

DEPARTMENT OF HEALTH AND HOSPITALS
BATON ROUGE MAIN OFFICE OPERATIONS
STATE OF LOUISIANA



MANAGEMENT LETTER
ISSUED MARCH 2, 2005

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

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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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Three copies of this public document were produced at an approximate cost of \$5.79. 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 Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 3347 or Report ID No. 04401975 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 Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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February 2, 2005

**DEPARTMENT OF HEALTH AND HOSPITALS
BATON ROUGE MAIN OFFICE OPERATIONS
STATE OF LOUISIANA**
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2004, we considered the Department of Health and Hospitals' (Baton Rouge Main Office Operations) internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of the Department of Health and Hospitals (Baton Rouge Main Office Operations) is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the Department of Health and Hospitals (Baton Rouge Main Office Operations) for the year ended June 30, 2003, we reported a finding relating to a lack of internal control over Temporary Assistance for Needy Families (TANF) Initiatives. This finding has been resolved by management.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. The finding included in this management letter that is required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2004.

Improper Claims Paid to a Social Work Provider

A social work provider billed the Medical Assistance Program (CFDA 93.778) during calendar year 2003 for services that were not in accordance with policies established by the Centers for Medicare and Medicaid Services (CMS). Clinical social work services are provided to qualified recipients for the diagnosis and treatment of mental illness. Regulations and requirements for the delivery of services and payment of claims are established through CMS policies.

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Management Letter, Dated February 2, 2005

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During the calendar year 2003, this provider submitted 4,947 claims totaling \$253,761 for procedure code 90808 - Psychotherapy (approximately 75 to 80 minutes). CMS policies define psychotherapy as treatment for mental illness and behavior disturbances in which the provider, through definitive therapeutic communication, attempts to alleviate the emotional disturbances, reverse or change maladaptive patterns of behavior, and encourage personality growth and development. When these services are billed, the medical record must indicate the time spent in the psychotherapy encounter and the therapeutic maneuvers that were applied to produce therapeutic change or stabilization.

Our review of 16 claims totaling \$816 for the provider disclosed the following:

- For all 16 claims, the services were not provided by a licensed or certified clinical social worker as required by CMS regulations.
- For all 16 claims, the progress notes showed that the services provided were not for therapeutic maneuvers but were for monitoring of activities of daily living and social interaction that cannot be billed for procedure code 90808 according to CMS policies.
- For all 16 claims, documentation in the patients' medical records did not meet CMS requirements for the use of procedure code 90808, lacking documentation of medical necessity and definition of the extended services provided.

Since our review of 16 claims disclosed an error rate of 100%, all paid claims for this provider for procedure code 90808 are questioned. As a result, known questioned costs total \$816 and likely questioned costs total \$252,945.

The department should refer all claims submitted by this provider to the Surveillance and Utilization Review System, its internal legal counsel, and/or the Louisiana Attorney General's Medicaid Fraud Control Unit for investigation and recoupment of any amount due from this provider for overpayments. In addition, the department should require that all future claims for reimbursement by this provider be reviewed before payment. Management concurred in part with the finding, noting that it believes appropriate corrective action has already been taken. See management's response at Appendix A.

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BATON ROUGE MAIN OFFICE OPERATIONS**

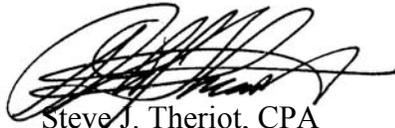
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The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the department. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the department should be considered in reaching decisions on courses of action. The finding relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

JES:WDG:PEP:ss

[DHH04]

Appendix A
Management's Corrective Action
Plan and Response to the
Finding and Recommendation



Kathleen Babineaux Blanco
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Frederick P. Cerise, M. D., M.P.H.
SECRETARY

December 29, 2004

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

RE: Legislative Audit Finding Regarding Improper Claims Paid to a Social Work Provider

Please allow this letter to serve as a response to the Legislative Auditor Finding regarding Improper Claims Paid to a Social Work Provider. It is our understanding that the Legislative Auditor found that a social work provider billed the Medical Assistance Program during calendar year 2003 for services that were not in accordance with the policies established by the Centers for Medicare and Medicaid Services. Specifically, your review of 16 claims found the following:

- The services were not provided by a licensed or certified clinical social worker.
- The progress notes showed that the services provided were not for therapeutic maneuvers, but were for monitoring of activities of daily living and social interaction, which are not reimbursable under procedure code 90808.
- Lack of sufficient documentation to support procedure code 90808; medical necessity, and the definition of the extended services provided.

The Department of Health & Hospitals concurs in part only, for the following reasons:

- The claims paid to the social worker were all crossover-only claims. The OIG is currently investigating the claims submitted by the social worker and he has been placed on prepay review by Medicare.
- The OIG has assured our Program Integrity staff that the Medicaid crossover claims would be included as part of the OIG's investigation. Therefore, any efforts on our part would be duplicative of the OIG's investigation.

Mr. Steve J. Theriot, CPA
December 29, 2004
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- Since the claims are crossover only claims, DHH does not have the necessary information to determine the validity of the Medicare claims which caused the crossover claim.
- DHH already has referred this matter to the SURS unit within DHH. Due to the current investigation by the OIG and the OIG covering DHH's Medicaid claims within its investigation, there is no need for a separate investigation by DHH.
- Since the claims were all crossover-only claims, and Medicare has placed the social worker on prepay review, there is no further action that can be done by DHH at this time. If Medicare pays the claim, then Medicaid will automatically pay the claim as well.

Due to the reasons stated above, DHH does not believe that a corrective action plan is required. Incidentally, the social worker has not billed Medicaid at all for calendar year 2004.

Thank you for the opportunity to respond to this finding.

Sincerely,



Ben Bearden
Director

BB/LAO/dt