DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

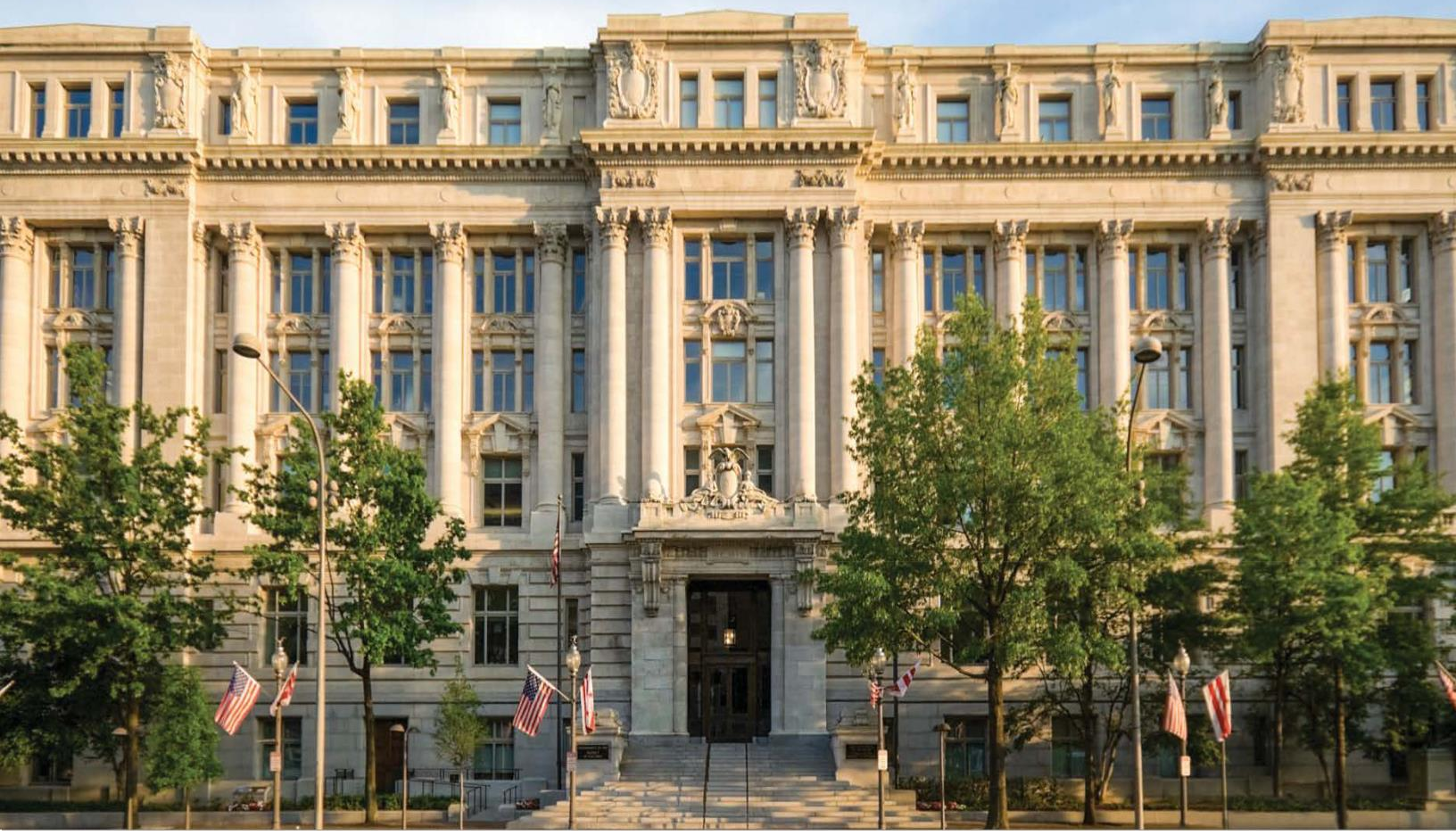
OIG Project No . 14-1-21HT

April 2017

OIG

DEPARTMENT OF HEALTH CARE FINANCE:

CONTROLS OVER RECORD MAINTENANCE FOR PROVIDERS AND PERSONAL CARE AIDES ARE NOT ADEQUATE



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Why the OIG Did This Audit

The Department of Health Care Finance (DHCF) administers the Personal Care Aide (PCA) services program, which provides health-related services to individuals unable to perform daily living activities, such as bathing, dressing, toileting, moving about, or feeding, due to a medical condition or cognitive impairment.

The Office of the Inspector General (OIG) performed this audit to determine whether DHCF is administering the PCA services program: (1) in compliance with applicable laws, rules, regulations, and policies and procedures; (2) in an efficient, effective, and economical manner; and (3) in a manner where internal controls are in place to safeguard against fraud, waste, and abuse.

What the OIG Recommends

The OIG provided five (5) recommendations to DHCF to strengthen management controls over PCA services and ensure compliance with District regulations.

DEPARTMENT OF HEALTH CARE FINANCE:

Controls Over Record Maintenance For Providers And Personal Care Aides Are Not Adequate

What the OIG Found

DHCF did not ensure its fiscal agent, Xerox, maintained complete, accurate, and current provider qualification records required to provide PCA services under the District's Medicaid program. DHCF also did not ensure providers maintained complete, accurate, and current qualification records for themselves and for PCAs, and eligibility records for beneficiaries. The lack of record maintenance occurred because DHCF and Xerox did not establish and implement a procedure to conduct onsite audits or reviews of provider records to ensure compliance with record maintenance and retention provisions. As a result, DHCF is at risk of reimbursing PCA services provided by unqualified providers or received by ineligible beneficiaries.

DHCF conducted initial assessments and reassessments of Medicaid beneficiaries seeking and receiving PCA services as required by regulation, but did not establish mechanisms to collect, update, and maintain beneficiaries' contact information. Without valid beneficiary addresses, DHCF risks making erroneous Medicaid payments for ineligible beneficiaries, and risks being unable to notify beneficiaries of any changes to their benefits.

DHCF did not implement adequate controls to ensure providers properly and consistently documented actual PCA services rendered in support of claims submitted for reimbursement. The inconsistencies in recording PCA activities occurred because DHCF has not established a standard reporting format for PCAs to report time spent performing services. As a result, there is no assurance that the District is getting the services for which it pays.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

April 11, 2017

Wayne Turnage
Director
Department of Healthcare Finance
441 4th Street, N.W., Suite 900 South
Washington, D.C. 20001

Dear Director Turnage:

Enclosed is our final report entitled *Department of Health Care Finance: Controls over Record Maintenance for Providers and Personal Care Aides Are Not Adequate* (OIG Project No. 14-2-21HT). DHCF concurred with all five recommendations and outlined actions that it believes meet the intent of our recommendations. DHCF's response and stated actions meet the intent of recommendations 1, 2, 3, and 5; therefore, we consider these recommendations resolved and open, pending evidence of stated actions, which includes:

- A copy of recent Financial, Program Integrity and Quality onsite audits/reviews for providers of PCA Services and DHCF Transmittals #16-20 and #16-13 (Rec. 1, 2, and 3); and

- Time and Activity sheet and training documentation distributed to PCA providers in DHCF Transmittal #16-23 (Rec. 5).

For recommendation 4, DHCF's response and stated action meet the intent of our recommendation; therefore, we consider this recommendation resolved and closed. We request that DCHF provide the OIG with the requested information within 30 days of the date of this final report. We conducted our audit work from August 2014 through February 2017 in accordance with generally accepted government auditing standards.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Toayoa Aldridge, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/mo

Enclosure

cc: See Distribution List

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ACRONYMS AND ABBREVIATIONS

CFR	Code of Federal Regulations
CMS	Centers for Medicare and Medicaid
CPR	Cardiopulmonary Resuscitation
DC	District of Columbia
DCMR	District of Columbia Municipal Regulations
DHCF	Department of Health Care Finance
EDI	Electronic Data Interchange
FY	Fiscal Year
HHS-OIG	Health and Human Services, Office of Inspector General
LEIE	List of Excluded Individuals/Entities
MMIS	Medicaid Management Information System
NPI	National Provider Identifier
OIG	Office of the Inspector General
PCA	Personal Care Aide
PECOS	Medicare Provider Enrollment, Chain, and Ownership System
PPD	Purified Protein Derivative
TCN	Transaction Control Number

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BACKGROUND

The Department of Health Care Finance (DHCF) is the District of Columbia's state Medicaid agency. The agency's mission is to improve health outcomes by providing access to comprehensive, cost-effective, and quality health care services for District of Columbia residents. Over 200,000 D.C. residents receive health care services through DHCF's Medicaid and Alliance programs. DHCF administers Personal Care Aide (PCA) services, which provide health-related services to individuals because they are unable to perform one or more daily living activities, such as bathing, dressing, toileting, moving about, or feeding oneself, as a result of a medical condition or cognitive impairment causing a substantial disability. The goal of the program is to encourage home-based care as a preferred and cost-effective alternative to institutional care.

Title 29, Chapter 50 of the D.C. Municipal Regulations (DCMR) governs PCA services and outlines the District's oversight and monitoring responsibilities to ensure the quality and appropriateness of services delivered to beneficiaries. DHCF contracted[1] with a fiscal agent, Xerox, to process claims and payments, update the provider manual, and maintain providers' enrollment applications and qualification records. The fiscal agent's responsibilities for maintaining provider applications and qualifications include:

- Receiving requests for enrollment and mailing enrollment packets to providers;
- Processing provider enrollment applications, including reviewing returned packets for completeness and obtaining missing information;
- Updating provider master files daily to reflect all changes;
- Editing and verifying provider file data; and
- Maintaining a physical file on approved and denied providers.

DHCF uses the Medicaid Management Information System (MMIS) database to process claims.

Beneficiaries

To receive PCA services, a Medicaid beneficiary must submit a written request for PCA Service Authorization to DHCF or its designated agent and a copy of a licensed physician's written order for PCA services. DHCF's independent assessment contractor, Delmarva Foundation, then conducts an initial face-to-face assessment using a standardized tool to determine the beneficiary's need for assistance with daily living activities and to establish the level of PCA service that the beneficiary should receive. Under the District's Medicaid State Plan, PCA beneficiaries are allotted up to 8 hours of rendered services daily, 7 days per week.

[1] Medicaid Management Information System Services Contract No. POTO-2006-C-0077, executed in September 2007 between ACS State Healthcare LLC (now Xerox State Healthcare, LLC) and the District of Columbia. When the 7-year contract expired in September 2014, DHCF extended it via a sole source award consisting of a 2-year base period and two, 1-year option periods.

Providers and PCAs

To provide PCA services to Medicaid beneficiaries in the District, a provider must be a home care agency licensed pursuant to the requirements for home care agencies and enrolled as a Medicare home health agency qualified to offer skilled services. The provider hires or contracts with PCAs who deliver care directly to beneficiaries.

PCAs are reimbursed for services rendered to beneficiaries. To receive Medicaid reimbursement for rendered services, a PCA documents hours worked, duration for each activity, and the tasks completed on a timesheet, which the beneficiary or caregiver signs as confirmation of services received. The PCA submits the signed timesheet to the provider for payment, and the provider pays the PCA per the timesheet and files a reimbursement claim with DHCF using the Electronic Data Interchange (EDI-837) transaction. Reimbursement claims must be submitted within 1 year of the date of service. DHCF processes submitted claims by ensuring that the beneficiary is eligible to receive PCA services and the provider is qualified to provide PCA services in accordance with rules governing the District's Medicaid program.

Objectives, Scope, and Methodology

We conducted our audit work from August 2014 through December 2016 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.

Our audit objectives were to determine whether DHCF is administering the PCA services program: (1) in compliance with applicable laws, rules, regulations, and policies and procedures; (2) in an efficient, effective, and economical manner; and (3) in a manner where internal controls are in place to safeguard against fraud, waste, and abuse. Our scope covered required documentation, applicable laws and regulations, and reimbursements DHCF made to providers during FY 2014.

To accomplish our objectives, we reviewed laws, regulations, guidelines, and other relevant information to understand applicable qualification and eligibility requirements. We also interviewed DHCF officials, Home Health Providers, PCAs, and Medicaid beneficiaries to obtain a general understanding of the processes used to manage personal care services and reimburse claims for services rendered.

To test compliance with the requirements for providing and receiving PCA services, we selected and reviewed qualification records that Xerox maintained for all 22 active providers; selected and reviewed eligibility records providers maintained for 152 PCA beneficiaries; and reviewed qualification records providers maintained for 178 PCAs. We reviewed the files to determine whether Xerox obtained, evaluated, and maintained complete, accurate, and current records of provider qualifications. We performed site visits to providers' places of business and reviewed

files to determine whether providers obtained and maintained complete, accurate, and current qualification records for PCAs and eligibility records for beneficiaries.

To assess the effectiveness and efficiency of DHCF's management and administration of PCA services under the Medicaid program, we reviewed files to determine whether the Delmarva Foundation conducted initial assessments and reassessments of beneficiaries' needs for PCA services. We also reviewed DHCF's policies and procedures as well as effective hourly rates for PCA services. Finally, we interviewed providers and beneficiaries during our site visits.

To assess controls in place to safeguard against fraud, waste, and abuse, we selected and tested PCA reimbursement claims made in FY 2014. We also determined whether PCA services were provided to eligible beneficiaries by qualified PCAs and were reimbursed at approved rates and supported by PCA timesheets.

This testing required us to rely on computer-processed information. While we did not perform a formal reliability assessment of DHCF's claims system, we: (1) reviewed existing documentation related to the data sources; (2) compared effective hourly rates and PCA timesheets to source documents; and (3) interviewed knowledgeable agency officials about the data. We determined that the data obtained were sufficiently reliable for the purposes of this report.

FINDINGS

DHCF DID NOT ENSURE COMPLIANCE WITH ALL PCA SERVICE REQUIREMENTS

DHCF did not ensure Xerox maintained complete, accurate, and current provider qualification records required to provide PCA services under the District's Medicaid program. DHCF also did not ensure providers maintained complete, accurate, and current qualification records for PCAs or eligibility records for beneficiaries.

DHCF Did Not Ensure Xerox Maintained Complete, Accurate, and Current Provider Qualification Records

DHCF did not ensure that Xerox maintained complete, accurate, and current records of provider qualifications required to provide PCA services. Title 1 DCMR § 1503.1 requires agency heads to "establish controls over the maintenance and use of records in accordance with these regulations, and shall ensure that records of continuing historical or other significance can be located when needed and that they are preserved in good condition for eventual transfer to the Archives."

Xerox is responsible for obtaining and maintaining all provider application and related documentation required for participation in the Medicaid program. These documents include:

- Provider Agreements;
- Provider Licenses;

- Proof of a National Provider Identifier (NPI) Number;
- Certificate of Liability Insurance;
- Disclosure of Ownership *(contains names of the owners with controlling interest in each provider entity and is required to be screened against the Health and Human Services Office of Inspector General's (HHS-OIG) List of Excluded Individuals/Entities (LEIE))*;
- Centers for Medicare and Medicaid Services (CMS) Certification Letter;
- Proof of continuous Surety Bond; and
- Certificate of Registration/Authority.

We reviewed all 22 active[2] provider files that Xerox maintained and found that some provider qualification records were missing, expired, or incomplete. The missing records included surety bonds (19 files) and evidence of LEIE searches (22 files). The expired or incomplete records include certificates of liability insurance (17 files) and disclosures of ownership (19 files) (See Table 1).

Table 1. Missing, Expired, and Incomplete Provider Documentation

Provider Qualification Documents	Files Missing Documentation	Files with Expired/Incomplete Documentation
Disclosure of Ownership	-	19
LEIE	22	-
Surety Bond	19	-
Proof of Liability Insurance	-	17

Source: OIG analysis of DHCF records of provider qualification and requirements.

To improve performance in this area, DHCF should consider enforcing the compliance provision under Section H. 40 of the contract by formally instructing Xerox to remedy non-compliance with the maintenance of provider documents; and if necessary, in accordance with Section H.41 of the contract, consider assessing liquidated damages after the due date until Xerox corrects the non-compliance.

Disclosure of Ownership. Nineteen of 22 (86%) provider files reviewed did not include a complete and accurate disclosure of ownership and financial interests. Applicants and existing providers must disclose all individuals or organizations having a direct or indirect ownership/controlling interest in the entity. Although some providers documented the names of owners of the entities, they did not specify the total interest owned by each individual. According to 42 CFR § 455.104(e), states may not seek reimbursement for payments to providers that have not submitted required ownership or control interest disclosures.

[2] During the course of our audit, there were 31 providers but DHCF assumed ownership for 9 of them due to legal reasons.

The full disclosure of ownership requirement is important to prevent unqualified applicants and providers from providing PCA services. For example, a provider whose nursing license was revoked and who HHS-OIG subsequently excluded from participating in Medicare, Medicaid, and all federal health care programs, used aliases to fraudulently secure Medicaid provider numbers to participate in the District's Medicaid program. The excluded provider was later convicted for defrauding D.C.'s Medicaid program of over $80 million.

To improve performance in this area, DHCF should require providers to complete Disclosure of Ownership Forms properly, including personal identification of all owners of the entity, which will allow DHCF to perform effective searches of the exclusion list and criminal background checks.

HHS-OIG's LEIE Searches. None of the 22 provider files had documentation to support that DHCF screened provider entity owners against the HHS-OIG LEIE. Although a DHCF official informed us that the agency uses the Medicare Provider Enrollment, Chain, and Ownership System (PECOS) to verify whether provider entities are on exclusion lists and maintain screen prints from PECOS in providers' files, we did not find such documentation in the provider files reviewed.

In 2008, CMS directed all state Medicaid directors to search excluded individual lists in the federal databases for the names of any individual, entity, or individual with ownership or controlling interest in any entity providing or seeking to provide services under the Medicaid program. The LEIE database contains names of individuals and entities excluded from participating in federal and state health programs. LEIE searches are the first line of defense to screen out ineligible existing providers or new applicants excluded from participating in the Medicaid program. The effectiveness of the search is contingent upon complete and accurate disclosure of the names of all owners with controlling interests in each provider entity. Failure to perform thorough LEIE searches of all owners of provider entities exposes the District's Medicaid program to the risk of fraud by individuals with criminal convictions related to Medicare, state health programs, or other major problems related to health care (e.g., patient abuse or neglect).

Surety Bonds. Nineteen of 22 (86%) provider files we examined did not have a surety bond on file. Title 29 DCMR § 5011.2 requires that each provider rendering PCA services post a continuous $50,000 surety bond against all PCA services "claims, lawsuits, judgments, or damages including court costs and attorney's fees arising out of the negligence or omissions of the Provider in the course of providing services to a Medicaid beneficiary or a person believed to be a Medicaid beneficiary." When a provider is determined to be negligent for failure to follow applicable laws, the injured party (the D.C. Medicaid program or beneficiary) can recover its losses from the surety bond. Failure to ensure providers post and maintain a continuous surety bond in the required amount exposes the District to risks of financial liability or claims arising out of a provider's negligence in the course of delivering PCA services.

Liability Insurance. Seventeen of 22 (77%) provider files we examined had expired certificates of liability insurance.[3] Liability insurance "is coverage that indemnifies or pays on behalf of the policyholder or self-insured entity against claims for negligence, inappropriate action, or inaction which results in injury or illness to an individual or damage to property."[4] Title 29 DCMR § 5011.1(b) requires that each applicant or provider maintain general liability insurance coverage of at least $1,000,000 per occurrence. Failure to ensure providers procure and maintain the required minimum amount of liability insurance exposes the District to being legally responsible in the event that either PCA providers or their agents commit misconduct or injury.

DHCF's audit of Xerox in 2015 also identified poor record maintenance of provider data and stated DHCF would work with Xerox to develop a corrective action plan to address the deficiency. We found, however, that DHCF has yet to implement a mechanism that requires Xerox to have an action plan to ensure it obtains and maintains all required provider records.

To improve performance in this area, DHCF should consider enforcing the compliance provision under Sections H. 40 & H. 41 of the contract with Xerox by:

a) Designating by when Xerox is to remedy non-compliance with maintaining provider documents.
b) Assessing appropriate liquidated damages after the due date until Xerox corrects the non-compliance.

DHCF Did Not Ensure Providers Maintained Complete, Accurate, and Current PCA Qualification Records and Beneficiaries' Eligibility Records

DHCF did not ensure providers maintained complete, accurate, and current qualification records for their PCAs and eligibility records for beneficiaries. Title 1 DCMR § 1503.1 requires agency heads to "establish controls over the maintenance and use of records in accordance with these regulations, and shall ensure that records of continuing historical or other significance can be located when needed and that they are preserved in good condition for eventual transfer to the Archives." Additionally, DHCF's Medicaid Provider Agreement includes requirements for providers to maintain all relevant records for 10 years and provide full access to such records to authorized District and federal personnel upon request.

Provider Qualification Records. We visited 22 providers to review their qualification records and found that the majority of the providers maintained required records. However, we observed that 6 of 22 (27%) providers did not have proof of liability insurance on file.

PCA Qualification Records. The qualifications to become a PCA in the District are set forth in 29 DCMR § 5009.1 and, during the period of our audit, they included proof of:

- Citizenship or lawfully authorized to work in the U.S.;

[3] A certificate of liability insurance is a single sheet of paper that summarizes the benefits of an insured party's insurance policy. It is proof of insurance coverage and the limits of the policy.

[4] CMS MMSEA Section 111 Medicare Secondary Payer Mandatory Reporting Liability Insurance (Including Self-Insurance), No-Fault Insurance, and Workers' Compensation User Guide, Rev. 2016/11 July, COBR-Q3-2016-v5.0, Section 4.2.

- Current Cardiopulmonary Resuscitation (CPR) certification;
- Three hours of continuing education;
- Annual Tuberculosis and Purified Protein Derivative (PPD) skin tests;
- Criminal background check; and
- NPI number.

Based on our review of qualification records for 178 PCAs, we found the majority of the providers maintained the required records with the following exceptions:

- CPR certifications - 19 expired, 13 missing;
- PPD tests - 26 expired, 12 missing;
- Criminal background check - 21 missing; and
- Training documentation - 14 missing.

Beneficiary Eligibility Records. Providers maintained the majority of required eligibility records for the 152 beneficiaries we reviewed, but we noted that a few prior authorizations, doctor referrals, plans of care, initial and monthly assessments, and timesheets[5] were missing. The PCA services eligibility requirements set forth in 29 DCMR § 5002.1 stipulate that beneficiaries be unable to independently perform one or more daily living activities for which personal care services are needed and have a written order for PCA services and authorization to receive those services.

Providers have the responsibility to maintain eligibility records and 29 DCMR § 5013.3 requires that "[e]ach beneficiary's record shall be readily retrievable and shall be kept in a locked room or file maintained and safeguarded against loss or unauthorized use at the location of the Provider's place of business that is identified on the Provider's Medicaid Provider application." DHCF and Xerox did not establish and implement a procedure to conduct onsite audits or reviews of the provider records to ensure compliance with the record maintenance and retention provision. As a result, DHCF is at risk of reimbursing PCA services provided by unqualified providers or to ineligible beneficiaries.

To improve performance in this area, DHCF should establish and implement procedures to conduct onsite audits or reviews of provider records to ensure compliance with rules governing PCA services.

[5] Timesheets show the name of the beneficiary and the PCA rendering services, service types, dates, and duration (hours).

DHCF CONDUCTED REQUIRED BENEFICIARY ASSESSMENTS BUT DID NOT IMPLEMENT MECHANISMS TO EFFECTIVELY COLLECT AND MANAGE BENEFICIARIES' CONTACT INFORMATION

DHCF conducted initial assessments and reassessments of Medicaid beneficiaries seeking and receiving PCA services in the District as required by regulation. However, DHCF did not maintain current addresses and contact information for beneficiaries.

DHCF Conducted Initial Beneficiary Assessments and Reassessments in Accordance with Rules Governing Medicaid Reimbursement for PCA Services

DHCF contracted with Delmarva Foundation to conduct assessments to determine each beneficiary's need for assistance with daily living activities. Delmarva is required to perform initial face-to-face assessments following receipt of a request for service authorization and re-assessments of beneficiaries in accordance with rules governing Medicaid Reimbursement for PCA services.[6] We reviewed eligibility records for 152 PCA beneficiaries and found that the majority of the beneficiaries had records of assessments on file.

DHCF Did Not Effectively Collect and Manage Beneficiaries' Contact Information

DHCF did not effectively collect and maintain current addresses and other contact information for Medicaid beneficiaries in its database. There are no specific federal or District requirements for DHCF to maintain beneficiaries' addresses. However, effective management of beneficiaries' addresses and contact information is necessary for DHCF to notify beneficiaries in writing prior to any denial, suspension, termination, or reduction of services as required by 29 DCMR § 5007.3. We requested that DHCF provide us with current addresses for a sample of 152 beneficiaries and notify the beneficiaries of our potential site visit to their homes. The list that DHCF provided to us included several duplicates, incorrect addresses, and some beneficiaries without addresses. Of the 152 beneficiaries in our sample, we selected 37 (24%) and performed site visits. We confirmed the existence of 21 (57%) and found that 3 of the 21 beneficiaries no longer received PCA services. Of the remaining 16 beneficiaries, 7 were not home, 7 had the wrong address listed, and 2 were deceased.

DHCF did not establish mechanisms to collect, update, and maintain beneficiaries' contact information in order to identify beneficiaries who are deceased or who move. Without valid beneficiary addresses, DHCF risks making erroneous Medicaid payments for ineligible beneficiaries, and risks being unable to notify beneficiaries of any changes to their benefits.

To improve performance in this area, DHCF should establish and implement a procedure for collecting, updating, and maintaining beneficiary's contact information to better identify beneficiaries who are deceased or who have moved.

[6] During the time period of our audit scope, 29 DCMR § 5003.7 stated: "DHCF or its designated agent shall conduct the initial face-to-face assessment following the receipt of a request for service authorization and shall conduct a reassessment at least every one hundred and eighty (180) days or upon significant change in the beneficiary's condition. A request for service authorization may be made by a Medicaid beneficiary, the beneficiary's representative or a Provider."

DHCF DID NOT IMPLEMENT ADEQUATE CONTROLS OVER THE REPORTING OF RENDERED SERVICES AND CLAIMS REIMBURSEMENTS

DHCF did not implement adequate controls to ensure providers properly and consistently documented actual PCA services rendered in support of claims submitted for reimbursement. Federal regulation 42 CFR § 455.20 requires agencies to "[h]ave a method for verifying with beneficiaries whether services billed by providers were received."

During our review of PCA services rendered to beneficiaries, we found that PCAs did not consistently record their daily activities or the time spent conducting those activities. Some providers require PCAs to document the total number of minutes used to perform each activity, while others required PCAs to document the tasks completed with a "check mark." We also noted that one provider used telephony, which is an electronic time keeping system for visit verification that requires PCAs to call into the provider's office upon arriving and departing a beneficiary's home. According to the verification system's website, the system bases the hours worked on when the PCA clocks -in and clocks-out. Although the use of the telephony time keeping system eliminates paper timesheets and streamlines billing, it does not capture the signature of the beneficiary who is the only person who can verify the actual service rendered. The inconsistencies in recording PCA activities occurred because DHCF has not established a standard reporting format for PCAs to report the time spent on services performed. As a result, there is no assurance that the District is getting the services for which it pays.

To improve performance in this area, DHCF should establish and implement a standard format for all PCAs to report the time spent on services performed.

CONCLUSION

DHCF has an important role in administering the PCA services program. DHCF has established a number of controls to carry out its responsibilities effectively. However, the agency has not established mechanisms to: (1) maintain provider and PCA qualification documents and beneficiaries' eligibility records; (2) collect and manage beneficiaries' contact information efficiently; and (3) ensure all PCAs report in a consistent manner time spent performing services. Without addressing these issues, DHCF cannot assure that (1) providers and PCAs are qualified to operate in the District, (2) it is preventing erroneous and fraudulent Medicaid payments, and (3) the District is receiving the PCA services for which it pays.

RECOMMENDATIONS

We recommend that the Director, DHCF:

1) Consider enforcing the compliance provision under Sections H. 40 & H. 41 of the contract with Xerox by:

    a) Designating by when Xerox is to remedy non-compliance with maintaining provider documents.
    b) Assessing appropriate liquidated damages after the due date until Xerox corrects the non-compliance.

2) Require providers to complete Disclosure of Ownership Forms properly, including personal identification of all owners of the entity, to allow DHCF to perform effective searches of the exclusion list and criminal background checks.

3) Establish and implement procedures to conduct onsite audits or reviews of provider records to ensure compliance with rules governing PCA services.

4) Establish and implement a procedure for collecting, updating, and maintaining beneficiaries' contact information to better identify beneficiaries who are deceased or who have moved.

5) Establish and implement a standard format for all PCAs to report the time spent on services performed.

AGENCY RESPONSE AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

We provided DHCF our draft report on February 10, 2017, and received its response on March 16, 2017, which is included as Appendix A to this report. DHCF concurred with all five recommendations and outlined actions that it believes meet the intent of our recommendations. DHCF's response and stated actions meet the intent of recommendations 1, 2, 3, and 5; therefore, we consider these recommendations resolved and open, pending evidence of stated actions, which includes:

- A copy of recent Financial, Program Integrity and Quality onsite audits/reviews for providers of PCA Services and DHCF Transmittals #16-20 and #16-13 (Rec. 1, 2, and 3); and

- Time and Activity sheet and training documentation distributed to PCA providers in DHCF Transmittal #16-23 (Rec. 5).

For recommendation 4, DHCF's response and stated action meet the intent of our recommendation; therefore, we consider this recommendation resolved and closed.

ACTION REQUIRED

We request that DCHF provide the OIG with the requested information within 30 days of the date of this final report.

APPENDIX A. DHCF'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance

Office of the Director

March 16, 2017

Daniel Lucas
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

Re: Department of Health Care Finance: Controls over Record Maintenance for Providers and Personal Care Aides Are Not Adequate (OIG Project No. 14-2-21HT)

Dear Inspector General Lucas:

Thank you for sharing your February 2017 report regarding the Department of Health Care Finance's (DHCF) controls over the Personal Care Assistance (PCA) program with respect to record maintenance for providers and personal care aides. Your report is based on an audit of "required documentation, applicable laws and regulations and reimbursements made to providers during FY14." The conclusion reached is that DHCF did not have adequate controls in place to ensure maintenance of accurate records for providers or beneficiaries, placing DHCF at risk of reimbursing PCA services provided by unqualified providers or received by ineligible beneficiaries. You have made five recommendations to strengthen management controls over PCA services and ensure compliance with District regulations.

DHCF appreciates the efforts of the DC Office of Inspector General (DC OIG) to offer recommendations to strengthen DHCF's oversight of the PCA program. We note that DC OIG's audit focused on activity in FY14, a year that represented a significant turning point for DHCF with respect to its efforts to reduce fraud, waste and abuse in the PCA program. Notably, in FY14, DHCF's multiple referrals to law enforcement made years earlier finally bore results when, on February 20, 2014, agents from the Federal Bureau of Investigation (FBI) fanned out across the metropolitan area and executed over 20 search warrants, ultimately shuttering four large staffing agencies that provided PCA services to over 4000 District Medicaid beneficiaries. In the wake of these FBI raids, DHCF had to focus considerable staff time and energy to ensure that beneficiaries served by these four agencies received appropriate care and were transitioned safely to alternative Home Care Agencies. At the same time, having been freed from a directive to "stand down" from any agency enforcement action, DHCF ramped up our efforts to target Home Care Agencies engaged in fraudulent billing activities. Specifically,

- DHCF issued payment suspensions to 13 agencies that had been referred previously to law enforcement based on credible allegations of fraud.
- At DHCF's request, we collaborated with HMS, CMS' Medicaid Integrity Group (MIG) contractor, specifically to determine whether the home health claims of eight Home Care Agencies were billed and paid in accordance with applicable Federal and DHCF laws, regulations and policies. The field audits encompassed Medicaid claims with paid dates from March 17, 2014 through May 26, 2014.

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- As a result of these audits and other information, DHCF terminated the provider agreements of three agencies and placed the others under corrective action plans.
- DHCF also collaborated with CMS on a MIG focused review of personal care services that looked at the effectiveness of the District's policies, procedures and oversight of the PCA program. The review dates were June 23-26, 2014, and DHCF's Surveillance, Utilization, Review (SURS) unit participated in the on-site reviews at the different providers' offices.

In addition to these specific audit activities in 2014, DHCF implemented new rules to ensure that residents seeking PCA services were evaluated for eligibility by independent nurses. By the end of calendar year 2014, nearly all PCA beneficiaries had received a face-to-face determination of eligibility.

Since 2014, DHCF has continued to strengthen controls over the PCA program. In FY15, we reviewed the FY13 cost reports of all Medicaid PCA provider agencies, and we will be reviewing their 2016 reports beginning this summer. We have strengthened provider screening and enrollment requirements and processes, strengthened program requirements, increased training and technical assistance to providers, increased monitoring and oversight through data analysis and investigation, added edits to the Medicaid Management Information System (MMIS) to deny certain claims that appear to be fraudulent, hired new leadership and reorganized the Program Integrity Division, and significantly strengthened our partnerships with sister agencies and law enforcement entities. Since 2014, in partnership with law enforcement entities, DHCF has terminated eight (8) agencies due to fraudulent activities.

We are therefore pleased to report that many of the findings made in your report reflect a point in time nearly three years ago and not the current status. Further, many of the recommendations made have already been implemented or are in progress. With respect to DC OIG'S specific findings, our responses to the draft report and recommendations are detailed below.

FINDINGS:

(1) DHCF did not ensure that our fiscal agent XEROX maintained complete, accurate and current provider qualifications records to provide PCA services with respect to disclosure of ownership forms, LEIE, Surety Bonds and Proof of Liability Assurance.

DC OIG Recommends: Consider enforcing the compliance provision under Sections H. 40 & H. 41 of the contract with Xerox by:

a) Designating by when Xerox is to remedy non-compliance with maintaining provider documents.
b) Assessing appropriate liquidated damages after the due date until Xerox corrects the non-compliance.
c) Requiring providers to complete Disclosure of Ownership Forms properly, including personal identification of all owners of the entity, to allow DHCF to perform effective searches of the exclusion list and criminal background checks.

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DHCF Response:

DHCF does not dispute that DC OIG identified missing, expired and incomplete provider documentation during its review. Notably, since 2014, DHCF has undertaken numerous steps to improve document maintenance and has procured a new, electronic provider data management system managed by a new vendor. Specifically:

- DHCF has enforced the surety bond requirement. All Home Care Agencies that render personal care aide services were required to provide DHCF with proof of the surety bond at the time of initial enrollment or at re-enrollment. This process has been completed and currently, all enrolled Home Care Agencies are in compliance with the surety bond requirement, and records have been updated.
- In FY 16, DHCF procured and implemented a new electronic provider data management system (PDMS). The system has converted paper applications from Conduent (formerly XEROX) to electronic files and is managed by a new vendor, Maximus. As providers enrolled using the PDMS they are required to upload their current documents. This ensures that all required documents will be available for audits.
- With respect to disclosure of ownership forms, DHCF's current rules for Personal Care Aide Services require all applicants and providers (at re-enrollment) to complete the Disclosure of Ownership Form. When the information is received, DHCF Provider Screening and Enrollment Division reviews it for completeness. If it is incomplete, it is returned to the applicant/provider with a request to provide any missing information. DHCF offers technical assistance to applicants and providers during the enrollment/re-enrollment process. However, if required information is not submitted or is incomplete, the application/re-enrollment will be denied. Once a complete Disclosure of Ownership form is completed, DHCF's Provider Enrollment Division works with the Division of Program Integrity to search required data bases and investigate non-disclosure of related parties and will deny enrollment/re-enrollment if a required disclosure has not been made.

(2) DHCF did not ensure that providers maintained complete, accurate and current qualification records for their PCAs and eligibility records for beneficiaries.

DC OIG Recommendations: DHCF should establish and implement procedures to conduct onsite audits or reviews of provider records to ensure compliance with rules governing PCA services.

DHCF Response:

DHCF has established and implemented procedures for conducting three different types of onsite audits/reviews for providers of PCA services: financial, program integrity and quality. Financial audits are conducted by the Office of Rates and Reimbursement or its agent and are used primarily to identify allowable costs used to re-base provider payment rates every three years. Program integrity audits focus on provider payments and are conducted based upon DHCF's SURS audit plan or in response to complaints. The Quality Review is conducted quarterly and focuses on whether the provider meets CMS' quality assurances for the EPD waiver. DHCF also is currently developing a beneficiary survey as another means of overseeing the quality and integrity of the PCA program. In addition to onsite audits/reviews, DHCF has increased its capacity to conduct surveillance through data-mining.

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As noted above, eight program integrity audits were conducted in FY14 by a contracted auditing company which resulted in administrative actions and referrals to law enforcement. Additional audits and investigations of Home Agencies have been completed which resulted in the termination of a Home Health Agency in 2016. Financial audits of cost reports were conducted in 2015 and will be done again in 2017 and quality reviews are done quarterly.

In addition to on-site audits and reviews, DHCF continues to conduct significant oversight and coordination with law enforcement agencies on PCA services. Oversight and coordination with law enforcement efforts have included the investigation and referral of HHA providers and PCA cases to law enforcement agencies, support of investigative activities as needed, and use of alternative resolutions of cases where a credible allegation of fraud was found. Fourteen personal care aides suspected of fraudulent billing were referred to law enforcement in fiscal years 2016 and 2017, including cases where the PCA worked for Home Care Agencies already under criminal investigation. One referral involving a personal care aide, which did not rise to the level required for federal criminal prosecution, was referred to the Office of the D.C. Attorney General and has resulted in a precedent-setting civil False Claims Act case filed against the personal care aide. DHCF Division of Program Integrity has also strengthened its collaboration with the Board of Nursing (BON) to ensure that the BON can take appropriate disciplinary action when an aide is fired for fraudulent activity.

In fiscal year 2016, DHCF issued the following transmittals related to the obligation of providers to investigate and report suspected fraudulent billing.

- Transmittal #16-20 – Personal Care Assistance Claims Edit Information and Denied Claims Instructions to Home Health Agencies which provided instructions to HHAs on how to investigate claims for PCA services that are denied by DHCF (based on any personal care aide for delivering more than 16 hours of service in a single day) and steps HHAs should take based on the results of their investigation.
- Transmittal #16-13 – Reporting of Terminated Personal Care Aides by Medicaid Enrolled Home Health Agencies to the Department of Health, Board of Nursing which clarified the responsibility of Medicaid enrolled HHAs to report the termination of employees and/or contractors who are PCAs to the Board of Nursing and DHCF.

(3) DHCF did not effectively collect and manage beneficiaries contact information.

DC OIG Recommendation: DHCF should establish and implement a procedure for collecting, updating, and maintaining beneficiaries' contact information to better identify beneficiaries who are deceased or who have moved.

DHCF Response:

Since 2014, DHCF has focused on improving and completing the procedures for collecting, updating, and maintaining beneficiaries' contact information, including identifying beneficiaries who are deceased. All beneficiaries who receive PCA services through the EPD waiver have a case manager who has the primary responsibility for following a beneficiary and coordinating service provision. When a

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beneficiary has a change in address, which is a frequent occurrence for this population, it is typically the case manager who makes the discovery. In such instances, the DHCF seeks to ensure the case manager completes a form with the updated address information and sends the form to the Economic Security Administration (ESA) which is responsible for updating and maintaining eligibility records. In addition, beneficiaries are required to provide accurate address information when enrolling in the Medicaid and to report address changes. When a change is reported to ESA, it is uploaded into the eligibility system. ESA also is taking significant steps to improve eligibility services and in conjunction with DHCF, is in the process of making major system upgrades to improve the accuracy of eligibility system data. Also, on a regular basis, deceased beneficiary information from the SSA is compared to beneficiary claims data to identify suspect claims. The resulting data is provided to the Division of Program Integrity (DPI) which confirms the deceased beneficiary data utilizing other databases and recovers any identified overpayments. Since 2016, DPI has also coordinated efforts with the Department of Human Services on Public Assistance Reporting Information System (PARIS) data matching results, which identifies beneficiaries with public assistance benefits in multiple states, to remove beneficiaries who have moved out of the District.

(4) DHCF did not implement adequate controls over the reporting of rendered services and claims reimbursement.

DC OIG Recommendation: DHCF should establish and implement a standard format for all PCAs to report the time spent on services performed.

DHCF Response:

As the result of a joint effort between DHCF staff and members of the provider community, a taskforce was convened in March 2015 to develop a time and activity sheet to help improve the quality of Personal Care Aide (PCA) documentation and more accurately account for direct care activities that are delivered on any given date of service. The developed form was designed as a guide to assist providers in developing a document that best meets the needs of their respective agencies. The sheet and additional information were distributed in DHCF Transmittal #16-23 and training sessions were held with Home Health Agencies to discuss the sheet and transmittal. In addition, DHCF will be implementing Electronic Visit Verification by January 1, 2019.

In closing, since 2014, DHCF has taken significant steps to strengthen its oversight of the PCA program and to implement effective controls, including the recommendations made in your report. We are committed to refining our systems, improving record keeping and actively monitoring this program to reduce fraud, waste and abuse.

Please let us know if you have any questions about the information provided in this response.

Sincerely,

Wayne Turnage
Director