



Dave Yost • Auditor of State

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**FRATERNAL HEALTH CARE, LLC
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

Independent Accountant's Report

Mercedes Perez, Administrator/Chief Executive Officer
Fraternal Health Care LLC
1601 West 117th Street
Cleveland, Ohio 44102

RE: Medicaid Provider Number 2911460

Dear Ms. Perez:

We examined Fraternal Health Care, LLC (the Provider) for compliance with Ohio Administrative Code (Ohio Admin. Code) §§§ 5101:3-12-01, 5101:3-12-03, and 5101:3-12-05 during the period of April 1, 2009 through December 31, 2010. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code. Management is responsible for Fraternal Health Care's compliance with those requirements. Our responsibility is to report on the Provider's compliance based on our examination.

Our examination included reviewing, on a test basis, evidence about the Provider's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our conclusions. Our examination does not provide a legal determination on the Provider's compliance with specified requirements.

We examined 960 home health aide and 131 nursing services and identified three errors relating to non-compliance with those requirements. We found the Provider was overpaid by Ohio Medicaid for home health services from April 1, 2009 through December 31, 2010 in the amount of \$92.03. This finding plus interest in the amount of \$7.18 (calculated as of December 18, 2012) totaling \$99.21, is due and payable to the Office of Medical Assistance (OMA) upon OMA's adoption and adjudication of this examination report.¹ After adjudication by OMA, additional interest may be assessed until the finding and interest is paid in full.

When the Auditor of State (AOS) identifies fraud, waste or abuse by a provider in an examination,² any payment amount in excess of that legitimately due to the provider will be recouped by OMA through its office of fiscal and monitoring services, the state auditor, or the office of the attorney general. Ohio Admin. Code § 5101:3-1-29(B). Therefore, a copy of this report will be forwarded to OMA because it is the state agency charged with administering Ohio's Medicaid program. OMA is responsible for making a final determination regarding recovery of our findings and any accrued interest. If you agree with the findings contained herein, you may expedite repayment by contacting OMA's Office of Legal Services at (614) 752-3631.

¹ Effective September 10, 2012, OMA replaced the Ohio Department of Job and Family Services (ODJFS) as the single state agency responsible for supervising the administration of Ohio's Medicaid program pursuant to Ohio Rev. Code § 5111.01.

² "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or, medical practices; and that constitute an overutilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5101:3-1-29(A).

Copies of this report are also being sent to the Medicaid Fraud Control Unit of the Ohio Attorney General's Office; the U.S. Department of Health and Human Services/Office of Inspector General; and the Ohio Department of Health. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 28, 2013

Compliance Report for Fraternal Health Care, LLC

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. Medicaid provides health coverage to families with low incomes, children, pregnant women, and people who are aged, blind, or who have disabilities. Hospitals, long-term care facilities, managed care organizations, individual practitioners, laboratories, medical equipment suppliers, and others (all called "providers") render medical, dental, laboratory, and other services to Medicaid patients. The rules and regulations that providers must follow are specified in the Ohio Administrative Code and the Ohio Revised Code. The fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services. See Ohio Admin. Code § 5101:3-1-01(A).

AOS performs examinations to assess provider compliance with reimbursement rules to ensure that services billed to Ohio Medicaid are properly documented and consistent with professional standards of care, and medical necessity. According to Ohio Admin. Code § 5101:3-1-17.2(D), Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. Ohio Admin. Code § 5101:3-1-17.2(E); see also Ohio Admin. Code § 5101:3-1-27(C),(E),(F).

The Provider's Ohio Medicaid Provider number is 2911460 and the Provider is a Medicare Certified Home Health Agency located in Cuyahoga County, Ohio, that furnishes state plan and waiver services to Ohio Medicaid recipients. The Provider received reimbursement of \$1,386,074.73 for 46,520 state plan services and \$61,937.76 for 1,072 waiver services rendered on 25,287 recipient dates of service (RDOS)³ during the examination period. Home health aide and home health nursing services accounted for 96 percent of the total reimbursement received from OMA.

Ohio Medicaid recipients may be eligible to receive home health aide or home health nursing services in the patient's home. Home health aide services include assisting the consumer with activities of daily living however they also help the consumer maintain a certain level of health in order to remain in the home setting. See Ohio Admin. Code § 5101:3-12-01(F)(2). Home health nursing services must be performed within the nurse's scope of practice. See Ohio Admin. Code § 5101:3-12-01(F)(1)(a).

Home health services are rendered by Medicare Certified Home Health Agencies and services must be authorized in the consumer's plan of care (POC). See Ohio Admin. Code § 5101:3-12-01(D)(2). The POC must indicate the type of service to be provided as well as the frequency of the service and must be reviewed and signed by the physician at least every 60 days. Home health aides are employed by the certified agency providing the home health service and are required to have completed a competency evaluation prior to rendering services. Home health nursing services are performed by a registered nurse, or a licensed practical nurse under the supervision of a registered nurse. The nurse must be employed or contracted by the certified agency providing the home health service. See Ohio Admin. Code § 5101:3-12-01(F)(1) The certified agency must maintain documentation of services provided to include but not limited to clinical records and time keeping records that indicate time span of the service and the type of service provided. See Ohio Admin Code § 5101:3-12-03(C)(4).

³ A recipient date of service is defined as all services for a given patient on a specific date of service.

Purpose, Scope, and Methodology

The purpose of this examination was to examine Medicaid reimbursements made to the Provider and determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations in effect at time of service. Please note that all rules and code sections relied upon in this report were those in effect during the audit period and may be different from those currently in effect. The scope of the engagement was limited to an examination of home health aide and home health nursing services for which the Provider rendered services to Medicaid patients and received payment during the period of April 1, 2009 through December 31, 2010.

We received the Provider's paid claims history from the Medicaid Management Information System database of services billed to and paid by Ohio's Medicaid program. We extracted paid services with allowed amounts of zero. We then extracted all other procedure codes leaving home health aide (procedure code G0156) and home health nursing services (procedure code G0154). From the remaining sub-population we extracted paid services for those recipients that received both home health aide and home health nursing services during the examination period.

In order to facilitate a timely and efficient examination of the Provider's services, a two-stage cluster sample was selected, as permitted by Ohio Admin. Code § 5101:3-1-27 (B)(1). The first stage consisted of randomly selecting 20 of the 96 unique recipients that received both services using a simple random sample function. The second stage was to select and stratify by recipient number all of the RDOS of combined nursing services (G0154) and home health aide (G0156) services associated with the 20 selected recipients. This resulted in 20 strata with varying numbers of RDOS within them. Using a stratified random number function, 30 RDOS were selected from each stratum except when there were 30 or fewer RDOS in a stratum, in which case all were selected. The file of selected RDOS was then matched against the detail service file for the G0154 and G0156 services received by recipients during the audit to pull out the detail service information for review.

We reviewed timesheets, nursing visits, and plans of care (POC) by consumer to determine if the Provider had documentation to support the services rendered. We also judgmentally selected two employees that rendered home health aide services during the review period, to ensure that the certification requirements were met prior to rendering services.

An engagement letter was sent to the Provider on November 27, 2012, setting forth the purpose and scope of the examination. Our fieldwork was performed in December 2012. The Provider submitted a representation letter stating that all documentation related to the examination was made available.

Results

We reviewed 1,091 services and identified three errors. Therefore the reimbursements for those three services which totaled \$92.03 were disallowed. We did not project a finding beyond those found in our sample because we do not project findings from a sampling when less than 10 percent of the services examined in the sample have errors and the amount of the errors found in the sample is less than \$1,000.

A. Home Health Aide Services

A statistical sample of 960 home health aide services was selected and examined to ensure that there was substantive documentation to support the service rendered. We also randomly selected two employees that rendered home health aide services during the review period. The review of personnel records identified both employees had successfully completed a competency evaluation prior to rendering services (42 CFR 484.36). The examination of home health services

found one service that the documentation did not support the number of units billed and one service where the plan of care did not authorize home health services.

The two errors totaling \$37.08 were disallowed.

B. Home Health Nursing Services

A statistical sample of 131 home health nursing services was selected and examined to ensure that there was substantive documentation to support the service rendered. The examination of home health nursing services found one service where the units documented did not support the number of units billed.

The error totaling \$54.95 was disallowed.

Provider Response

A draft report along with a detailed list of services for which we took findings was mailed to the Provider on April 18 2013, and the Provider was afforded an opportunity to respond to this examination report.

In responding to the report, the Provider noted that that the results of this examination indicated that the procedures in place at that time were effective and added that it has continued to educate its staff and improve upon its policies and procedures since that time. Findings noted during the examination were discussed with the employees involved and in-services were conducted. The Provider indicated it is confident that it has methods in place now to avoid similar errors in the future.

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FRATERNAL HEALTH CARE, LLC

CUYAHOGA 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
MAY 28, 2013