Auditor of State
Betty Montgomery

Ohio Medicaid Program

Audit of Medicaid Provider Reimbursements Made to John Edward Adams II, D.O., Inc.

A Compliance Audit by the:

Fraud and Investigative Audit Group
Health Care Contract Audit Section

Auditor of State
Betty Montgomery

January 20, 2004

John Edward Adams II, D.O., Inc.
209 Chillicothe Street
Plain City, Ohio 43064

Re: Medicaid Audit of John Edward Adams II, D.O., Inc.
Provider Number 0601521

Dear Dr. Adams:

We have completed our audit of selected medical services rendered to Medicaid recipients by you for the period July 1, 2000 through June 30, 2003. We identified $29,447.39 in findings that must be repaid to the Ohio Department of Job and Family Services. A provider remittance form is located at the back of this report for remitting payment. The attached report details the basis for the findings.

Please be advised that in accordance with Ohio Rev. Code 117.28 and 131.02, if payment is not made to the Ohio Department of Job and Family Services within 45 days of receipt of this report, this matter will be referred to the Ohio Attorney General's office for collection.

As a matter of courtesy, we are sending a copy of this report to the Ohio Department of Job and Family Services, the Ohio Attorney General, and the Ohio State Medical Board. If you have any questions, please feel free to contact Cynthia Callender, Director, Fraud and Investigative Audit Group at (614) 466-4858.

Sincerely,

Betty Montgomery

Betty Montgomery
Auditor of State

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
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TABLE OF CONTENTS

ABBREVIATIONS

AMA	American Medical Association
AOS	Auditor of State
CPT	Current Procedural Terminology
D.O.	Doctor of Osteopathic (Medicine)
E&M	Evaluation and Management Services
HCCA	Health Care Contract Audit Section
MMIS	Medicaid Management Information System
Ohio Adm. Code	Ohio Administrative Code
ODJFS	Ohio Department of Job and Family Services
OMPH	Ohio Medicaid Provider Handbook
Ohio Rev. Code	Ohio Revised Code

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SUMMARY OF RESULTS

The Auditor of State performed an audit of John Edward Adams, D.O., Inc., Provider # 0601521, doing business at 209 N. Chillicothe St., Plain City, OH 43064 and 5212 W. Broad St., Columbus, OH 43228. As a result of this audit, we identified findings amounting to $29,447.39, based on reimbursements that did not meet rules in the Ohio Administrative Code (Ohio Adm. Code) and the Ohio Medicaid Provider Handbook (OMPH).

BACKGROUND

The Auditor of State, working with the Ohio Department of Job and Family Services, performs audits to assess Medicaid providers' compliance with federal and state claims reimbursement rules. A Provider renders medical, dental, laboratory, or other services to Medicaid recipients.

Medicaid was established in 1965 under the authority of Title XIX of the Social Security Act and is a federal/state financed program which provides assistance to low income persons, families with dependent children, the aged, the blind, and the disabled. The Ohio Department of Job and Family Services (ODJFS) administers the Medicaid program in the State of Ohio. The rules and regulations that providers must follow are specified by ODJFS in the Ohio Adm. Code and the OMPH.

Ohio Adm. Code 5101:3-1-01(A) states in part: "'Medical necessity' is a fundamental concept underlying the medicaid program. A physician must authorize medical services within the scope of his/her licensure and based on their professional judgment of those services needed by an individual. Medically necessary services are services which are necessary for the diagnosis or treatment of disease, illness, or injury and meet accepted standards of medical practice…"

Ohio Adm. Code 5101:3-1-17.2(D) states that providers are required to: "Maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment based upon those records or until any initiated audit within the six year period is completed."

In addition, Ohio Adm. Code 5101:3-1-29(A) states: "In all instances of fraud and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general."

Ohio Adm. Code 5101:3-1-29(B)(2) defines "Waste and abuse" as practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitutes an over utilization of medicaid covered services and results in an unnecessary cost to the medicaid program.

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether the Provider's claims to Medicaid for reimbursement of medical services were in compliance with regulations and to calculate the amount of any finding resulting from non-compliance.

Following a letter of notification, we held an entrance conference with the Provider on August 6, 2003 to discuss the audit objectives.

The scope of our audit was limited to claims for which the Provider rendered services to Medicaid patients and received payment during the period of July 1, 2000, through June 30, 2003. The Provider was reimbursed $385,781.02 for 15,104 services rendered on 9,506 recipient dates of services during the audit period. A recipient date of services is defined as all services received by a particular recipient on a specific date.

We used the OMPH and the Ohio Adm. Code as guidance in determining the extent of services and applicable reimbursement rates. We obtained the Provider's claims history from ODJFS' Medicaid Management Information System (MMIS), which lists services billed to and paid by the Medicaid program. Services are billed using the five (5) digit Current Procedural Terminology (CPT)[1] coding system or ODJFS local level codes[2].

Prior to beginning our field work, we performed computerized tests on the Provider's payment data to determine if reimbursements were made for services to deceased recipients or whether duplicate urinalysis services were billed for the same recipient on the same date of service. Both of these tests were negative and no monetary findings were identified for these circumstances.

To facilitate an accurate and timely audit, we divided the Provider's paid medical services into three sub-populations and analyzed a statistical sample of the services in each.

- A census (100 percent sample review) was used for the sub-population of HealthChek services where recipients, between the ages of 2–20, received more than one service in the same calendar year.
- The second sub-population was composed of recipient dates of service where both an Osteopathic Manipulation service (CPT 98925 through CPT 98927) and an E&M evaluation and management code were billed. A recipient date of service was defined for this review as all services occurring on a single date for a specific recipient. A stratified random sample of 114 recipient dates of service (representing 285 total services) was selected from this sub-population.
- The third sub-population consisted of all remaining recipient dates of service not included in the first two sub-populations. A simple random sample of 89 recipient dates of service (representing 109 total services) was taken of these remaining (all other) recipient dates of service.

[1] The CPT is published by the American Medical Association (AMA) for the purpose of providing a uniform language to describe medical services.

[2] Local level codes are published in the Ohio Medicaid Providers Handbook.

Our work was performed between July 2003 and September 2003 and was done in accordance with government auditing standards.

FINDINGS

We identified and projected findings of $29,284.93 for the services in the two sub-populations that did not involve a 100 percent review. These findings were in three categories: (1) unsupported level of E&M services; (2) lack of documentation/omitted charts; and (3) duplicate service billings.

Additionally, we identified a finding of $162.46 for Preventative HealthChek services billed more than once per calendar year for recipients between the ages of two and twenty.

Together these findings totaled $29,447.39. The reasons for these findings are discussed below.

Unsupported Level of Evaluation and Management Services

Ohio Adm. Code 5101:3-4-06(B) states that Providers must select and bill the appropriate visit (E&M service level) code in accordance with the CPT code definitions and the CPT instructions for selecting a level of E&M service.

An Evaluation and Management service is a face-to-face encounter with a patient by the physician for the purpose of medically evaluating or managing the patient. Pursuant to the Medicaid Provider Handbook, Section 1101.2, providers must select and bill the appropriate visit (E&M service level) code in accordance with the CPT code definitions and the CPT instructions for selecting a level of E&M service.

The description used to determine levels of E&M services involve seven components:

- History
- Examination
- Medical decision-making
- Counseling
- Coordination of care
- Nature of presenting problem
- Time

The key components[3] in selecting an appropriate level of E&M service to bill are history, examination and medical decision-making – the more complex the services involving these components, the higher the level of service billed and the more a provider is reimbursed. E&M services for new patients are billed using CPT codes 99201 through 99205; while E&M services for established patients are billed using CPT 99211 through 99215.

We found the level of service billed for 26 of the 202 E&M services in our two statistical samples was not supported by the level of service documented in the patient's medical record or

[3] Other contributory factors are counseling, coordination of care, and nature of the presenting problem. The final component, time, is not considered a key or contributory component.

by the required components as established by the CPT code. The 26 exceptions included 11 of 115 E&M services from the Osteopathic Manipulation and E&M sample; and 15 of 87 E&M services from the "all other" sample.

In the services we reviewed, the Provider billed CPT code 99213 in most cases. However, in order for the Provider to be reimbursed for CPT code 99213, he/she must perform at least two of the three key components--i.e., 1.) an expanded problem focused history; 2.) an expanded problem focused examination; and 3.) medical decision making of low complexity.

Of the 202 E&M services in our samples, we found 2 services billed at the 99214 level and 24 services billed at the 99213 level that were not supportable because the patients' medical records did not contain the required level of service components for those CPT codes. In all 26 instances, the documentation supported a lower level of service (e.g. 99213 instead of 99214 or 99212 instead of 99213). The following are examples of exceptions we took:

- The patient was seen for a basic routine check up. The patient record showed that patient vitals had been taken (temperature, blood pressure, pulse rate), and a limited review of systems was noted. We reduced the service from 99214 to 99213 because the patient record lacked evidence of two of three key components for 99214--i.e., a detailed history, and a detailed exam.

- The patient came in for refills on their prescriptions for back pain and noted they felt fine. The patient record noted that the physician took the patients' blood pressure, gave an injection and refilled seven prescriptions. We reduced the service from the 99213 level to the 99212 level because the patient record lacked evidence of two of three key components for 99213--i.e., an expanded problem focused history, and an expanded problem focused examination.

When calculating our findings, we reduced the allowable payment for the 26 unsupported services to a level supported by documentation in the patient record.

Lack of Documentation and Omitted Charts

Ohio Adm. Code 5101:3-1-17.2(D) states that providers are required:

> To maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment based upon those records or until any initiated audit within the six year period is completed.

Table 1 identifies the exceptions, other than level of E&M service, taken with 23 of the 285 services in the sample of ***Osteopathic Manipulations billed in conjunction with an E&M service***, based on a review of patient medical records:

Table 1: Exceptions from Osteopathic Manipulations Sample

Basis for the Exception	Number of Exceptions
No documentation to support procedure code	15
No documentation in the patient chart	6
Patient medical chart not found	2
Total Recipient Services with Exceptions	23

Source: AOS analysis of Provider supporting documentation for 285 services in stratified sample of 114 recipient dates of service.

Table 2 identifies the exceptions, other than level of E&M service, taken with 3 of the 109 services in the sample pulled for ***All Other Codes***, based on a review of patient medical records:

Table 2: Exceptions from "All Other Codes" Sample

Basis for the Exception	Number of Exceptions
No documentation in the patient chart	1
No documentation for procedure code	2
Total Recipient Services with Exceptions	3

Source: AOS analysis of Provider supporting documentation for 109 services in sample of other recipient dates of service.

Duplicate Service

Pursuant to Ohio Adm. Code 5101:3-1-19.8 (F),

> Overpayments are recoverable by the department at the time of discovery…

In our sample of recipient dates of service where both an Osteopathic manipulation and an Evaluation and Management service occurred, we found one occasion where the Provider billed for more than one Osteopathic manipulation treatment for the same recipient on the same date of service. In this instance, however, the Provider's documentation supported that only a single 98925 Osteopathic manipulation involving one or two body regions was performed. Therefore, we identified a finding of $12.68, which represents the difference between the amount payable for a single 98925 service and the two separate manipulations that were actually billed.

Projected Findings Calculation

To arrive at the amount overpaid, we calculated the amount of overpayment for the two "non-100 percent" sampled sub-populations by projecting the correct payment amounts determined in our samples back against their respective sub-population and subtracting the projected correct audited amount from the actual amount paid.

- We took exception with 35 of 285 sampled recipient services (24 of 114 recipient dates of service) from the sub-population of recipient dates of service where Osteopathic Manipulation and Evaluation and Management services were billed on the same day for the same recipient. Based on this error rate, we calculated that the projected correct population payment amount for this sub-population was $148,393.00, with a 95 percent certainty that the actual correct payment amount fell within the range of $140,691.07 (- 4.69 percent) to $157,023.03 (+ 5.82 percent). Our projected finding of $15,993.28 is based on subtracting the correct population amount ($148,393.00) from the amount paid to the Provider for this subpopulation ($164,386.28).

- We took exception with 18 of 109 sampled recipient services (21 of 89 recipient dates of service) from the sub-population of "Other Services." Based on this error rate, we calculated that the projected correct population payment amount for this sub-population was $207,566.52, with a 95 percent certainty that the actual correct payment amount fell within the range of $204,834.64 to $210,298.41 (+/- 1.32 percent). Our projected finding of $13,291.65 is based on subtracting the correct population amount ($207,566.52) from the amount paid to the Provider for this subpopulation ($220,858.17).

Therefore, the total projected finding from our two samples was $29,284.93.

Preventative HealthChek Services Billed More than Once per Calendar Year

Ohio Adm. Code 5101:3-14-04(B)(3) states:

> One screening service per calendar year may be provided from the individual's second birthday through the day before the individual's twenty-first birthday. If any of the screenings described in paragraph (B)(1) of this rule are given in the calendar year in which the child reaches his or her second birthday, another screening may be given in that same calendar year on or after the child's second birthday. The next screening may not be given until the following calendar year.

Our computer analysis identified five instances where more than one HealthChek service was billed in the same calendar year for a recipient between the ages of 2 and 20. For 2 of these 5 instances, our review of patient documentation determined that only one HealthChek service was provided. Thus, we took exception with one of the services for which the Provider was reimbursed $108.73. In three of the five instances, two HealthChek services were billed and two services were performed. We reduced the second service to an E&M (99213) visit and made a

finding of $53.73, which is the difference in the amount payable between a HealthChek and a 99213 E&M service. This resulted in a total finding of $162.46.

Osteopathic Manipulation Services Lacked Treatment Plan

Although we did not associate any monetary findings with this matter, we noted that the Provider's documentation for Osteopathic Manipulations services rendered to recipients lacked a treatment plan. Even though it was documented that a manipulation was performed, we recommend that the Provider document additional details. More specifically, since Osteopathic Manipulations are a form of physical treatment, we recommend that the Provider follow requirements set forth in Ohio Adm. Code 5101:3-8-02(D)(4) for Physical Medicine, which states that the patient's…[written] plan of treatment must include but is not limited to:

a) specific physical therapy treatment modalities and procedures which will be used;
b) the patient's diagnosis;
c) goals;
d) the expected duration/ length of the treatment;
e) the frequency of services;
f) the level or degree of improvement expected for a designated period of time; and
g) the amount and frequency of all modalities, procedures, and services.

AUDITEE RESPONSE

A draft report was mailed to the Provider on October 7, 2003 to afford an opportunity to provide additional documentation or otherwise respond in writing. The Provider responded on October 20 and 22, 2003. The Provider disagreed with our findings that some office visits should have been billed with codes reflecting a lower level of service, but agreed that exam/progress notes regarding osteopathic manipulations may not have met documentation requirements. The Provider also included additional documentation to clarify and justify billing questions raised by our audit. As a result of the additional information supplied by the Provider, we reduced our findings from $39,406.30 to $29,447.39. These findings are repayable to the Ohio Department of Job and Family Services.

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APPENDIX I

Summary of Overpayment Results for John Edward Adams, II, D.O., Inc.
For the period July 1, 2000 through June 30, 2003

Description	Audit Period: July 1, 2000 through June 30, 2003
Projected findings from sample of recipient dates of service where both Osteopathic manipulation and Evaluation and Management (E&M) service billed.	**$15,993.28**
Projected finding from sample of other recipient dates of service not involved with multiple HealthChek services or combinations of Osteopathic and E&M services.	**$13,291.65**
Actual findings from 100% review of Preventative Healthchek Services Billed More than Once per Calendar Year.	**$162.46**
TOTAL FINDINGS	**$29,447.39**

Source: AOS analysis of MMIS information and the Provider's medical records.

APPENDIX II

Summary of Sample Record Analysis for John Edward Adams, II, D.O., Inc
Population: Osteopathic Manipulations Billed with E&M Services
For the period July 1, 2000 to June 30, 2003

Description	Audit Period July 1, 2000 – June 30, 2003
Type of Examination	**Statistical Stratified Random Sample of 114 Recipient Dates of Service**
Description of Population	**Recipient Dates of Service Where Both an Osteopathic Manipulation and an Evaluation and Management Service Were Billed.**
Number of Population Recipient Date of Services	**3,422**
Number of Population Services Provided	**7,334**
Total Medicaid Amount Paid For Population of Osteopathic Manipulations Billed with E&M services	**$164,386.28**
Number of Recipient Date of Services Sampled	**114**
Number of Services Sampled	**285**
Amount Paid for Services Sampled	**$6,618.07**
Estimated Correct Sub-population Payment Amount	**$148,393.00**
Upper Limit Estimate of Correct Sub-population Payment Amount at 95% Confidence Level.	**$157,023.03**
Lower Limit Estimate of Correct Sub-population Payment Amount at 95% Confidence Level.	**$140,691.07**
Estimated Overpayment (Point Estimate) = Actual Amount Paid Less Estimated Correct Sub-population Payment Amount.	**$15,993.28**
Upper Limit Overpayment Estimate at 95% Confidence Level = Actual Amount Paid Less Lower Limit Estimate of Correct Sub-population Payment Amount.	**$23,695.21**
Lower Limit Overpayment Estimate at 95% Confidence Level = Actual Amount Paid Less Upper Limit Estimate of Correct Sub-population Payment Amount.	**$7,363.25**
Precision of Correct Population Payment Estimate at 95% Confidence Level	**$8,630.03 (5.82%) upper limit** **$7,701.93 (4.69 %) lower limit**

Source: AOS analysis of MMIS information and the Provider's medical records.

APPENDIX III

Summary of Sample Record Analysis for John Edward Adams, II, D.O., Inc
All Other Services
For the period July 1, 2000 to June 30, 2003

Description	Audit Period July 1, 2000 – June 30, 2003
Type of Examination	**Statistical Simple Random Sample of 89 Recipient Dates of Service**
Description of Population Sample	**Sub-population of Other Recipient Dates of Service excluding services selected for HealthChek and Osteopathic Manipulation and Evaluation and Management Samples.**
Number of Sub-population Recipient Date of Services	**6,076**
Number of Sub-Population Services Provided	**7,760**
Total Medicaid Amount Paid For Sub-population of Other Recipient Dates of Service	**$220,858.17**
Number of Recipient Date of Services Sampled	**89**
Number of Services Sampled	**109**
Amount Paid for Services Sampled	**$3,193.59**
Estimated Correct Sub-population Payment Amount	**$207,566.52**
Upper Limit Estimate of Correct Sub-population Payment Amount at 95% Confidence Level.	**$210,298.41**
Lower Limit Estimate of Correct Sub-population Payment Amount at 95% Confidence Level.	**$204,834.64**
Estimated Overpayment (Point Estimate) = Actual Amount Paid Less Estimated Correct Sub-population Payment Amount.	**$13,291.65**
Upper Limit Overpayment Estimate at 95% Confidence Level = Actual Amount Paid Less Lower Limit Estimate of Correct Sub-population Payment Amount.	**$16,023.53**
Lower Limit Overpayment Estimate at 95% Confidence Level = Actual Amount Paid Less Upper Limit Estimate of Correct Sub-population Payment Amount.	**$10,559.76**
Precision of Correct Population Payment Estimate at 95% Confidence Level	**$2,731.89 (1.32%)**

Source: AOS analysis of MMIS information and the Provider's medical records.

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AUDITEE REMITTANCE FORM

Make your check payable to the Treasurer of State of Ohio and mail check along with this completed form to:

Ohio Department of Job and Family Services
Post Office Box 182367
Columbus, Ohio 43218-2367

Auditee Name & Address: John Edward Adams II, D.O., Inc.
209 North Chillicothe Street
Plain City, Ohio 43064

Auditee Number: 0601521

Audit Period: 07/01/00 – 06/30/03

AOS Finding Amount: $29,447.39

Date Payment Mailed: _____

Check Number: _____

IMPORTANT:
To help ensure that your payment is properly credited, please also fax copies of this remittance form and your check to our office at (614) 728-7398, ATTN: Health Care Contract Audit Section.

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Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JOHN EDWARD ADAMS II, D.O., INC.

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.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 20, 2004