



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

Postpartum Project Summary Report

An Operational Review prepared by the:

**Fraud, Waste, and Abuse
Prevention Division**



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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Ms. Jacqui Romer-Sensky, Director
Ohio Department of Human Services
30 East Broad Street
Columbus, Ohio 43266-0423

Dear Director Romer-Sensky:

We are pleased to provide you with our "*Postpartum Project Summary Report*". The objectives of this report were to summarize the results of a series of Medicaid Provider audits completed by my office and to determine if future overpayments of the nature identified by these audits could be prevented. I wish to commend the Department of Human Services for acting quickly, following its review of a draft of this report, to establish the computer edit that we recommended.

If you or your staff have any questions concerning the report or would like to discuss its contents further, please call John Butts, Chief Division of Fraud, Waste, and Abuse Prevention, at (614) 466-3212.

Yours truly,

JIM PETRO
Auditor of State

EXECUTIVE SUMMARY

In the State of Ohio, the Ohio Department of Human Services (ODHS) has the responsibility for administering the Medicaid Program. Based on federal guidelines, ODHS establishes reimbursement policy, service rules and regulations; arranges with health care providers (e.g. hospitals, laboratories, individual physicians) to render services to patients; and pays providers' claims for those services. ODHS has "provider agreements" with approximately 36,000 health care providers to provide Medicaid services. When signing the agreement, providers agree to comply with all applicable federal and state statutes, including those stated in the Ohio Revised Code and the Ohio Administrative Code (OAC). During State Fiscal Year 1998, ODHS paid about \$6 billion to providers for Medicaid services.

The Auditor of State performs audits of Medicaid providers to determine whether providers bill and are reimbursed in accordance with federal and state rules. From time to time, the Auditor also advises ODHS of opportunities to prevent overpayments from occurring by, for example, clarifying reimbursement rules or building edits into the processing of providers' claims for reimbursement.

Based on a computer analysis of paid Medicaid claims, we identified 533 Medicaid providers who separately billed and were reimbursed for birth deliveries and "postpartum care".¹ Pursuant to Section 5101:3-4-08 of the OAC, reimbursement for postpartum visits is included in the fee for deliveries. These providers were overpaid \$827,089 between January 1, 1994 and December 31, 1997, with overpayments to individual providers ranging between \$10 and \$17,373. We then selected the 45 providers with overpayments of \$4,000 and greater for additional review. These providers received overpayments of \$336,867. Following notification of the overpayments, 41 providers repaid ODHS \$311,382, and the balance has been forwarded to the Attorney General's Office for collection.

Our review of postpartum overpayments determined that these overpayments could have been prevented if ODHS' claims processing system contained edits that would deny payment for this type of claim. Preventing payment when a claim is submitted would reduce the costs of detecting and recovering the overpayment at a later date, and help providers who make billing errors avoid large, multi year repayments.

In a draft report provided to ODHS on March 26, 1999, we recommended that ODHS identify and implement editing procedures to deny payment for postpartum visits billed subsequent to applicable deliveries. ODHS agreed that an edit was an optimal solution, and in April 1999 reported that an edit had been established.

¹A postpartum visit is a routine visit which involves an examination of the birth mother to check her health status. This visit usually occurs between 4 and 6 weeks post delivery.

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ABBREVIATIONS

AOS	Auditor of State
CPT	Physicians Current Procedural Terminology
FWAP	Fraud, Waste, and Abuse Prevention Division
OAC	Ohio Administrative Code
ODHS	Ohio Department of Human Services
ORC	Ohio Revised Code
SURS	Surveillance and Utilization Review

BACKGROUND

During previous audits of Medicaid providers, the Fraud, Waste and Abuse Prevention Division of the Auditor of State discovered that providers were billing and being separately reimbursed by the Ohio Department of Human Services (ODHS) for postpartum services, although these services are normally included in the reimbursement for birth deliveries. This occurred when providers billed Current Procedural Terminology (CPT) code 59430 for postpartum services in conjunction with delivery CPT codes 59410, 59515, 59614, and 59622.

According to Section 5101:3-4-08 of the Ohio Administrative Code (OAC) and Chapter 3336, Section II (C)(3) of the Ohio Medicaid Provider Handbook, Postpartum Care “includes hospital and office visits for routine, uncomplicated care following a vaginal or cesarean delivery.” The following codes should be billed for delivery and postpartum services provided after January 1, 1994:

- 59410 - Vaginal delivery; routine postpartum care provided by same provider
- 59515 - Cesarean section; routine postpartum care provided by same provider

The following codes should be billed for delivery and postpartum services provided after January 1, 1996

- 59614 - Vaginal delivery after previous Cesarean section, routine postpartum care provided by same the provider
- 59622 - Cesarean delivery following attempted Vaginal Birth After Cesarean, postpartum care provided by the same provider

Between January 1, 1995 and June 30, 1997, we conducted audits of 92 providers of physician services in which 44 (48%) had inappropriately billed and been reimbursed for \$73,987.82 in postpartum services. Given the high incidence of these overpayments, we decided to perform a statewide computer analysis to identify providers with this type of overpayment.

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of this report is to summarize the results of our statewide analysis of postpartum overpayments and to discuss opportunities to prevent future overpayments.

To determine the extent overpayments occurred, the Auditor of States’s Fraud, Waste and Abuse Prevention Division analyzed paid claims in ODHS’ Medicaid Management Information System for the period January 1, 1994 through December 31, 1997. The purpose of the analysis was to identify Ohio Medicaid providers who had billed and been reimbursed for postpartum care (CPT code 59430) in conjunction with certain vaginal or cesarean section deliveries (CPT codes 59410, 59515, 59614, and 59622).

We reviewed this data to determine an overpayment amount made to each provider. As part of our

review, we eliminated overpayments and/or providers who were previously reviewed by our office and found to have made these types of overpayments.

In addition, we reviewed the amount reimbursed to the provider for the delivery and postpartum service to make sure the provider received the established maximum fee allowed for the delivery. The established maximum fee for each code must be present in order for the postpartum service fee to be included. Our overpayment calculation was based on the sum of the total amount reimbursed to the provider for the delivery and postpartum service less the established maximum fee for the delivery.

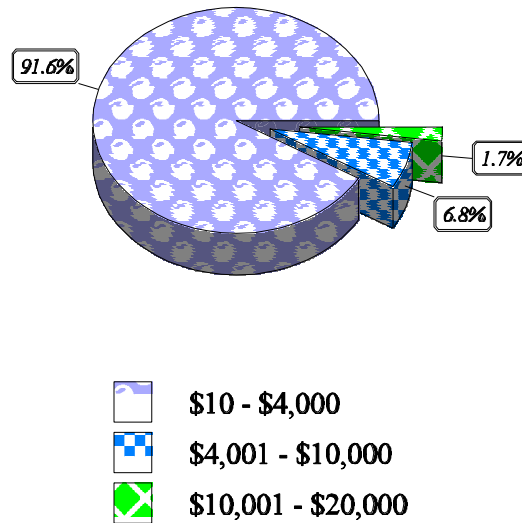
Work performed on this project was conducted in accordance with generally accepted government auditing standards.

RESULTS

Our computer analysis identified 533 providers with \$827,088.70 in overpayments due to inappropriate reimbursement for postpartum services. Overpayments ranged between \$10 and \$17,373 for individual providers.

Figure 1 shows the percentage of providers whose overpayment fell within certain ranges.

Figure 1: Range of Provider Overpayments



Source: Auditor's analysis of provider paid claims (January 1, 1994 through December 31, 1997)

FOCUS ON LARGEST OVERPAYMENTS HAS RESULTED IN \$331,382 IN MEDICAID RECOVERIES

Due to the large number of providers involved, we decided to focus on the 45 providers with overpayments of \$4,000 and above. These 45 providers had \$336,866.81 in overpayments. The providers were notified of the overpayments and given an opportunity to provide additional documentation to explain the reason for the overpayments. That information, if provided, was reviewed and the amount of the overpayment was adjusted when appropriate.

After being notified that an overpayment had occurred, most providers repaid ODHS. Through January 1999, providers had reimbursed ODHS for \$331,382 of the overpayments. Four providers did not repay within the 45-day period allotted them and were certified to the Attorney General's Office for collection.

SOME PROVIDERS ASKED FOR EDITS TO PREVENT FUTURE OVERPAYMENTS

Most providers who responded to our notification of overpayments characterized the overpayments as billing errors resulting from a failure to understand ODHS' billing requirements for postpartum services. A number of providers also questioned why ODHS' claims processing system did not prevent erroneous claims from being processed and paid. These providers were concerned about the need to repay several years of accrued overpayments.

In the light of the fact that our audit period ended in 1997, two providers asked us to determine whether they had been overpaid for postpartum services in 1998. We reviewed their paid claims for 1998 and identified an additional \$2,642 in overpayments. The providers repaid this amount when notified.

INFORMATION ON REMAINING OVERPAYMENTS PROVIDED TO ODHS

Overpayment information for the remaining 488 providers was turned over to ODHS' Bureau of Surveillance and Utilization Review Section (SURS) on December 11, 1998. This information was provided with the understanding that SURS could either recover those overpayments if it was cost effective to do so, or use the information in planning future provider audits.

CONCLUSIONS

Our analysis of Medicaid paid claims for the period January 1, 1994 through December 31, 1997 identified 533 providers who were overpaid \$827,088.70 for postpartum services billed in conjunction with certain birth delivery services. Following notification of overpayments of \$4,000 or more made to 45 providers, 41 of the providers repaid the ODHS \$331,382.

Approximately \$490,222 in overpayments made to another 288 providers remains outstanding. A

number of providers also commented on the need for a claims processing system that caught erroneous claims before they were paid. While providers have an obligation to understand Medicaid billing requirements and bill accurately, we believe it is in ODHS' best interest to prevent overpayments from occurring rather than attempt to recover them after payment.

***RECOMMENDATION
& AGENCY RESPONSE***

In a draft report provided to ODHS on March 26, 1999, we recommended that ODHS identify and implement editing procedures to deny payment for postpartum visits billed subsequent to applicable deliveries. ODHS agreed that an edit was an optimal solution, and in April 1999 reported that an edit had been established.



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**POSTPARTUM PROJECT SUMMARY REPORT
OHIO DEPARTMENT OF HUMAN SERVICES
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: *Susan Babbitt*
Clerk of the Bureau

Date: **MAY 11 1999**