

General dentists in California provided an average of five services per Medicaid child during a single visit. One dentist, however, averaged more than 12 services per child per visit. This dentist provided extremely large numbers of services to certain children during a single visit, raising concerns both about potential fraudulent billing and about quality of care. She provided more than 20 services in a single visit to a total of 30 children. For example, she provided 33 services to a 4-year-old child during a single visit. These services included 13 stainless steel crowns and 11 pulpotomies.

***One hundred and twenty-nine general dentists provided selected services to an extremely high proportion of children they served***

When compared to their peers in the State, 129 general dentists provided selected services to an extremely high proportion of children with Medicaid that they served. This billing behavior warrants further scrutiny, as it may indicate billing for services that were not medically necessary or were never provided. It also raises concerns about quality of care and whether children treated by these dentists were harmed by these procedures. See Table 2 for more information on general dentists who provided selected services to an extremely high proportion of children.<sup>26</sup>

**Table 2: General Dentists Who Provided Selected Services to an Extremely High Proportion of Children With Medicaid They Served**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Proportion of children who received stainless steel crowns	5%	18%	108
Proportion of children who received pulpotomies	5%	18%	98
Proportion of children who received extractions	12%	44%	11

Source: OIG analysis of California Medicaid claims data, 2014.

Note: Eighty-eight dentists each exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

***Stainless Steel Crowns.*** One hundred and eight general dentists provided stainless steel crowns to an extremely high proportion of children with Medicaid that they served. Eighteen percent or more of the children served by these dentists received stainless steel crowns, compared to an average of only 5 percent of children served by all general dentists who provided stainless steel crowns. Additionally, nine of these dentists provided more than 15 stainless steel crowns per visit to 10 children, ranging from 2 to 5 years old.

***Pulpotomies.*** Ninety-eight general dentists provided pulpotomies to an extremely high proportion of children with Medicaid that they served. Eighteen percent or more of the children served by these dentists received pulpotomies, compared to a Statewide average of only 5 percent. Six of these dentists provided pulpotomies to more than half of the children they

<sup>26</sup> No dentists exceeded the threshold for the proportion of Medicaid children receiving fillings. General dentists provided fillings to an average of 34 percent of children served; however, none of the dentists exceeded the threshold of 99 percent.

served, with one dentist providing pulpotomies on 68 percent of the children he served.

Further, 9 dentists provided at least 15 pulpotomies per child per visit to a total of 15 children, with ages ranging from 3 to 5 years old. In one case, a dentist provided 19 pulpotomies and 15 other services to a 3-year-old child. In another case, a dentist provided 19 pulpotomies and 21 other services to a 5-year-old child. If these services were actually provided, it raises concerns about quality of care and whether these children were harmed.

*Extractions.* Eleven general dentists performed tooth extractions on an extremely high proportion of the children with Medicaid that they served. Forty-four percent or more of the children served by these dentists had one or more teeth extracted, compared to an average of 12 percent of children served by general dentists performing extractions on children with Medicaid in the State. Seven of these eleven dentists performed extractions on more than 80 percent of the children they served, with one dentist performing extractions on 98 percent of the children he served.

***Six orthodontists provided services to an extremely large number of children***

Orthodontists in California provided orthodontic services to an average of 169 children with Medicaid in 2012. Six orthodontists, however, each provided services to 584 or more children. One of these orthodontists provided services to 1,079 children.

All six of these orthodontists most often provided periodic treatment services, which accounted for more than three quarters of the orthodontic services that they provided in 2012. These 6 orthodontists billed for a total of 7,878 periodic treatment services for 3,439 children over the course of the year. Further, two of the orthodontists worked for one dental practice, while two others worked for another dental practice, raising concerns that these practices may be encouraging inappropriate billing.

The high volume of children served by each of these six orthodontists raises concern about whether they are able to ensure that each child receives treatment that meets professionally recognized quality-of-care standards. Moreover, it is possible that the orthodontists billed for services that they did not even provide. Also, as previously noted, California covers orthodontic treatment only for children with severe dental problems, such as malocclusion or cleft palate, and requires that providers seek prior approval before performing these services. These orthodontists' billing patterns raise concerns about the State's claims payment processes for orthodontic services.

***Half of the dental providers with questionable billing worked for dental chains; the majority worked for five dental chains***

Of the 335 dental providers with questionable billing, 166 general dentists and 1 orthodontist worked for 13 dental chains in California.<sup>27</sup>

Eighty percent (134) of these providers worked for 5 dental chains, 2 of which have been the subject of Federal and State investigations. A concentration of dental providers with questionable billing in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

One of the five chains employed 44 general dentists and 1 orthodontist with questionable billing. It was the subject of an investigation by DOJ and the U.S. Postal Service for alleged insurance fraud.<sup>28</sup> This investigation stemmed from allegations by former employees of the chain that they had often submitted claims to insurers that were double the actual amount charged to patients. Additionally, in the late 1990s, California State regulators investigated the chain for Medicaid fraud.<sup>29</sup> The chain settled with the State for \$1.7 million and agreed to allow outside monitoring of its business activities.<sup>30</sup>

A second chain operates mobile school-based clinics around the country. Twenty-nine general dentists with questionable billing worked for this chain in California. Four dentists with questionable billing that we identified in Louisiana and 13 in Indiana also worked for this chain.<sup>31</sup> It has been the subject of investigations arising from complaints that dentists affiliated with it had treated children without their parents' permission and had provided medically unnecessary services.<sup>32</sup> The Senate Finance and Judiciary Committees also investigated this chain, citing a potential

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<sup>27</sup> Notably, 22 of these dentists worked for more than 1 chain in 2012, with 1 provider working for 4 chains.

<sup>28</sup> David R. Olmos, "Federal Agents Raid Offices of Western Dental," *Los Angeles Times*, June 7, 1997. Accessed at [http://articles.latimes.com/1997-06-07/business/fi-941\\_1\\_western-dental](http://articles.latimes.com/1997-06-07/business/fi-941_1_western-dental) on October 29, 2014.

<sup>29</sup> Ibid.

<sup>30</sup> David R. Olmos, "Western Dental Agrees to Pay \$1.7 Million to Settle Charges," *Los Angeles Times*, July 1, 1997. Accessed at <http://articles.latimes.com/1997/jul/01/business/fi-8526> on October 29, 2014.

<sup>31</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in Louisiana*, OEI-02-14-00120, August 2014, and *Questionable Billing for Medicaid Pediatric Dental Services in Indiana*, OEI-02-14-00250, November 2014.

<sup>32</sup> Sydney P. Freedberg, "Dental Abuse Seen Driven by Private Equity Investments," *Bloomberg News* May 16, 2012. Accessed at <http://www.bloomberg.com/news/2012-05-17/dental-abuse-seen-driven-by-private-equity-investments.html> on April 25, 2014.

pattern of treatment without parental consent.<sup>33</sup> For example, according to the Committees' report, a 4-year-old "medically fragile" boy in Arizona was treated without a parent's consent, receiving pulpotomies and stainless steel crowns while being physically restrained by three staff members.<sup>34</sup> Subsequent examinations initiated by the family suggested that the dental work provided was unnecessary. Further, the Dental Board of California initiated an investigation against this chain in 2012 in response to allegations that one of the dentists that we found to have questionable billing had unnecessarily pulled four teeth from a third-grader without obtaining the family's consent.<sup>35</sup>

The remaining 3 chains employed a total of 69 dentists with questionable billing. Additionally, another 8 chains employed 44 dentists with questionable billing. The number of dentists with questionable billing who worked for each of these 8 chains ranged from 2 to 10.

***Twelve of the general dentists with questionable billing have been subject to disciplinary action by the State dental board***

Twelve of the general dentists with questionable billing have been subject to disciplinary action by the Dental Board of California. The Board either took action or initiated action against six of these providers for providing care that failed to meet quality-of-care standards. Specifically, the Board placed one dentist on probation for 5 years for erroneously sedating, overdosing, and failing to adequately monitor a 5-year-old child. The Board placed another dentist on probation for 3 years for restraining children without parental consent. The Board also initiated disciplinary action against another dentist for restraining a 4-year-old with a "papoose board"<sup>36</sup> during treatment and failing to monitor the child's condition properly. Additionally, the Board either took action or initiated action against two dentists for committing insurance fraud, billing for services that they did not provide, and backdating insurance claims. Finally, the Board took action against three other dentists after they were convicted of criminal activity or failed to disclose a prior criminal conviction on their application for a license.

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<sup>33</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

<sup>34</sup> Ibid.

<sup>35</sup> Sydney P. Freedberg, "Dental Abuse Seen Driven by Private Equity Investments," *Bloomberg News*, May 16, 2012. Accessed at <http://www.bloomberg.com/news/2012-05-17/dental-abuse-seen-driven-by-private-equity-investments.html> on April 25, 2014.

<sup>36</sup> A "papoose board" is a board with straps that is used to limit a patient's movement and hold the patient steady during a medical procedure.

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## CONCLUSION AND RECOMMENDATIONS

Dental providers who participate in Medicaid provide much-needed access to dental services for children in the program. When children lack such access, untreated decay and infection in their mouths can result in more complicated and expensive dental and medical interventions later in life. At the same time, however, this report raises concerns about the extreme billing patterns of a number of general dentists and orthodontists in California. Specifically, these 335 dental providers—representing 8 percent of the California general dentists and orthodontists we reviewed—received extremely high payments per child; provided an extremely large number of services per day; provided an extremely large number of services per child per visit; provided services to an extremely large number of children; and/or provided certain selected services to an extremely high proportion of children. Medicaid paid these providers \$117.5 million for pediatric dental services in 2012. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers with extreme billing patterns warrant further scrutiny.

Our findings raise concerns that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about quality of care and whether children treated by these providers were harmed by these procedures. Prior OIG reports have also found vulnerabilities in the oversight of Medicaid dental providers. Additionally, we identify specific vulnerabilities regarding the practices of certain dental chains. Notably, half of the dental providers in California with questionable billing worked for dental chains. The majority of these providers worked for five chains, two of which have been the subject of State and Federal investigations. A concentration of providers with questionable billing in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

Together, these findings demonstrate the need to improve the oversight of Medicaid pediatric dental services. OIG is engaged in further followup and will take action against providers with questionable billing, as appropriate. We are also committed to examining access to Medicaid dental care and to continuing to conduct investigations and audits of specific dental providers.

California must use the tools at its disposal to effectively identify and fight fraud, waste, and abuse, while at the same time ensuring that children have adequate access to quality dental care in the Medicaid program.

Therefore, we recommend that the California Department of Health Care Services:

### **Increase its monitoring of dental providers to identify patterns of questionable billing**

The State should increase its monitoring of Medicaid dental providers. To do this, it should use the measures that we developed for this report to better identify providers with patterns of questionable billing. State monitoring can result in cost savings, as well as ensuring that children receive quality dental care.

### **Closely monitor billing by providers in dental chains**

A concentration of dental providers with questionable billing in a small number of dental chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits. We recommend that California more closely monitor claims that are submitted by providers in dental chains. To do so, the State must (1) identify the chains in California, (2) identify all Medicaid providers in each chain, and (3) review claims from providers in each chain for patterns of questionable billing. The State should then follow up regarding individual providers and chains as warranted.

### **Review its payment processes for orthodontic services**

The high volume of children served by each of the six orthodontists with questionable billing raises concerns about how the State pays for orthodontic services. The State should review its payment processes to ensure that all orthodontic services provided are consistent with State requirements and paid for appropriately.

### **Take appropriate action against dental providers with questionable billing**

In a separate memorandum, we will refer to the State the dental providers whom we identified as having questionable billing. The State should review these providers' billing patterns; review dental records and supporting documentation; and/or perform unannounced site visits. Then the State should determine what action(s) are most appropriate. These actions include, but are not limited to (1) law enforcement actions, if fraud is identified; (2) referral to the State's board of dentistry for licensure violations; (3) recoupment of payments, if the State determines that claims were paid in error; (4) revocation of Medicaid billing privileges; (5) education about how to appropriately bill for pediatric dental services; and (6) no action, if the State determines that a given provider does not demonstrate a vulnerability to the program or to children with Medicaid.

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## AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

The California Department of Health Care Services (DHCS) concurred with all four of our recommendations.

DHCS concurred with our first recommendation—that it increase its monitoring efforts of dental providers to identify patterns of questionable billing—and stated that it will ensure this through its fiscal intermediary. Although DHCS has a Surveillance and Utilization Review Subsystem that identified providers with questionable billing, the criteria and methodology utilized in the system are not identical to the method described in the OIG report. DHCS said that an analysis and comparison of the criteria will be conducted by December 2015 and modifications to the existing criteria will be implemented.

DHCS concurred with our second recommendation—that it closely monitor providers in dental chains for questionable billing—and said that it would do so and take appropriate action within its authority to pursue. DHCS said that it will review the details of each case identified by OIG to determine whether any improvements need to be made to its claims processes and will implement changes by December 2015.

DHCS concurred with our third recommendation—that it review the payment processes for orthodontic services—and said that it will review the information provided by OIG and examine the extent to which claims processing for orthodontia services can be improved.

DHCS concurred with our fourth recommendation—that it take appropriate action against the dental providers whom OIG identified as having questionable billing—and said that it would do so as permitted within its authority to pursue. DHCS said that it will review the dental providers referred by OIG and will determine by December 2015 what appropriate action may be warranted. Should there exist any provider cases not previously evaluated by existing program monitoring efforts, DHCS will take appropriate action through the available channels.

OIG supports DHCS's efforts to protect the program integrity of pediatric dental services in California. The full text of the Department's comments is provided in the Appendix.

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## APPENDIX

### Agency Comments



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

Ms. Suzanne Murrin  
Deputy Inspector General for Evaluation and Inspections  
Room 5660, Cohen Building  
330 Independence Avenue, SW  
Washington, DC 20201

Dear Ms. Murrin:

The California Department of Health Care Services (DHCS) has prepared its response to the U.S. Department of Health and Human Services, Office of Inspector General (OIG) draft report entitled Questionable Billing for Medicaid Pediatric Dental Services in California, OEI-02-14-00480.

DHCS appreciates the work performed by OIG and the opportunity to respond to the draft report. Please contact Ms. Jacqueline Shepherd, Audit Coordinator, at (916) 650-0298 if you have any questions.

Sincerely,

[ Original signed by Jennifer Kent]

Jennifer Kent  
Director

Enclosure

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## APPENDIX

### Agency Comments (continued)

Ms. Suzanne Murrin  
Page 2

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Department of Health Care Services  
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## APPENDIX

### Agency Comments (continued)

Attachment  
Page 1

**Department of Health Care Services Response to OIG Draft Audit Report:  
*Questionable Billing for Medicaid Pediatric Dental Services in California*  
(OEI-02-14-00480)**

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**Finding #1: Three hundred and twenty-nine (329) general dentists and six (6) orthodontists in California had questionable billing in 2012.**

The OIG identified 329 general dentists and 6 orthodontists with questionable billing. The OIG identified these providers by looking at general dentists and orthodontists in California who served more than 50 children with Medicaid in 2012. The providers with questionable billing are extreme outliers when compared to their peers. Although they made up only 8 percent of the general dentists and orthodontists that we reviewed, they provided care to 34 percent of the children with Medicaid served by the general dentists and orthodontists we reviewed. Medicaid paid these 335 providers \$117.5 million for pediatric dental services in 2012. Notably, the OIG found that almost a third of the general dentists (101) exceeded the threshold for more than one questionable billing measure, with 34 dentists exceeding three (3) or more measures.

**Finding #2: Two hundred and twenty-nine (229) general dentists provided an extremely large number of services per day.**

Two-hundred twenty-nine (229) dentists each averaged at least 76 services per day. Two dentists averaged more than 500 services per day, with one of them averaging 862 services per day. These two dentists provided extremely large numbers of services on certain days of the year. One of them provided more than 1,000 services per day on 97 different days.

**Finding #3: Nineteen (19) general dentists received extremely high payments per child.**

General dentists in California received an average payment of \$166 for each child with Medicaid. Nineteen dentists, however, received an average of more than \$412 per child. One dentist averaged \$699 per child. Five of these dentists received more than \$3,000 per child, for a total of 10 children.

**Finding #4: One general dentist provided an extremely large number of services per visit.**

General dentists in California provided an average of five services per Medicaid child during a single visit. One dentist, however, averaged more than 12 services per child per visit. This dentist provided extremely large numbers of services to certain children during a single visit, raising concerns both about potential fraudulent billing and about quality of care. She provided more than 20 services in a single visit to a total of 30 children.

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## APPENDIX

### Agency Comments (continued)

**Attachment**  
**Page 2**

**Finding #5: One hundred and twenty-nine (129) general dentists provided selected services to an extremely high proportion of children they served.**

When compared to their peers in the State, 129 general dentists provided selected services to an extremely high proportion of children with Medicaid that they served. This billing behavior warrants further scrutiny, as it may indicate billing for services that were not medically necessary or were never provided. It also raises concerns about quality of care and whether or not children treated by these dentists were harmed by these procedures. See Table 2 for more information on general dentists who provided selected services to an extremely high proportion of children.

**Finding #6: Six (6) orthodontists provided services to an extremely large number of children.**

Orthodontists in California provided orthodontic services to an average of 169 children with Medicaid in 2012. Six orthodontists, however, each provided services to 584 or more children. One of these orthodontists provided services to 1,079 children.

**Finding #7: Half of the dental providers with questionable billing worked for dental chains; the majority worked for five dental chains.**

Of the 335 dental providers with questionable billing, 166 general dentists and one orthodontist worked for 13 dental chains in California. Eighty percent of these providers (134) worked for five dental chains. Two of these chains have been the subject of Federal and State investigations.

**Finding #8: Twelve (12) of the general dentists with questionable billing have been subject to disciplinary action by the State dental board.**

Twelve of the general dentists with questionable billing have been subject to disciplinary action by the Dental Board of California. The Board either took or initiated action against six of these providers for providing care that failed to meet quality of care standards.

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**Recommendations:**

**Recommendation 1: DHCS should increase its monitoring efforts of dental providers to identify patterns of questionable billing.**

**Response: DHCS:  Agrees  Disagrees with the recommendation.**  
**If you agree, describe the corrective action taken or planned. If you disagree, indicate the specific reason(s) for the non-concurrence and a statement of any alternative corrective action taken or planned below.**

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## APPENDIX

### Agency Comments (continued)

**Attachment  
Page 3**

DHCS will ensure that the Fiscal Intermediary increase its monitoring efforts of dental providers to better identify patterns of questionable billing. Although DHCS has a Surveillance and Utilization Review Subsystem (S/URS) that identified providers with questionable billing, the criteria and methodology utilized in the S/URS is not identical to the method described in the OIG report. An analysis and comparison of the criteria will be conducted by December 2015 and modifications to the existing criteria will be implemented; timeline will be dependent upon whether systems modifications are required. If DHCS determines a system change is not feasible given the current procurement effort underway then the Department will implement a process of generating ad hoc reports to identify these billing patterns until the new Fiscal Intermediary is online.

**Recommendation 2: DHCS should closely monitor billing by providers in dental chains.**

**Response: DHCS:  Agrees  Disagrees with the recommendation.  
If you agree, describe the corrective action taken or planned. If you disagree, indicate the specific reason(s) for the non-concurrence and a statement of any alternative corrective action taken or planned below.**

DHCS agrees to closely monitor providers in dental chains for questionable billing and take appropriate action within its authority to pursue. DHCS currently performs multiple profiling of provider claims activity for aberrant billings. The Surveillance and Utilization Review Subsystem profiles and compares individual activity to class group norms; abnormal activity are then weighted in order to produce ranked exceptions. The highest ranked cases are then reviewed more closely at the Claim Detail Report for suspected fraud or quality of care issues. All dental chains are captured through the aforementioned profiling requirements. DHCS has requested the details for each specific cases identified by the OIG. The OIG has stated that the details would not be made available until after final release of the report. The DHCS will review the detail for each case with potential process improvements and implement changes by December 2015. In order to meet this date, the OIG must provide the details to DHCS within 30 days of the current targeted final report release date.

**Recommendation 3: DHCS should review its claims payment process for orthodontic services.**

**Response: DHCS:  Agrees  Disagrees with the recommendation.  
If you agree, describe the corrective action taken or planned. If you disagree, indicate the specific reason(s) for the non-concurrence and a statement of any alternative corrective action taken or planned below.**

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## APPENDIX

### Agency Comments (continued)

#### Attachment

#### Page 4

While DHCS believes the current orthodontia payment requirements are sufficient, DHCS agrees to review the process for orthodontic services. Once the OIG provides DHCS with the supporting documentation regarding this finding, DHCS will review the information provided by the OIG and examine the extent to which claims processing for orthodontia services can be improved. Based on the timing of the receipt of information from the OIG, it is anticipated the evaluation will be completed by December 2015. In order to meet this date, the OIG must provide the details to DHCS within 30 days of the current targeted final report release date. Any needed changes that would require systems modification must be evaluated. If DHCS determines a system change is not feasible given the current procurement effort underway then the Department will implement a process of generating ad hoc reports to identify these billing patterns until the new Fiscal Intermediary is online.

**Recommendation 4: DHCS should take appropriate action against dental providers with questionable billing.**

**Response: DHCS:  Agrees  Disagrees with the recommendation.**

**If you agree, describe the corrective action taken or planned. If you disagree, indicate the specific reason(s) for the non-concurrence and a statement of any alternative corrective action taken or planned below.**

DHCS agrees that appropriate action must be taken against dental providers with questionable billing as permitted within its authority to pursue. Once the OIG provides DHCS with the supporting documentation regarding this finding, DHCS will review the information provided and will determine what appropriate action may be warranted by December 2015. In order to meet this date, the OIG must provide the details to DHCS within 30 days of the current targeted final report release date. Since the claims data evaluated in OIG's study is from calendar year 2012, it is possible that overlap exists between those providers identified by OIG and identified by DHCS through the S/URS and existing program integrity operations. Should there exist any provider cases not previously evaluated by existing program monitoring efforts, the State will take appropriate action through the available channels.

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## ACKNOWLEDGMENTS

This report was prepared under the direction of Jodi Nudelman, Regional Inspector General for Evaluation and Inspections in the New York regional office, and Nancy Harrison and Meridith Seife, Deputy Regional Inspectors General.

Lucia Fort served as team leader for this study. Other Office of Evaluation and Inspections staff from the New York regional office who conducted the study include Judy Kellis. Central office staff who provided support include Clarence Arnold, Meghan Kearns, and Christine Moritz.

# Office of Inspector General

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