CMS’s Reliance on New Jersey Qualification Requirements Could Not Ensure the Quality of Care Provided to Medicaid Beneficiaries Receiving Home Health Services

Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

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Deputy Inspector General for Audit Services

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EXECUTIVE SUMMARY

CMS could not rely on New Jersey’s qualification requirements to ensure the quality of care provided to Medicaid beneficiaries receiving home health services from January 1, 2007, through July 31, 2008, because some home health agencies did not meet certain State requirements for employee health screenings, as well as supervising and training employees.

WHY WE DID THIS REVIEW

Home health services are provided to individuals in their place of residence on the basis of a physician’s order as part of a written plan of care. These services include visits by registered nurses; physical, speech, and occupational therapists; and home health aides. Home health agencies (HHAs) must comply with Federal and State requirements to ensure that home health services are furnished by qualified workers. Prior Office of Inspector General (OIG) reviews of personal care services (PCS) found that services were provided by PCS attendants who did not meet State qualification requirements. We are performing reviews in various States to determine whether similar vulnerabilities exist at HHAs.

The objective of this review was to determine whether the Centers for Medicare & Medicaid Services’ (CMS) reliance on New Jersey’s qualification requirements for HHA workers ensured quality of care and that adequate protection was provided to Medicaid beneficiaries receiving home health services.

BACKGROUND

An HHA is a public agency, private organization, or a subdivision of either that is primarily engaged in providing skilled nursing and other therapeutic services, including physical therapy and speech therapy, to individuals in their place of residence.

In New Jersey, the Department of Human Services (State agency) administers its Medicaid program in accordance with a CMS-approved State plan. The State plan establishes what services the Medicaid program will cover, including home health services provided by licensed HHAs.

CMS relies on the States to license HHAs within their jurisdictions. In New Jersey, the Department of Health is responsible for licensing HHAs. The State’s Department of Law & Public Safety, Division of Consumer Affairs (DCA), is responsible for licensing healthcare professionals, including registered nurses and physical, occupational, and speech therapists who provide home health services. DCA is also responsible for certifying aides who provide home health services.

Among other requirements, HHAs in New Jersey must document the services provided, ensure that all personnel who provide patient care are licensed and certified, have received initial health screenings, initial and annual tuberculosis screenings, screenings for rubella and rubeola, and maintain a list of unvaccinated workers. In addition, home health aides are required to be under
the supervision of a registered nurse, receive a minimum of 12 hours of inservice education on an annual basis, and undergo a criminal history background check to be certified by the State.

HOW WE CONDUCTED THIS REVIEW

We limited our review to Medicaid home health services claims for the period January 1, 2007, through July 31, 2008. From a total of 289,185 claim lines for which the State agency claimed Medicaid reimbursement, we reviewed a random sample of 150 claims. (In this report, we refer to these lines as “claims.”) For each of those 150 claims, we reviewed the qualifications of the corresponding HHA worker(s) who provided direct care to Medicaid beneficiaries.

WHAT WE FOUND

CMS could not rely on New Jersey’s qualification requirements to ensure quality of care and that adequate protection was provided to Medicaid beneficiaries receiving home health services. Specifically, we found that some HHAs did not meet certain State requirements for HHA workers. Of the 150 claims in our sample, HHA workers associated with 112 claims met Federal and State qualification requirements; however, workers associated with the remaining 38 claims did not.

Of the 38 noncompliant claims, 12 contained more than 1 deficiency.

- For 18 claims, health screening requirements were not met.
- For 18 claims, supervision and education requirements were not met.
- For four claims, the HHA did not maintain a list of unvaccinated workers.
- For two claims, the HHA worker was not identified (i.e., services not documented).
- For one claim, certification and background check requirements were not met.

On the basis of our sample results, we estimated that home health workers did not meet qualification requirements for 73,260 of the 289,185 claims covered by our review and that the Federal Government reimbursed New Jersey $4,010,486 for these services during our audit period.

WHAT WE RECOMMEND

To improve protection provided to Medicaid beneficiaries receiving home health services, we recommend that CMS:

- work with the State agency to reinforce guidance to HHAs regarding worker qualification requirements and
- direct the State agency to improve its monitoring of HHAs to ensure compliance with worker qualification requirements.

**STATE AGENCY COMMENTS**

In an email dated April 2, 2015, State agency officials stated they would not be providing comments to our report but rather would respond to CMS after OIG issues the final report.

**CMS COMMENTS**

In written comments on our draft report, CMS concurred with our recommendations.
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INTRODUCTION

WHY WE DID THIS REVIEW

Home health services are provided to individuals in their place of residence on the basis of a physician’s order as part of a written plan of care. These services include visits by registered nurses; physical, speech, and occupational therapists; and home health aides (aides). Home health agencies (HHAs) must comply with Federal and State requirements to ensure that home health services are furnished by qualified workers. Prior Office of Inspector General reviews of personal care services (PCS) found that services were provided by PCS attendants who did not meet State qualification requirements. We are performing reviews in various States to determine whether similar vulnerabilities exist at HHAs.

OBJECTIVE

The objective of this review was to determine whether the Centers for Medicare & Medicaid Services’ (CMS) reliance on New Jersey’s qualification requirements for HHA workers ensured quality of care and that adequate protection was provided to Medicaid beneficiaries receiving home health services.

BACKGROUND

The Medicaid Program: How It Is Administered

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, CMS administers the Medicaid program. In New Jersey, the Department of Human Services (State agency) administers its Medicaid program in accordance with a CMS-approved State plan. The State plan establishes which services the Medicaid program will cover, including home health services when they are provided by licensed HHAs.

An HHA is a public agency, private organization, or a subdivision of either that is primarily engaged in providing skilled nursing and other therapeutic services, including physical therapy and speech therapy, to individuals in their place of residence. CMS relies on the States to license HHAs within their jurisdictions. In New Jersey, the Department of Health is responsible for licensing HHAs. The State’s Department of Law & Public Safety, Division of Consumer Affairs (DCA), is responsible for licensing healthcare professionals, including registered nurses and physical, occupational, and speech therapists who provide home health services. DCA is also responsible for certifying aides who provide home health services.

Federal and New Jersey Qualification Requirements for Home Health Workers

Medicaid regulations require HHAs to meet applicable Medicare conditions of participation (42 CFR § 440.70(d)). Medicare conditions of participation require HHAs and their staffs to operate and provide services in compliance with all applicable Federal, State, and local laws and
regulations (42 CFR § 484.12(a)). Among other State requirements, HHA workers must comply with the following:

- All new HHA workers must receive initial health screenings (Title 8 of the New Jersey Administrative Code (N.J.A.C.) 8:42-3.4(e)).

- All HHA workers must receive initial and annual screening tests for tuberculosis (N.J.A.C. 8:42-3.4(h)(i)).

- All HHA workers must receive a screening test for rubella (N.J.A.C. 8:42-3.4(j)).

- All HHA workers must receive a screening test for rubeola (N.J.A.C. 8:42-3.4(m)).

- HHA aides must complete a minimum of 12 hours of inservice education per year offered by the provider agency (N.J.A.C. 10:60-1.2).

- HHA aides must be certified by DCA’s Board of Nursing and be under the direction and supervision of a registered nurse or appropriate professional staff at a minimum of one visit every 2 weeks in conjunction with certain home health services (N.J.A.C. 10:60-2.1(d)(4)(ii)).

- HHA aides are required to undergo a criminal history background check to be certified by the State (New Jersey Statutes Annotated (N.J.S.A.) § 45:11-24.3).

In addition, HHAs must maintain a list identifying the names of any of their workers who are seronegative (have a negative reaction to serums) and unvaccinated (N.J.A.C. 8:42-3.4(l)).

**HOW WE CONDUCTED THIS REVIEW**

We limited our review to Medicaid home health services claims for the period January 1, 2007, through July 31, 2008. From a total of 289,185 claim lines for which the State agency claimed Medicaid reimbursement, we reviewed a random sample of 150 claims. (In this report, we refer

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1 The only exceptions are for workers with a prior positive result who received appropriate medical treatment, or when medically contraindicated. If the screening test is positive, a chest x ray must be performed and, if necessary, followed by chemoprophylaxis or therapy.

2 The only exceptions are for workers who can document immunity or vaccination, or when medically contraindicated.

3 The only exceptions are for workers born before 1957, or who can document immunity or vaccination.

4 If the beneficiary is not receiving certain services, a registered nurse or appropriate professional staff may conduct a supervisory visit every 30 days. Supervision may be provided up to one visit every 2 months, if written justification is provided in the agency’s records.
to these lines as “claims.”) For each of those 150 claims, we reviewed the qualifications of the corresponding HHA worker(s) who provided direct care to Medicaid beneficiaries.5

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix B contains our statistical sampling methodology, and Appendix C contains our sample results and estimates.

FINDINGS

CMS could not rely on New Jersey’s qualification requirements to ensure quality of care and that adequate protection was provided to Medicaid beneficiaries receiving home health services. Specifically, we found that some HHAs did not meet certain State requirements for HHA workers.

Of the 150 claims in our sample, HHA workers associated with 112 claims met Federal and State qualification requirements; however, workers associated with the remaining 38 claims did not. The table summarizes the requirements not met and the number of claims that did not meet these requirements.

<table>
<thead>
<tr>
<th>Type of Deficiency</th>
<th>Number of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health screening requirements not met</td>
<td>18</td>
</tr>
<tr>
<td>Supervision and education requirements not met</td>
<td>18</td>
</tr>
<tr>
<td>HHA did not maintain a list of unvaccinated workers</td>
<td>4</td>
</tr>
<tr>
<td>HHA worker not identified (i.e., services not documented)</td>
<td>2</td>
</tr>
<tr>
<td>Certification and background check requirements not met</td>
<td>1</td>
</tr>
</tbody>
</table>

a The total exceeds 38 because 12 claims did not meet more than 1 State requirement.

On the basis of our sample results, we estimated that home health workers did not meet qualification requirements for 73,260 of the 289,185 claims covered by our review and that the Federal Government reimbursed New Jersey $4,010,486 for these services during our audit period.

5 A total of 138 HHA workers were associated with the 150 claims. Of these, 10 HHA workers were associated with more than 1 claim. In addition, for two claims, the HHA worker was not identified.
HEALTH SCREENING REQUIREMENTS NOT MET

Of the HHA workers associated with our sample of 150 claims, we found that workers associated with 18 claims were not in compliance with State health screening requirements.\(^6\)

**Home Health Workers Not Screened for Rubeola, Tuberculosis, and/or Rubella**

For 11 of the 150 claims, HHAs did not provide documentation that the workers received rubeola screenings. In addition, for seven claims, HHAs did not provide documentation that the workers received annual tuberculosis screenings, including one worker who also did not receive an initial tuberculosis screening. Further, for four claims, the HHAs did not provide documentation that the workers received rubella screenings.

**No Initial Health Screening**

For 3 of the 150 claims, HHAs did not provide documentation that the workers received an initial health screening.

SUPERVISION AND EDUCATION REQUIREMENTS NOT MET

Of the HHA workers associated with our sample of 150 claims, we found that workers associated with 18 claims did not meet State supervision and education requirements.\(^7\)

**Nursing Supervision Requirements Not Met**

For 14 of the 150 claims, HHAs did not provide documentation that nursing supervision requirements were met. Specifically, for 10 claims, the HHA did not provide documentation that the aide was supervised. For four other claims, the HHA performed supervision on a monthly basis rather than every 2 weeks.

**Inservice Education Requirements Not Met**

For 8 of the 150 claims, HHAs did not provide documentation that the aides met inservice education requirements.

**HOME HEALTH AGENCY DID NOT MAINTAIN A LIST OF UNVACCINATED WORKERS**

One HHA associated with 4 of our sample of 150 claims did not provide documentation that it maintained a list of workers who had a negative reaction to serums as well as workers who were unvaccinated.

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\(^6\) The total exceeds 18 because 7 claims contained more than 1 error regarding health examination requirements.

\(^7\) The total exceeds 18 because 4 claims contained more than 1 error regarding supervision and education.
HOME HEALTH AGENCY WORKER NOT IDENTIFIED

One HHA associated with 2 of our sample of 150 claims did not provide documentation of the services claimed for reimbursement and, therefore, did not identify the HHA workers associated with these claims. As a result, we were unable to determine whether the HHA workers met qualification requirements.

CERTIFICATION AND BACKGROUND CHECK REQUIREMENTS NOT MET

Of the HHA workers associated with our sample of 150 claims, we found that 1 aide did not meet certification and background check requirements. For 89 other HHA workers, DCA declined to provide us with documentation to support whether the workers underwent criminal background checks.

Home Health Aide Not Certified and Background Check Not Conducted

For 1 of the HHA aides associated with our sample of 150 claims, the aide who provided direct patient care was not certified by DCA’s Board of Nursing, a process that includes reviewing individuals’ criminal records. Therefore, DCA did not conduct a criminal history background check on the individual.

No Documentation That Criminal History Background Checks Were Conducted

During our audit period, New Jersey statutes required criminal history background checks to be conducted on healthcare professionals applying for or renewing their professional license (N.J.S.A. §§ 45:1-28 and 1-29). DCA provided documentation of its having conducted background checks on 48 aides associated with our sample of 150 claims. However, DCA stated that during our audit period, it had not fully implemented statutory requirements pertaining to other healthcare professionals subject to renewal requirements and declined to provide us with documentation to support whether 89 licensed healthcare professionals associated with our sample of 150 claims underwent criminal background checks.

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8 In addition to the claims associated with 48 home health aides, our sample of 150 claims included claims for 64 skilled nursing claims, 20 physical therapy claims, 10 speech therapy claims, 6 occupational therapy claims, and 2 social services claims. (One claim for home health aide services had two workers associated with it.)

9 In 2002, the New Jersey legislature enacted New Jersey Statutes Annotated (NJSA) §§ 45:1-28 and 29, which required healthcare professionals to undergo criminal history background checks upon their initial application for a license or authorization and limited licensing boards and directors from licensing a healthcare professional unless there is no criminal history that would disqualify the individual from being licensed. In 2005, the New Jersey legislature amended NJSA § 45:1-29 to apply the same requirements to healthcare professionals renewing their license. The statute provides the New Jersey health care licensing boards and directors wide discretion to implement these licensure restrictions.

10 In a followup conversation subsequent to our fieldwork, DCA officials stated that they have performed background checks on all currently licensed healthcare professionals.
CMS COULD NOT RELY ON NEW JERSEY’S QUALIFICATION REQUIREMENTS TO ENSURE QUALITY OF CARE AND THAT ADEQUATE PROTECTION WAS PROVIDED TO MEDICAID BENEFICIARIES RECEIVING HOME HEALTH SERVICES

Of the 150 claims in our sample, HHA workers associated with 38 claims did not meet Federal and State qualification requirements. On the basis of our sample results, we estimated that home health workers did not meet qualification requirements for 73,260 of the 289,185 claims covered by our review and that the Federal Government reimbursed New Jersey $4,010,486 for these services during our audit period.

The details of our sample results and estimates are shown in Appendix C.

RECOMMENDATIONS

To improve protection provided to Medicaid beneficiaries receiving home health services, we recommend that CMS:

- work with the State agency to reinforce guidance to HHAs regarding worker qualification requirements and

- direct the State agency to improve its monitoring of HHAs to ensure compliance with worker qualification requirements.

STATE AGENCY COMMENTS

In an email dated April 2, 2015, State agency officials stated they would not be providing comments to our report but rather would respond to CMS after the Office of Inspector General issues the final report.

CMS COMMENTS

In written comments on our draft report, CMS concurred with our recommendations. CMS’s comments are included in their entirety as Appendix D.
APPENDIX A: AUDIT SCOPE AND METHODOLOGY

We limited our review to 289,185 Medicaid home health services claim lines (claims) for the period January 1, 2007, through July 31, 2008, totaling $35,151,560 ($17,632,741 Federal share).

We did not assess the overall internal control structure of the State agency or the Medicaid program. Rather, we limited our internal control review to those controls related to the objective of our audit. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the Medicaid Management Information System file for our audit period, but we did not assess the completeness of the file.

We performed fieldwork at the State agency’s offices in Trenton, New Jersey, and at 35 HHAs throughout New Jersey.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State requirements;
- held discussions with the State agency and Department of Health officials to gain an understanding of the State’s Medicaid home health services program;
- ran computer programming applications that identified a sampling frame of 289,185 Medicaid home health services claims, totaling $35,151,560 ($17,632,741 Federal share), submitted by 50 HHAs;
- selected a simple random sample of 150 claims from our sampling frame, and, for each claim:
  - obtained and reviewed worker records for the HHA worker who performed direct patient care on the associated beneficiary to determine whether the workers met Federal and State qualification requirements;
  - obtained and reviewed documentation from DCA to determine whether DCA conducted a background check on the home health aide associated with our sample;
- estimated the total number of claims and associated dollars for which HHA workers did not meet Federal and State qualification requirements for the population of 289,185 claims; and
- discussed our findings with State agency and Department of Health officials.
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of Medicaid home health services claim lines (“claims”) for the period January 1, 2007, through July 31, 2008, for which the State agency claimed Federal Medicaid reimbursement.

SAMPLING FRAME

The sampling frame was an Access file containing 289,185 Medicaid home health services claims for the period January 1, 2007, through July 31, 2008, totaling $35,151,560 ($17,632,741 Federal share). The Medicaid claims were extracted by our advanced audit techniques staff from the State agency’s Medicaid payment files provided to us by staff of the State agency’s Medicaid Management Information System fiscal agent.

SAMPLE UNIT

The sample unit was an individual Federal Medicaid claim.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample of 150 claims.

SOURCE OF RANDOM NUMBERS

We generated the random numbers with the Office of Inspector General, Office of Audit Services (OAS), statistical software.

METHOD FOR SELECTING SAMPLE ITEMS

We consecutively numbered the sample units in the sampling frame. After generating 150 random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OAS statistical software to appraise the sample results. We estimated the total number of Medicaid payments made to HHAs with home health services that did not comply with certification requirements for home health workers at the point estimate. We estimated the total amount of Federal Medicaid reimbursement made to home health services providers with services that did not comply with qualification requirements at the point estimate.
### Sample Details and Results

<table>
<thead>
<tr>
<th>Claims in Frame</th>
<th>Value of Frame (Federal Share)</th>
<th>Sample Size</th>
<th>Value of Sample (Federal Share)</th>
<th>No. of Claims with Deficient Services</th>
<th>Value of Deficient Services (Federal Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>289,185</td>
<td>$17,632,741</td>
<td>150</td>
<td>$9,684</td>
<td>38</td>
<td>$2,080</td>
</tr>
</tbody>
</table>

### Estimated Number of Deficient Claims and Value of Deficient Services

*(Limits Calculated for a 90-Percent Confidence Interval)*

<table>
<thead>
<tr>
<th></th>
<th>Total Number of Deficient Claims</th>
<th>Total Value of Deficient Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point estimate</td>
<td>73,260</td>
<td>$4,010,486</td>
</tr>
<tr>
<td>Lower limit</td>
<td>56,588</td>
<td>2,925,304</td>
</tr>
<tr>
<td>Upper limit</td>
<td>92,091</td>
<td>5,095,668</td>
</tr>
</tbody>
</table>
To: Daniel R. Levinson  
Inspector General  
Office of the Inspector General  

From: Andrew M. Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  

Subject: CMS’s Reliance on New Jersey Qualification Requirements Could Not Ensure the Quality of Care Provided to Medicaid Beneficiaries Receiving Home Health Services (A-02-11-01019)  

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of the Inspector General’s (OIG) draft report. CMS is committed to ensuring Medicare and Medicaid beneficiaries receive high quality health care.

Home Health Agencies (HHA) must meet certain conditions of participation in order to participate in the Medicare and Medicaid programs. These conditions include qualifications for personnel. States may add additional qualifications that go beyond the Federal requirements that HHAs are required to meet.

During its review period of January 1, 2007 through July 31, 2008, OIG found that of the 150 sample claims, HHA workers associated with 112 claims met Federal and State qualification requirements. HHA workers associated with 38 claims did not meet all qualification requirements.

CMS continues to work with states to provide technical assistance and tools in support of their compliance with HHA requirements. On October 9, 2014, CMS issued a proposed rule titled “Medicare and Medicaid Program: Conditions of Participation for Home Health Agencies” (79 FR 61163) that would modernize Home Health Agency Conditions of Participation to ensure safe delivery of quality care to home health patients. The proposed rule included home health aide qualifications and standards for content and duration of classroom and supervised practical training, competency evaluation, and continuing education.

Examples of additional guidance CMS sent to states include materials such as a February 11, 2011 communication with state survey agency directors concerning revised home health survey protocols (S&C 11-11-HHA) and the Partners in Integrity Fact Sheet titled: “Preventing Fraud, Waste, and Abuse in Medicaid Home Health Services and Durable Medical Equipment.”

OIG Recommendation
The OIG recommends that CMS work with the State agency to reinforce guidance to HHAs regarding worker qualification requirements.

**CMS Response**
CMS concurs with this recommendation. CMS will continue to work with the New Jersey State agency to reinforce guidance on worker qualification. CMS will provide additional guidance to New Jersey in developing methods to increase compliance with both Federal and State standards related to oversight and monitoring of worker qualifications.

**OIG Recommendation**
The OIG recommends that CMS direct the State agency to improve its monitoring of HHAs to ensure compliance with worker qualification requirements.

**CMS Response**
CMS concurs with this recommendation. CMS will work with the state to ensure compliance with Federal and State requirements. CMS will provide additional guidance to New Jersey in developing methods to increase compliance with both Federal and State standards related to oversight and monitoring of worker qualifications.

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