



OHIO AUDITOR OF STATE  
**KEITH FABER**







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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO SELECT PAYMENTS FOR BEHAVIORAL HEALTH SERVICES

Ohio Department of Medicaid  
50 West Town Street, Suite 400  
Columbus, Ohio 43215

RE: Next Step Recovery Center, LLC  
Ohio Medicaid Numbers: 0472332 and 0439602  
National Provider Identifiers: 1609527522 and 1003406034

We were engaged to examine compliance with specified Medicaid requirements for select payments for behavioral health services during the period of May 1, 2021 through December 31, 2022 for Next Step Recovery Center, LLC (Next Step).

We tested the following select payments:

- All recipient dates of service (RDOS)<sup>1</sup> that included potential duplicate services;
- All RDOS with multiple intensive outpatient program (IOP) services;
- All instances in which a service was billed during a potential inpatient hospital stay;
- A sample of IOP services; and
- A sample of peer recovery support services.

Next Step entered into an agreement with the Ohio Department of Medicaid (the Department) to provide services to Medicaid recipients and to adhere to the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules, including the duty to maintain all records necessary and in such form to fully disclose the extent of services provided and significant business transactions. Next Step is responsible for its compliance with the specified requirements. The Compliance Section of this report identifies the specified requirements.

### ***Internal Control over Compliance***

Next Step is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Next Step's internal control over compliance.

### ***Basis for Disclaimer Opinion***

Based on Next Step's claims data, we tested 55 payments for 52 recipients with dates of service that potentially occurred during an inpatient hospital stay. We requested confirmation from the five applicable hospitals of both the admission and discharge dates. Three hospitals responded to our request and confirmed the recipients were inpatient for 46 of the services reimbursed.

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<sup>1</sup> RDOS is defined as all services for a given recipient on a specific date of service.

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Next Step submitted documentation for 32 of those services even though it is not possible that the services were rendered. As such, we were not able to satisfy ourselves as to the reliability of Next Step's service documentation obtained for this engagement.

***Disclaimer of Opinion***

Our responsibility is to express an opinion on Next Step's compliance with select Medicaid requirements based on conducting the examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on Next Step's compliance with the specified Medicaid requirements for the period of May 1, 2021 through December 31, 2022.

We identified improper Medicaid improper payments in the amount of \$395,898.77. This finding plus interest in the amount of \$41,824.26 (calculated as of November 19, 2024) totaling \$437,723.03 is due and payable to the Department upon its adoption and adjudication of this examination report. Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process in accordance with Ohio Admin. Code 5160-1-27. If waste and abuse<sup>2</sup> are suspected or apparent, the Department and/or the Office of the Attorney General will take action to gain compliance and recoup inappropriate or excess payments. Ohio Admin. Code 5160-1-29(B).

We are required to be independent of Next Step and to meet our ethical responsibilities, in accordance with the ethical requirements established by the related to our compliance examination. This report is intended solely for the information and use of the Department, and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 18, 2024

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<sup>2</sup> "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 5160-1-29(A).

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## COMPLIANCE SECTION

### Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each State's Medicaid program. The rules and regulations for the program are specified in the Ohio Administrative Code and the Ohio Revised Code. 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 from receipt of payment or until any audit initiated within the six-year period is completed. In accordance Ohio Admin. Code 5160-1-17.2(D) and (E), providers must furnish such records for audit and review purposes.

Next Step is an Ohio Department of Mental Health and Addiction Services certified agency (provider types 84 and 95) located in Columbus. Next Step received payment of approximately \$1.1 million including managed care and fee-for-service (FFS) claims for approximately 11,000 substance use disorder and mental health services.<sup>3</sup>

**Table 1** contains the procedure codes selected for this compliance examination.

<b>Table 1: Behavioral Health Services</b>	
<b>Procedure Code</b>	<b>Description</b>
H0005	Group counseling, 15 minutes
H0006	Case management, 15 minutes
H0015	Intensive outpatient program, per diem
H0038	Peer recovery support, 15 minutes
H0048	Urine drug screening, collection and handling
90791	Psychiatric diagnostic evaluation
90832	Individual psychotherapy, 30 minutes
90834	Individual psychotherapy, 45 minutes
90837	Individual psychotherapy, 60 minutes
90839	Psychotherapy for crisis, first 60 minutes
90853	Group psychotherapy
T1002	RN services, 15 minutes

Source: Ohio Admin. Code 5160-27-03 Appendix A

### Purpose, Scope, and Methodology

The purpose of this examination was to determine whether Next Step's claims for payment complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect. The scope of the engagement was limited to select payments, as specified below, for which Next Step billed with dates of service from May 1, 2021 through December 31, 2022 and received payment.

We obtained Next Step's FFS claims from the Medicaid database of services billed to and paid by Ohio's Medicaid program. We also obtained paid claims data from three managed care entities (MCE) and confirmed the services were paid to Next Step's tax identification number. From the combined FFS and MCE claims data, we removed services paid at zero, third-party payments, co-pays, Medicare crossover claims and claims previously recouped. From the remaining total paid services, we selected the following payments:

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<sup>3</sup> Payment data from the Medicaid Information Technology System.

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**Purpose, Scope, and Methodology (Continued)**

- All RDOS that included potential duplicate services (procedure codes H0005, H0006, H0015, H0038, H0048, 90837, 90853 and T1002) on the same RDOS (Potential Duplicate Services Exception Test)
- All RDOS with multiple IOP services (procedure code H0015) (Multiple IOP Services on a RDOS Exception Test);
- All instances in which a service was billed during a potential inpatient hospital stay (procedure codes H0005, H0006, H0015, 90791, 90832, 90834 and 90839) (Services During Potential Inpatient Hospital Stay Exception Test);
- A random sample of IOP services (procedure code H0015) (IOP Services Sample); and
- A random sample of peer recovery support services (procedure code H0038) (Peer Recovery Support Services Sample).

The exception tests and calculated sample sizes are shown in **Table 2**.

<b>Table 2: Exception Tests and Samples</b>		
<b>Universe</b>	<b>Population Size</b>	<b>Selected Payments</b>
<b>Exception Tests</b>		
Potential Duplicate Services		108
Multiple IOP Services on a RDOS		10
Services During Potential Inpatient Hospital Stay		55
<b>Samples</b>		
IOP Services	5,534	82
Peer Recovery Support Services	1,885	30
<b>Total</b>		<b>285</b>

A notification letter was sent to Next Step setting forth the purpose and scope of the examination. During the entrance conference, Next Step described its documentation practices and billing process. During fieldwork, we obtained an understanding of the electronic health record system used and reviewed service documentation. We sent preliminary results to Next Step, and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

**Results**

The summary results are shown in **Table 3**. The non-compliance and basis for findings is discussed below in further detail.

<b>Table 3: Results</b>				
<b>Universe</b>	<b>Payments Examined</b>	<b>Non-compliant Services</b>	<b>Non-compliance Errors</b>	<b>Improper Payment</b>
<b>Exception Tests</b>				
Potential Duplicate Services	108	58	59	\$2,328.22
Multiple IOP Services on a RDOS	10	7	7	\$861.80
Services During Potential Inpatient Hospital Stay	55	53	69	\$5,763.95

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<b>Table 3: Results (Continued)</b>				
<b>Universe</b>	<b>Payments Examined</b>	<b>Non-compliant Services</b>	<b>Non-compliance Errors</b>	<b>Improper Payment</b>
<b>Samples</b>				
IOP Services	82	50	63	\$386,146.00 <sup>1</sup>
Peer Recovery Support Services	30	20	25	\$798.80
<b>Total</b>	<b>285</b>	<b>188</b>	<b>223</b>	<b>\$395,898.77</b>

<sup>1</sup> The overpayment identified for 50 of the 82 of the services from a simple random sample were projected across Next Step's population of IOP services resulting in a projected overpayment of \$455,176 with a precision of plus or minus \$82,547 at the 95 percent confidence level. Since the precision percentage achieved was greater than our procedures require for use of a point estimate, the results were re-stated as a single tailed lower limit estimate (equivalent to methods used in Medicare audits), and a finding was made for \$386,146. This allows us to say that we are 95 percent certain that the population overpayment amount is at least \$386,146. A detailed summary of our statistical sample and projection results is presented in **Appendix I**.

## **A. Provider Qualifications**

### *Exclusion or Suspension List*

In accordance with Ohio Admin. Code 5160-1-17.2(H), in signing the Medicaid provider agreement, a provider agrees that the individual practitioner or employee of the company is not currently subject to sanction under Medicare, Medicaid, or Title XX; or is otherwise prohibited from providing services to Medicaid beneficiaries.

We identified 10 rendering practitioners and compared their names to the Office of Inspector General exclusion database and the Department's exclusion/suspension list. We also compared identified administrative staff and owners to the same databases. We found no matches.

### *Licenses/Certifications*

For the 10 licensed/certified practitioners identified in the service documentation, we verified via the e-License Ohio Professional Licensure System that their licenses/certifications were current and valid on the first date found in our selected payments and were active during the remainder of the examination period.

## **B. Service Documentation**

In accordance with Ohio Admin. Code 5160-27-02(H), providers shall maintain treatment records and progress notes as specified in rules 5160-1-27 and 5160-8-05 of the Ohio Administrative Code. Ohio Admin. Code 5160-8-05(F) states documentation requirements include the date, time of day, and duration of service contact. In addition, each record is expected to bear the signature of the professional who recorded it.

We obtained service documentation from Next Step and compared it to the required elements. We also compared units billed to documented duration and ensured the services met the duration requirements. For errors where units billed exceeded the documented duration, the improper payment was based on the unsupported units.

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**B. Service Documentation (Continued)**

*Potential Duplicate Services Exception Test*

The 108 payments examined contained the following errors:

- 48 instances in which there was no service documentation to support the reimbursement;
- four instances in which the time for one service overlapped with another service for the same recipient;
- four instances in which the documented duration does not support the units billed; and
- three instances in which the documentation was incomplete.

These 59 errors resulted in an improper payment of \$2,328.22.

*Multiple IOP Services on a RDOS Exception Test*

The 10 payments examined contained six instances in which there was no documentation to support the reimbursement and one instance in which the documented duration did not meet the minimum time requirement.

These seven errors resulted in an improper payment of \$861.80.

*Services During Potential Inpatient Hospital Stay Exception Test*

The 55 payments examined contained the following errors:

- 46 instances in which the service was billed during a confirmed inpatient hospital stay;
- 20 instances in which there was no documentation to support the reimbursement; and
- three instances in which the documentation did not contain a unique note.

These 69 errors resulted in an improper payment of \$5,763.95.

In addition, Next Step had documentation to support 32 of the 46 services billed during a confirmed inpatient hospital service stay.

*IOP Services Sample*

The 82 payments examined contained the following errors:

- 32 instances in which there was no service documentation to support the reimbursement;
- seven instances in which the service documentation was incomplete; and
- five instances in which the documented duration did not meet the minimum time requirement.

These 44 errors are included in the projected improper payment of \$386,146.00.

*Peer Recovery Support Services Sample*

The 30 payments examined contained the following errors:

- nine instances in which there was no documentation to support reimbursement;
- three instances in which the service documentation was incomplete; and
- one instance in which the duration did not support the units billed.

These 13 errors are included in the improper payment of \$798.80.

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**Recommendation**

Next Step should develop and implement procedures to ensure that all service documentation and billing practices fully comply with requirements contained in Ohio Medicaid rules. In addition, Next Step should implement a quality review process to ensure that documentation is complete, accurate and present prior to submitting claims for payment. Next Step should address the identified issues to ensure compliance with the Medicaid rules and avoid future findings.

**C. Authorization to Provide Services**

A treatment plan must be completed within five sessions or one month of admission, whichever is longer, must specify mutually agreed treatment goals and track responses to treatment and is expected to bear the signature of the professional who recorded it in accordance with Ohio Admin. Code 5160-27-02(H) and 5160-8-05(F).

We obtained treatment plans from Next Step for the sampled payments and determined if reimbursements were supported by a signed treatment plan.

*IOP Services Sample*

The 82 payments examined contained the following errors:

- 16 instances in which there was no treatment plan to authorize the service;
- two instances in which the treatment plan did not authorize service; and
- one instance in which the treatment plan was not signed by the professional who recorded it.

These 19 errors are included in the projected improper payment of \$386,146.00.

*Peer Recovery Support Services Sample*

The 30 payments examined contained 12 instances in which there was no treatment plan to authorize the service. These 12 errors are included in the improper payment of \$798.80.

We did not test authorization to provide services in the exception tests.

**Recommendation**

Next Step should develop and implement controls to ensure that all services billed are authorized by a signed treatment plan. Next Step should address the identified issue to ensure compliance with the Medicaid rules and avoid future findings.

**Official Response**

Next Step submitted an official response to the results of this examination which is presented in **Appendix II**. We did not examine Next Step's response, and, accordingly, we express no opinion on it.

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**APPENDIX I**  
**Summary of IOP Services Sample**

**POPULATION**

The population is all paid Medicaid IOP services (procedure code H0015), net of any adjustments and less exception test services, where the service was performed during the examination period and payment was made by the Department and four MCEs.

**SAMPLING FRAME**

The sampling frame was paid and processed claims from the Department's and the MCEs claim systems. These systems contain all Medicaid payments and adjustments made to the Medicaid payments by the Department and the MCEs.

**SAMPLE UNIT**

The sampling unit was a service line.

**SAMPLE DESIGN**

We used a simple random sample.

Description	Results
Number of Population Services Provided	5,534
Number of Population Services Sampled	82
Number of Population Services Sampled with Errors	50
Total Medicaid Amount Paid for Population	\$11,025
Amount Paid for Population Services Sampled	\$750,511
Estimated Overpayment (Point Estimate)	\$455,176
Precision of Overpayment Estimate at 95% Confidence Level	\$82,547 (18.14%)
Precision of Overpayment Estimate at 90% Confidence Level	\$69,030 (15.17%)
Single-tailed Lower Limit Overpayment Estimate at 95% Confidence	\$386,146

Source: Analysis of the Department and MCE's information and Next Step's records

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**APPENDIX II**  
**Official Response from Next Step**

**EVERY JOURNEY BEGINS WITH A SINGLE NEXT STEP.**



6161 Busch Boulevard, Suite 290 | Columbus Ohio  
43229

On behalf of Next Step Recovery Center, I am writing to acknowledge receipt of your recent Medicaid audit findings. We sincerely appreciate the time and effort your team devoted to reviewing our billing practices. We understand the seriousness of the issues raised in your report, and we accept full responsibility for the discrepancies identified.

Regrettably, the billing staff previously assigned to manage our Medicaid billing did not perform their duties to the standards required. We entrusted them with significant responsibility and were not aware of the deficiencies in their performance. While this in no way absolves us of our oversight, we want to emphasize that had we known of their inadequate handling of billing, we would have intervened sooner. We have since removed these individuals from their positions and retained a new billing team with the expertise and commitment necessary to ensure strict compliance moving forward.

We fully acknowledge our role in this matter and have taken decisive corrective measures to address the concerns identified. We have implemented robust internal controls, instituted additional training for all relevant staff, and heightened our oversight procedures to ensure that our billing processes remain transparent and compliant with all Medicaid regulations.

Next Step Recovery Center is deeply remorseful for any inconvenience or distrust this issue may have caused. Our goal is to maintain the highest level of integrity and service, and we sincerely hope these findings do not overshadow our longstanding commitment to patient care, recovery and compliance. We appreciate the opportunity to rectify our shortcomings and will do everything in our power to uphold the trust placed in our organization.

Thank you for your understanding and for giving us the opportunity to demonstrate our continued commitment to excellence.

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# OHIO AUDITOR OF STATE KEITH FABER



NEXT STEP RECOVERY CENTER, LLC

FRANKLIN COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/14/2025

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[www.ohioauditor.gov](http://www.ohioauditor.gov)