

RELIABILITY OF MEDICAID PROVIDER DATA

LOUISIANA DEPARTMENT OF HEALTH



MEDICAID AUDIT UNIT REPORT
ISSUED JUNE 20, 2018

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT SERVICES
ERNEST SUMMERVILLE, JR, CPA

**FOR QUESTIONS RELATED TO THIS AUDIT, CONTACT
WES GOOCH, SPECIAL ASSISTANT FOR HEALTHCARE AUDIT,
AT 225-339-3800.**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$0.30. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.lia.la.gov. When contacting the office, you may refer to Agency ID No. 3347 or Report ID No. 80180078 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 20, 2018

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras,
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report provides the results of our evaluation of the Louisiana Department of Health's processes for ensuring the reliability of Medicaid provider data included in the encounters (paid claims) submitted by the managed care organizations (MCOs). LDH uses this data to identify providers who billed and/or performed services for Medicaid recipients and is responsible for ensuring the accuracy of the information. Without accurate provider information, the department cannot effectively monitor the MCOs and decrease the risk of improper payments in the Medicaid program.

The report contains our findings, conclusions, and recommendations. Appendix A contains LDH's response to this report. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the LDH for their assistance during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

MEDICAID PROVIDER DATA RELIABILITY

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Audit Control # 80180078

Reliability of Medicaid Provider Data Louisiana Department of Health

June 2018

Introduction

The Louisiana Department of Health (LDH) administers the Medicaid program that provides health and medical services to eligible Louisiana Medicaid recipients. Under managed care, LDH contracts with five private managed care organizations (MCOs) that are responsible for enrolling and contracting with an adequate number of qualified providers to provide services to Medicaid recipients. LDH is responsible for monitoring the MCOs and ensuring the accuracy of the provider data included in their encounters¹ (paid claims). Without complete data that accurately identifies the provider who performed the service, who was paid for the service, where the service was provided, and the level of services the provider is allowed to perform, LDH cannot effectively monitor the MCOs and decrease the risk of improper payments in the Medicaid program. For example, unreliable Medicaid provider data decreases the effectiveness of the following LDH activities:

- **Monitoring MCO compliance with their contracts.** LDH uses provider data to monitor whether MCOs are complying with provider network adequacy requirements.
- **Conducting required program integrity activities.** The program integrity function uses provider data to monitor utilization, to detect outliers, and identify potentially improper payments.

In addition to LDH, data analysis of provider activity is frequently conducted by regulators and other oversight entities such as auditors and Medicaid Fraud Control Units to evaluate provider claims. In this analysis, providers are compared to others in their service and specialty areas in order to identify outliers, or claims activity that is not consistent with others in the peer group. Further analysis of outlier activity is then conducted to help identify potential fraud, waste, abuse, and other improper payments. Without reliable data, however, these analytical procedures are hindered and become ineffective. Considering rising state health care costs and limited budgets, it is important that LDH ensure that Medicaid dollars are spent appropriately. Provider data must be complete, accurate, and reliable to adequately monitor Medicaid spending.

The purpose of this report is:

To evaluate LDH's processes for ensuring the reliability of Medicaid provider data.

Appendix A contains LDH's response to this report, Appendix B details our scope and methodology, and Appendix C contains a list of previously-issued Medicaid Audit Unit (MAU) audit reports.

¹ An encounter contains the distinct set of healthcare services provided to a Medicaid member enrolled with a MCO on the date that the services were delivered. It is a claim paid for by the MCO but submitted to LDH.

Objective: To evaluate LDH's processes for ensuring the reliability of Medicaid provider data.

Overall we found that LDH needs to strengthen its processes to ensure the reliability of provider data submitted by the MCOs. Without reliable provider data, LDH cannot effectively monitor the MCOs and decrease the risk of improper payments in the Medicaid program. Using encounter data from February 2012 through December 2017, we identified the following issues:

- **LDH did not ensure that the MCOs used valid provider type and specialty combination codes as outlined in the *Systems Companion Guide*.** We identified 194,376 claims totaling \$13,091,888 with an invalid combination of provider type and specialty code. As a result, LDH cannot determine if appropriate providers actually provided the services.
- **LDH accepted encounter claims from the MCO health plans when the Provider Registry file indicated that the contracted provider was disenrolled with the MCO on the date of service.** We identified \$136 million in encounters from February 2012 through December 2017 where the Provider Registry showed that the contracted provider was specifically disenrolled with the MCO on the date the service was provided.
- **LDH cannot ensure the encounter data captures the correct provider location, because the Provider Registry file allows only one location per provider.** According to the Provider Registry site file, 28,295 providers had multiple sites. As a result, LDH is unable to determine where services were actually provided.
- **While LDH has developed an edit to ensure that providers who were paid for services were properly identified, the department does not use the edit to deny encounters that fail the conditions of the edit.** We identified 9 million encounters totaling approximately \$587 million from September 2015 to December 2017 where the provider could not be linked with a MCO health plan but were accepted into LDH's data system. If a provider's information on the encounter is not linked to a health plan, LDH cannot determine if the provider was allowed to perform the services.
- **LDH did not ensure that valid provider identification numbers were populated on MCO encounters.** We identified approximately 366,000 encounters from February 2012 through September 2015, totaling \$43.5 million where the servicing provider identification number was "9999999." We also identified approximately 41 million encounters totaling \$2.41 billion from October 2015 through December 2017 where the provider identification number was "0." As a result, LDH cannot fully identify the provider to determine if the medical service was allowed to be performed by that provider.

- **LDH has not implemented a single Provider Registry for all providers enrolled in the State Medicaid program as required by federal guidelines.** LDH did not meet the January 2018 deadline from the Centers for Medicare and Medicaid Services (CMS) requiring all managed care providers to be enrolled in the State Medicaid program. LDH is currently working toward meeting federal regulations but until a single Provider Registry is established, the department will remain noncompliant.

LDH did not ensure that the MCOs used valid provider type and specialty combination codes as outlined in the *Systems Companion Guide*. We identified 194,376 claims totaling \$13,091,888 with an invalid combination of provider type and specialty code. As a result, LDH cannot determine if appropriate providers actually provided the services.

Most medical providers² obtain a unique National Provider Identification number (NPI) issued by CMS. Providers are also classified by their provider type and specialty, in combination referred to as taxonomy. For example, a physician is identified as one provider type but may have multiple specialties. According to the LDH *Systems Companion Guide*, MCOs are required to submit the provider's NPI, Taxonomy Code, and nine-digit zip code in each encounter. LDH matches this information in each encounter to the Provider Registry file to ensure that providers are linked to the specific MCO submitting the encounter claim. This linkage is critical because the MCO, through its contract with LDH, is the responsible party for the credentialing of the provider and determining the appropriate provider type and specialty for the provider. Without this complete information, LDH cannot determine what services the provider is allowed to perform.

Within the Provider Registry file, LDH requires the plans to use the valid Louisiana specific provider type and specialty codes in order to properly classify the managed care providers. These provider type and specialty code combinations (taxonomy) determine services each provider is allowed to perform and bill and are crucial in determining if a MCO has a sufficient number of providers as required by their contracts.

The example in Exhibit 1 illustrates an actual provider and the various taxonomies assigned to allow the provider to perform a variety of services. (In the exhibit, the NPI and provider name are filled with a "dummy" value, but the taxonomy codes and descriptions are the actual registry information.)

² Some providers, such as unlicensed behavioral health providers and non-emergency transportation providers do not require an NPI. In order to properly identify these providers within Louisiana Medicaid managed care, a "dummy" NPI is assigned to these providers by the managed care plan and stored on the provider registry file.

Exhibit 1 NPI and Taxonomy Eligible Services			
NPI	Provider Name	Taxonomy	Taxonomy Description Types of Services Eligible to Provide
0123456789	John Smith	101Y00000X	Behavioral Health & Social Service Providers Counselor
0123456789	John Smith	101YA0400X	Behavioral Health & Social Service Providers Counselor Addiction Substance Use Disorder
0123456789	John Smith	101YM0800X	Behavioral Health & Social Service Providers Counselor Mental Health
0123456789	John Smith	101YP2500X	Behavioral Health & Social Service Providers Counselor Professional
0123456789	John Smith	103K00000X	Behavioral Health & Social Service Providers Behavioral Analyst
0123456789	John Smith	104100000X	Behavioral Health & Social Service Providers Social Worker
0123456789	John Smith	1041C0700X	Behavioral Health & Social Service Providers/Social Worker, Clinical
0123456789	John Smith	1041S0200X	Behavioral Health & Social Service Providers Social Worker School
0123456789	John Smith	171M00000X	Other Service Providers Case Manager/Care Coordinator
0123456789	John Smith	390200000X	Student, Health Care Education/Training Program

Source: Compiled by legislative auditor's staff using LDH data files and Washington Publishing Company Code Set.

The LDH *Systems Companion Guide* outlines which provider specialties are allowable for each provider type. Using the January 2018 Provider Registry file data, we found that 14,434 individual providers enrolled with a MCO did not have an allowable provider type and specialty combination. This increases the risk that these providers are providing services not allowed within the Louisiana Medicaid rules and regulations.

LDH personnel noted that provider types and specialties listed in the *Systems Companion Guide* are not all inclusive and others can be used. However, page 37 of the *Systems Companion Guide* defines "Provider Specialty" as a second-level qualification code, specific to Louisiana Medicaid, that designates the specialty classification of a provider according to Louisiana State Plan for Medicaid. The *Systems Companion Guide*, page 151, further provides the following:

"Provider Specialty Types - For providers registered as individual practitioners, LDH requires the MCO to assign a LDH provider specialty code from the LDH valid list of specialties found below:"

The *Systems Companion Guide* then goes on to provide 10 pages of allowable combinations of provider types and specialty codes. The *Systems Companion Guide* instructs the MCO to pick from the list. We found no wording in the *Systems Companion Guide* that notes these as illustrative, non-mandatory, or not all inclusive.

As shown in Exhibit 2, the Provider Registry file data identified 3,972 providers enrolled with provider type 20 Physician (Individual & Group) and provider specialty 17 Ophthalmology, Otolaryngology, Laryngology, Rhinology (Doctor of Osteopathic Medicine only). Per the *Systems Companion Guide*, this provider type and specialty type combination is invalid since specialty 17

should only be used for Doctor of Osteopathic Medicine (provider type 19) and not general Physician provider type 20.

Exhibit 2				
Provider Type/Provider Specialty Invalid Combination				
Provider Type	Provider Type Description	Provider Specialty	Provider Specialty Description	No. of Providers
20	Physician (Individual & Group)	17	Ophthalmology, Otology, Laryngology, Rhinology (Doctor of Osteopathic Medicine only)	3,972
Source: Compiled by legislative auditor's staff using LDH data files.				

Encounter claims data from February 2012 through December 2017 identified payments for this invalid provider type and specialty combination totaling \$13,091,888 on 194,376 claims. This included a multitude of services such as office visits, Rural Health Clinic/Federally Qualified Health Center all-inclusive encounters, eye glasses, anesthesia, emergency room visits, inpatient hospital care, x-rays, lab tests, and immunizations. These are services that are not allowed for this provider type and provider specialty combination.

Exhibit 3 shows providers registered as “prescribing only” providers with a number of disallowed corresponding provider specialty values. While “prescribing only” providers are allowed numerous specialties, the ones noted here are not included as allowable. These providers who are registered as “prescribing only” are performing and have been paid for many services such as eye exams, eye surgeries, dental x-rays, dental restorations, lab tests, office visits, emergency room visits, injections, and other non-prescribing provider services.

Exhibit 3				
Provider Type/Provider Specialty Invalid Combination				
Provider Type	Provider Type Description	Provider Specialty	Provider Specialty Description	No. of Providers
33	Prescribing Only Provider	27	Psychiatry; Neurology	57
33	Prescribing Only Provider	14	Neurological Surgery	46
33	Prescribing Only Provider	66	General Dentistry	25
33	Prescribing Only Provider	17	Ophthalmology, Otology, Laryngology, Rhinology	15
33	Prescribing Only Provider	32	Radiation Therapy	1
33	Prescribing Only Provider	79	Nurse Practitioner	1
33	Prescribing Only Provider	19	Orthodontist	1
Source: Compiled by legislative auditor's staff using LDH data files.				

Although LDH's pending new enrollment system may solve some of the incompatible provider type and specialty code combinations, changes to the processing of MCO encounters should be modified to fully address this issue.

Recommendation 1: LDH should strengthen its processes to ensure that only providers with valid Louisiana provider type and specialty combinations are performing services. If additional combinations are allowed, the *System Companion Guide* should be updated to reflect that.

Summary of Management's Response: LDH noted it would explore the possibility of additional provider type and specialty combinations and update the *System Companion Guide* as appropriate.

LDH accepted encounter claims from the MCO health plans when the Provider Registry file indicated that the contracted provider was disenrolled with the MCO on the date of service. We identified \$136 million in encounters from February 2012 through December 2017 where the Provider Registry showed that the contracted provider was specifically disenrolled with the MCO on the date the service was provided.

LDH developed a process to verify whether contracted providers were actually eligible to provide services on the day services were provided. As of January 2018, there were 21,965 contracted provider disenrollment records on the Provider Registry file that show that the contracted provider was still eligible to provide services with the plan through December 31, 2099. In addition, we found that the disenrolled providers were paid \$136 million in services after their disenrollment.

LDH could further develop its process to verify whether contracted providers were still eligible to provide services using the Provider Registry file. The Provider Registry file has fields that show the beginning and ending dates of eligibility within a plan that LDH can use during encounter processing to ensure the validity of the encounter. Although LDH's pending new enrollment system may help to identify dates of eligibility and disenrollment, changes to the processing of MCO encounters should be modified to fully address this issue.

Recommendation 2: LDH should strengthen processes to address encounters when the billing and/or servicing contracted provider is disenrolled with the submitting MCO on the date of service of the encounter.

Summary of Management's Response: LDH noted it would review its processes to address encounters when the provider is disenrolled on the date of service and strengthen as appropriate.

LDH cannot ensure the encounter data captures the correct provider location, because the Provider Registry file allows only one location per provider. According to the Provider Registry site file, 28,295 providers had multiple sites. As a result, LDH is unable to determine where services were actually provided.

LDH's Provider Registry file only allows one provider location per provider, even though providers can have multiple physical locations throughout the state. According to the LDH *Systems Companion Guide*, only one unique record for each NPI, as well as the provider type and specialty combination per plan is allowed. Although there is a separate file called the Provider Registry site file, this file was not used to populate encounter claims data. Using this file, we identified 28,295 providers that had multiple locations, with one provider having 727 locations. Not using this file resulted in LDH not being able to determine where Medicaid services are actually provided.

Exhibit 4 provides an example of a provider (Provider A) with 20 different provider site file locations. However, site 13 was the only entry used by LDH to populate encounter claims data for Provider A. Exhibit 5 shows that the recipients of Provider A resided in 18 different cities across the state, while the provider location always indicated Belle Chasse. For Provider A, encounter data indicated that all services for these recipients living in these 18 different cities occurred in Belle Chasse, which is unlikely.

Exhibit 4			
Actual Locations for Provider A for One Managed Care Plan			
Provider Name	Business Address	City	Site #
Provider A	1 Kenner	Kenner	1
Provider A	1 New Orleans	New Orleans	2
Provider A	1 Destrehan	Destrehan	3
Provider A	1 Bogalusa	Bogalusa	4
Provider A	2 Kenner	Kenner	5
Provider A	2 New Orleans	New Orleans	6
Provider A	1 Slidell	Slidell	7
Provider A	1 Paradis	Paradis	8
Provider A	1 Luling	Luling	9
Provider A	3 New Orleans	New Orleans	10
Provider A	1 Chalmette	Chalmette	11
Provider A	1 Covington	Covington	12
Provider A	1 Belle Chasse	Belle Chasse	13
Provider A	1 Norco	Norco	14
Provider A	1 Saint Rose	Saint Rose	15
Provider A	4 New Orleans	New Orleans	16
Provider A	5 New Orleans	New Orleans	17
Provider A	3 Kenner	Kenner	18
Provider A	1 Plaquemine	Plaquemine	19
Provider A	1 Hammond	Hammond	20

Source: Compiled by legislative auditor's staff using LDH data files.

Exhibit 5 Locations of Recipients of Provider A		
Recipient City	Recipient Count	Provider Location on Encounter Claims
Slidell	25	Belle Chasse
Hammond	14	Belle Chasse
Covington	9	Belle Chasse
Ponchatoula	8	Belle Chasse
New Orleans	7	Belle Chasse
Lacombe	6	Belle Chasse
Bogalusa	3	Belle Chasse
Tickfaw	3	Belle Chasse
Loranger	2	Belle Chasse
Mandeville	2	Belle Chasse
Belle Chasse	1	Belle Chasse
Braithwaite	1	Belle Chasse
Buras	1	Belle Chasse
Independence	1	Belle Chasse
Natalbany	1	Belle Chasse
Pearl River	1	Belle Chasse
Roseland	1	Belle Chasse
Searcy	1	Belle Chasse
Source: Compiled by legislative auditor's staff using LDH data files.		

Per the LDH *Systems Companion Guide*, the Provider Registry is used to “ensure member access to covered services that meets standards for distance, timeliness, amount, duration and scope as defined in the contract with LDH.” Without the actual location of services provided, LDH cannot determine whether these standards are being met.

As LDH develops a new provider enrollment system, the ability to identify multiple site codes should be considered. Although LDH's pending new enrollment system could be used to identify multiple site codes, changes to the processing of MCO encounters should be modified to fully address this issue.

Recommendation 3: LDH should strengthen processes to accurately identify the actual service location on all encounters and update the Provider Registry file to store all locations for a particular provider.

Summary of Management's Response: LDH noted it will seek to implement the recommendation, as feasible, with the implementation of the new provider management system.

While LDH has developed an edit to ensure that providers who were paid for services were properly identified, the department does not use the edit to deny encounters that fail the conditions of the edit. We identified 9 million encounters totaling approximately \$587 million from September 2015 to December 2017 where the provider could not be linked with a MCO health plan but were accepted into LDH’s data system. If a provider’s information on the encounter is not linked to a health plan, LDH cannot determine if the provider was allowed to perform the services.

Provider encounters should be linked to a MCO health plan to provide LDH with information necessary to adequately identify the provider and their provider type and specialty as reported by the MCO health plan. Without complete provider information, LDH cannot determine if the provider was allowed to provide the services paid for by the MCO health plan.

Beginning in September 2015, LDH developed an edit (edit 556) to consider three conditions to ensure that the provider information from the encounter claim can be properly identified. If any of the conditions are present, according to LDH documentation, the encounter should be denied and cause the MCO to resubmit the encounter with the corrected information. LDH did not implement this edit to deny the encounter claim, but instead implemented the edit as “educational,” meaning that the encounter would be accepted and an educational notice would be sent to the MCO to be considered for future encounter submissions. This practice allowed encounters with inadequate provider identifying information to be accepted into the LDH’s data system. This also allowed these encounters to be considered in the experience data used for future rate setting even though LDH cannot determine if the provider was allowed to perform the service.

Edit 556 considers the following three conditions:

- If an encounter is submitted with a provider NPI *without* taxonomy, and multiple records exist for that NPI and Managed Care Plan ID, for which taxonomy would be needed to determine the appropriate Provider Type/Provider Specialty and Provider Registry ID.

This means that the data system does not have adequate information to know which services the provider is allowed to perform and is possibly permitting services that were not allowed for this provider.

- If an encounter is submitted with a provider NPI *with* taxonomy, and that taxonomy does not match that of the provider registry file, regardless of whether only one record exists or multiple for that NPI and Managed Care Plan ID.

This means that the data system is possibly allowing the provider to perform services they are not allowed to provide.

- When the NPI sent in the encounter is not on the Managed Care Plan's provider registry file.

This means that the provider is not eligible to perform services for Louisiana Medicaid members, except in cases where a non-contracted provider is used which LDH does not evaluate during encounter processing.

If any of the three conditions fail to pass the edit, the edit currently executes an "educational" procedure. As the data currently exists, the condition that failed is not identified. As mentioned previously, LDH could set this edit to "deny" rather than "educational" and thus reject the encounter for correction by the MCO health plan in an effort to retain the best possible provider information in the data.

Between September 2015 and December 2017, we identified 9,463,168 encounters totaling \$586,521,496 that failed at least one of the three conditions listed above but were still accepted into the system. Since the edit was set for "educational" rather than "deny," these encounters were allowed to process as a valid encounter. As a result, no further action was required by the submitting MCO, leaving the full identification of the provider lacking in the data. Without the full provider information, LDH cannot determine if the provider was allowed to perform the services.

LDH personnel noted that the system uses another edit, edit 130, rather than edit 556 to deny encounters if provider information cannot be found. Edit 130 addresses encounters when the provider information is not found on the Medicaid Provider Master file (the LDH Medicaid fee-for-service provider file). The edit also considers the NPI in a search of MCO plans to attempt to find provider identifying information. However, this edit does not require the specific linking of the encounter to a unique provider record on the Provider Registry file (MCO provider information for encounters) using NPI and taxonomy. As noted previously, the MCO is the party credentialing the provider and assigning the provider type and specialty to determine what services can be provided. The specific linking to the MCO that paid for the service reported in the encounter is critical to determine that the provider was allowed to perform the service. The most complete and up-to-date provider information for encounters would be found in the Provider Registry file, not the fee-for-service Provider Master File. While edit 130 does assist in identifying the provider, it does not fully mitigate the effect of not using edit 556 to deny encounters that fail one of the three conditions.

Recommendation 4: LDH should strengthen its process for edits to ensure the most accurate and complete provider information is included in the encounter data. LDH should consider using edit 556 to deny encounters when one of the conditions fail and consider identifying which condition failed to enhance further corrective action.

Summary of Management’s Response: LDH noted it will consider using edit 556 in addition to edit 130.

LDH did not ensure that valid provider identification numbers were populated on MCO encounters. We identified approximately 366,000 encounters from February 2012 through September 2015 totaling \$43.5 million where the servicing provider identification number was “9999999.” We also identified approximately 41 million encounters totaling \$2.41 billion from October 2015 through December 2017 where the provider identification number was “0.” As a result, LDH cannot fully identify the provider to determine if the medical service was allowed to be performed by that provider.

LDH does not require that MCOs exclusively use providers enrolled with LDH’s Medicaid program. As a result, LDH developed processes to enable it to track and monitor provider activity on encounters submitted by the MCOs showing what services were provided and paid. The processes they developed are noted in Exhibit 6:

Exhibit 6	
Data used to Populate Provider Information in the Encounters	
February 2012 through September 2015	Provider information from the Medicaid Provider Master file that contained Medicaid Provider Identification information
October 2015 through Present	Provider information from Provider Registry files that are sent weekly from each MCO. These files contain provider NPI and taxonomy.
Source: Compiled by legislative auditor’s staff using LDH data files.	

As shown above, LDH originally used the Medicaid Provider Master file to identify providers on encounter claims submitted from the MCOs from February 2012 through September 2015. Providers who were not enrolled with Louisiana Medicaid and not on the Medicaid Provider Master file were given the designation of error provider and assigned a provider ID of 9999999 on the encounter claim. As shown in Exhibit 7, LDH’s use of this error provider code led to approximately 366,000 encounter claims totaling \$43.5 million for servicing providers and 669,000 encounter claims totaling \$62.3 million for billing providers that were assigned an ID of 9999999 from February 2012 to September 2015.

Exhibit 7 Provider 9999999 Encounters February 2012 through September 2015				
Type	Provider ID	Provider Name	Encounter Claim Count	Plan Paid Amount
Billing Provider	9999999	ERROR PROVIDER	668,981	\$62,295,126
Service Provider	9999999	ERROR PROVIDER	365,668	\$43,529,832
Source: Compiled by legislative auditor's staff using LDH data files.				

In October 2015, LDH began using the Provider Registry file information from the MCO health plans to populate the provider data on the encounter claims. Since not all providers were enrolled in Medicaid and did not have a Medicaid ID, LDH developed an alternative process to assign providers a unique registry ID for each MCO. Using the Provider Registry file improved LDH's ability to identify these MCO providers. However, the management and maintenance of the Provider Registry file still remained critical in the proper identification of these providers. Even though LDH put processes in place to attach a registry ID to all encounters, we identified 40.6 million encounters totaling \$2.41 billion where the servicing provider on the encounter had a registry ID of "0." In addition, we identified 43.8 million encounters totaling \$2.59 billion where the billing provider had a registry ID of "0." These encounters are illustrated in Exhibit 8.

Exhibit 8 Encounters with Provider Registry ID of 0 October 2015 through December 2017		
Servicing Provider		
Claim Type	Encounter Claim Count	Plan Paid Amount
Pharmacy	35,783,492	\$2,088,184,435
All Other	4,882,512	\$325,407,493
Servicing Provider Total	40,666,004	\$2,413,591,928
Billing Provider		
Claim Type	Encounter Claim Count	Plan Paid Amount
Pharmacy	35,783,492	\$2,088,184,435
All Other	8,050,661	\$503,188,976
Billing Provider Total	43,834,153	\$2,591,373,411
Source: Compiled by legislative auditor's staff using LDH data files.		

With a registry ID of "0," the actual provider cannot be identified without looking at additional sources of information that may reside outside of the primary LDH data system. Per LDH, the provider could be identified using a combination of provider IDs and NPIs. However, LDH has not done this to populate the file for encounters that is used by LDH and others to monitor the MCO encounters. The NPI could reveal the name of the provider, but still may not provide the most accurate taxonomy or location of service. Again, as noted previously, identifying the provider may not give LDH all of the information needed to determine that the encounter services performed were allowed. The most complete and up-to-date information on the provider would be obtained by linking the encounter to the MCO plan through the Provider Registry file using the NPI and taxonomy.

Populating the encounter data with complete and accurate provider information is essential to developing procedures to monitor or audit the encounters to ensure compliance with MCO contracts and Medicaid regulations. However, LDH has not done this, leaving themselves and others who use the data with an incomplete tool to fight fraud, waste, and abuse in Medicaid.

Although LDH's pending new enrollment system will likely eliminate the assignment of improper IDs, changes to the processing of MCO encounters should be modified to fully address this issue.

Recommendation 5: LDH should strengthen its processes to identify the most complete, accurate, and up-to-date provider information on encounters. LDH should consider the cost benefit of going back and populating the most accurate provider information in the data fields that currently show 9999999 or 0.

Summary of Management's Response: LDH noted it will consider the cost benefit of retrospectively populating the provider ID on encounters.

LDH has not implemented a single provider registry file for all providers enrolled in the State Medicaid program, as required by federal regulations.

Currently, LDH does not require managed care providers to be enrolled with Louisiana Medicaid. However, beginning in January 2018, per federal regulations, all managed care providers were to be enrolled in the State Medicaid program. On November 1, 2017, LDH issued a Solicitation for Proposal (SFP) in an effort to comply with CMS regulations. Through testimony at the Joint Legislative Committee on the Budget and Act 420 Medicaid Fraud Task Force meetings, LDH stated that the planned completion of this contracted project will not occur until November 2018. Additionally, the SFP calls for a re-enrollment of "all providers currently enrolled in both Fee-for-Service and Managed Care Entities in a phased approach by November 1, 2018." However, at the completion of the SFP procurement process in March, the winning bid was protested by a bidder that was not selected, further delaying the project. Because of this delay, the completion of the project could likely extend beyond November 1, 2018.

Until the project is completed, LDH will remain in violation of federal regulations. Not enrolling managed care providers into Louisiana Medicaid limits LDH's ability to fully identify providers performing and billing for services for Louisiana Medicaid managed care recipients, and also limits data analysis efforts to identify fraud, waste, abuse, and other improper payments in the Medicaid program.

Recommendation 6: LDH should continue their efforts to comply with federal regulations requiring a single Provider Registry file with all providers enrolled.

Summary of Management's Response: LDH noted it is actively pursuing implementation of the new provider management system to comply with federal regulations.

APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana
Louisiana Department of Health
Office of Management and Finance

June 4, 2018

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

Re: Reliability of Medicaid Provider Data

Thank you for the opportunity to respond to the findings of your Medicaid Audit Unit on the reliability of Medicaid provider data. The Management of the Bureau of Health Services Financing (BHSF), which is responsible for the Medicaid program in Louisiana, is committed to monitoring the managed care program through appropriate management controls. BHSF management agrees with the recommendations in the report and has provided a response to each of the LLA's recommendations below.

Recommendation 1: LDH should strengthen its processes to ensure that only providers with valid Louisiana provider type and specialty combinations are performing services. If additional combinations are allowed, the System Companion Guide should be updated to reflect that.

LDH Response: LDH will explore the possibility of additional provider type and specialty combinations and update the Systems Companion Guide as appropriate.

Recommendation 2: LDH should strengthen processes to address encounters when the billing and/or servicing contracted provider is disenrolled with the submitting MCO on the date of service of the encounter.

LDH Response: LDH will review its processes to address encounters when the provider is disenrolled on the date of service of the encounter and strengthen as appropriate. The managed care plans are allowed to pay out-of-network providers, which are providers who are not contracted with the plan.

Recommendation 3: LDH should strengthen processes to accurately identify the actual service location on all encounters and update the Provider Registry file to store all locations for a particular provider.

Mr. Daryl G. Purpera
June 4, 2018
Page 2

LDH Response: LDH will seek to implement this recommendation, as feasible, with the implementation of a new provider management system, which is currently pending the outcome of a protest to the notice of intent to award the contract.

Recommendation 4: LDH should strengthen its process for edits to ensure the most accurate and complete provider information is included in the encounter data. LDH should consider using edit 556 to deny encounters when one of the conditions fail and consider identifying which condition failed to enhance further corrective action.

LDH Response: LDH will consider using edit 556 in addition to edit 130 already in use for this purpose. The system edits in place ensure that encounters are accepted only from known providers. When the provider is not known to LDH, either as a fee-for-service provider or through the managed care plans' provider registries, the system denies the encounters.

Recommendation 5: LDH should strengthen its processes to identify the most complete, accurate, and up-to-date provider information on encounters. LDH should consider the cost benefit of going back and populating the most accurate provider information in the data fields that currently show 9999999 or 0.

LDH Response: LDH will consider the cost benefit of retrospectively populating the provider ID on encounters. LDH uses multiple data elements to identify the provider.

Recommendation 6: LDH should continue their efforts to comply with federal regulations requiring a single Provider Registry file with all providers enrolled.

LDH Response: LDH is actively pursuing implementation of a new provider management system to comply with federal regulations requiring a single Provider Registry file with all providers enrolled. A notice of intent to award a provider management contract was issued but a protest was filed by one of the unsuccessful vendors. CMS is aware of the implementation timeline, including the pending protest, and is in receipt of a formal request from the State for relief on the compliance date pursuant to the CMCS Informational Bulletin issued on June 30, 2017.

You may contact Michael Boutte, Medicaid Deputy Director, at (225) 342-0327 or via e-mail at Michael.Boutte@la.gov with any questions about this matter.

Sincerely,



W. Jeff Reynolds
Undersecretary

APPENDIX B: SCOPE AND METHODOLOGY

The purpose of our analysis was:

To evaluate LDH's processes for ensuring the reliability of Medicaid provider data.

The scope of our project was significantly less than that required by *Government Auditing Standards*. However, we believe the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this analysis, we performed the following steps:

- Obtained an electronic copy of Medicaid claims paid by the managed care plans from Molina Health Solutions, LDH's fiscal intermediary.
- Obtained *Systems Companion Guide* from LDH website.
- Obtained Managed Care Requests for Proposal and contract documents from LDH website.
- Used data analytics software to extract and analyze claims data.
- Worked with LDH personnel to ensure that the proper criteria were used for analysis.
- Provided results to LDH officials to validate our findings and conclusions and for further investigation.
- Obtained documentation from the LDH intranet application SPT for LIFT 10060 to support the findings on edit 556.
- Obtained the LDH MMIS Error Code Values document from the LDH intranet to support the findings on edit 556.

APPENDIX C: MAU ISSUED REPORTS DETAIL

Issue Date	Title
May 2, 2018	<i>Strengthening of the Medicaid Eligibility Determination Process</i>
November 29, 2017	<i>Improper Payments for Deceased Medicaid Recipients</i>
October 4, 2017	<i>Monitoring of Medicaid Claims Using All-Inclusive Code (T1015)</i>
September 6, 2017	<i>Improper Payments in the Medicaid Laboratory Program</i>
July 12, 2017	<i>Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community Based Services</i>
March 29, 2017	<i>Duplicate Payments for Medicaid Recipients with Multiple Identification Numbers</i>
March 22, 2017	<i>Program Rule Violations in the Medicaid Dental Program</i>
October 26, 2016	<i>Medicaid Recipient Eligibility - Managed Care and Louisiana Residency</i>
<p>Source: MAU reports can be found on the LLA’s website under “Reports and Data” using the “Audit Reports by Type” button. By selecting the “Medicaid” button, all MAU reports issued by LLA will be displayed.</p> <p style="text-align: center;">https://www.lla.la.gov/reports-data/audit/audit-type/index.shtml?key=Medicaid</p>	