



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Offices of Audit Services

May 25, 2004

Report Number: A-07-02-03025

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Mr. Kevin W. Concannon
Director
Iowa Department of Human Services
Hoover State Office Building, Fifth Floor
1305 East Walnut
Des Moines, Iowa 50319

Dear Mr. Concannon:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General final report entitled "*Title XIX Federal Financial Participation Claimed for Rehabilitative Treatment Services Family Foster Care.*" A copy of this report will be forwarded to the action official noted below for review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), Office of Inspector General reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent the information is not subject to exemptions in the Act which the Department chooses to exercise (see 45 CFR Part 5).

If you have any questions or comments about this report, please do not hesitate to call me or Gregory Tambke, Audit Manager at (573) 893-8338, ext. 30 or through e-mail at gtambke@oig.hhs.gov. To facilitate identification, please refer to report number A-07-02-03025 in all correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "James P. Aasmundstad".

James P. Aasmundstad
Regional Inspector General
for Audit Services, Region VII

Enclosures – as stated

Page 2 – Mr. Kevin Concannon

Directly Reply to HHS Action Official:

Joe Tilghman, Regional Administrator
Midwestern Consortium Administrator
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106-2808

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**TITLE XIX FEDERAL FINANCIAL
PARTICIPATION CLAIMED FOR
REHABILITATIVE TREATMENT
SERVICES FAMILY FOSTER CARE**



**MAY 2004
A-07-02-03025**

Office of Inspector General

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed as well as other conclusions and recommendations in this report represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the awarding agency will make final determination on these matters.



EXECUTIVE SUMMARY

Background

The Medicaid program was established by Title XIX of the Social Security Act and is jointly funded by the Federal and State governments to provide medical assistance to qualified pregnant women, children, and needy individuals who are aged, blind, or disabled. In Iowa, the Department of Human Services is the State agency responsible for administering the Medicaid program.

Rehabilitative Treatment Services (RTS) for Medicaid recipients age 20 or under are described in the Iowa State Plan. RTS are comprised of four distinct programs, which are: Family-Centered Services, Family Preservation, Family Foster Care, and Group Care.

The Centers for Medicare and Medicaid Services (CMS) requested that the Office of Inspector General conduct an audit of the Iowa RTS to ensure that the State had procedures to safeguard against unnecessary or inappropriate use of Medicaid services and against excess payments.

Objective

Our objective was to determine whether the amounts claimed by the State of Iowa for the RTS Family Foster Care Program met Title XIX reimbursement requirements for Federal financial participation (FFP) for Federal fiscal year (FFY) 2001.

Summary of Findings

Criteria

The errors identified were not in compliance with applicable criteria including the Iowa State Plan and the Iowa Administrative Code.

Condition

There were errors in 30 of the 100 sample claims reviewed and 14 of those contained multiple errors. The errors were summarized as follows:

- 24 claims in which the services provided were non-rehabilitative in nature
- 13 claims where the clients did not receive direct patient care
- 10 claims that lacked documentation to properly support billed services

Cause:

The State lacked adequate internal controls over the Family Foster Care Program to ensure proper delivery of services for Medicaid reimbursement.

Effect

FFP totaling \$386,092 of the \$2,115,589 claimed by the State for FFY 2001 did not meet the required criteria for Medicaid reimbursement, and therefore, was unallowable.

Recommendations

We recommend that the State:

- Return to the Federal Government \$386,092 of the Medicaid FFP claimed for the Family Foster Care Program for FFY 2001.
- Strengthen policies and procedures to ensure that Medicaid payments are based on services directed exclusively to the rehabilitative treatment needs of the child as defined in the State plan and are provided in compliance with State and Federal regulations.

Auditee's Comments

The State partially agreed with our report. In the response to the draft report, it concurred in part with the findings for non-rehabilitative services, lack of direct patient care and documentation errors. Additionally, it requested we revise the report and recovery request to the extent of the claims disputed.

Office of Inspector General's Response

We do not agree with the State for the claims disputed for non-rehabilitative services, lack of direct patient care and documentation errors.

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INTRODUCTION

BACKGROUND

Medicaid

The Medicaid program was established by Title XIX of the Social Security Act and is jointly funded by the Federal and State governments to provide medical assistance to qualified pregnant women, children, and needy individuals who are aged, blind, or disabled. Within broad Federal guidelines, states design and administer the program under the general oversight of CMS. FFP is available to match expenditures under the State plan. In Iowa, the Department of Human Services (the State) is the State agency responsible for administering the Medicaid program. As the Medicaid State agency, the State is required to safeguard against unnecessary or inappropriate use of Medicaid services and against excess payments.

Rehabilitative Treatment Services

Federal regulations define rehabilitation services as any medical or remedial services recommended by a physician or other licensed practitioner of the healing arts within the scope of their practice under State law, for the maximum reduction of physical or mental disability and restoration of an individual to the best possible functional level. RTS for Medicaid recipients age 20 or under are described in the Iowa State Plan under the Early and Periodic Screening, Diagnosis and Treatment Services (EPSDT). RTS are comprised of four distinct programs, which are: Family-Centered Services, Family Preservation, Family Foster Care, and Group Care.

The State Plan requires that all RTS must:

- Be directed toward treatment of the Medicaid-eligible child,
- Be determined medically necessary and reasonable, and
- Be a specific and effective treatment for a child's medical or disabling condition, which meets accepted standards of medical and psychological practice.

RTS Family Foster Care Program

The Iowa Administrative Code describes the RTS Family Foster Care Program as providing treatment to a child in a foster home setting and to the child's family when there are needs related to emotional or behavioral disturbances. The goals of the program include alleviating negative effects the child has suffered as a result of separation from the family, providing assistance to the parents to meet the child's needs, and assisting in the reunification process of the family. There are three core services: (1) Therapy and Counseling Services, (2) Skill Development Services, and (3) Behavioral Management Services.

CMS Review of Iowa RTS Program

In 1994, CMS initiated a review of the Iowa RTS program, based on a combination of factors including the non-traditional Medicaid services included in the program and the significant cost of the program. In response to the CMS report, the State indicated that certain corrective actions would be taken. Subsequently, CMS requested that the Office of Inspector General conduct an audit of the Iowa RTS to ensure that the State had procedures to safeguard against unnecessary or inappropriate use of Medicaid services and against excess payments.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The overall objectives of the RTS reviews were to determine: (1) whether RTS amounts claimed by the State for FFY 2001 met Medicaid Title XIX and Title XXI reimbursement requirements for FFP, and (2) whether the State's RTS Program met eligibility requirements for Medicaid FFP. Each of the RTS programs was addressed in a separate report, as well as the RTS claims for the enhanced Title XXI FFP. Additionally, the second objective required a separate report to address issues that pertained to the RTS programs as a whole.

The objective for this review (report number A-07-02-03025) was to determine whether the amounts claimed by the State for the Family Care Program met Title XIX reimbursement requirements for FFP for FFY 2001.

Scope

Our audit period was October 1, 2000 through September 30, 2001 (FFY 2001). Audit fieldwork was performed during 2002 at the State offices in Des Moines, Iowa and at RTS provider locations across Iowa and Illinois. The audit did not involve a review of the overall internal control structure of the State.

Methodology

To accomplish our audit objectives, we:

- Selected a simple random sample of 100 claims from a population of 15,988 Family Foster Care claims for FFY 2001. The 15,988 claims totaled \$3,375,761 (\$2,115,589 FFP). The 100 random sample claims totaled \$24,036 (\$15,063 FFP) and were from 21 RTS providers. See Appendix B.
- Reviewed Federal and State laws, regulations and guidelines pertaining to the Medicaid program and RTS.
- Held discussions with: CMS regional office personnel; State officials; and contractors responsible for the authorization of RTS (Review Organization),

certification of RTS providers (Certification Team), and transmission of RTS claims data (Fiscal Agent).

- Obtained data files of all RTS claims for FFY 2001, and reconciled the claim amounts to the CMS-64 reports that were submitted to CMS to claim FFP for FFY 2001.
- Obtained and analyzed supporting documentation from each of the 21 providers in our sample.

Our review was conducted in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

There were errors in 30 of the 100 sample claims reviewed and 14 of those contained multiple errors. However, the amount disallowed never exceeded 100 percent of each claim. The errors identified were not in compliance with applicable criteria, including the Iowa State Plan and the Iowa Administrative Code. The State lacked adequate internal controls over the Family Foster Care Program to ensure proper delivery of services for Medicaid reimbursement. Consequently, \$386,092 of the \$2,115,589 FFP claimed by the State for FFY 2001 was unallowable.

The errors were summarized under the following categories: A) Non-Rehabilitative Services, B) Lack of Direct Patient Care, and C) Documentation Errors. Appendix A details the errors for each claim.

A. Non-Rehabilitative Services

Criteria

The CMS report stated that habilitative, social, educational, vocational, and/or leisure services delivered under RTS are not reimbursable under the Medicaid Program. The Iowa Administrative Code Section 441 Chapter 185.1 defined “non-rehabilitative” treatment needs as protective, supportive, or preventative, and “non-rehabilitative” services as those directed toward a family member to help them meet the treatment, safety, or permanency needs of a child. Additionally, the Iowa State Plan, under EPSDT, required that “...all RTS must be directed toward treatment of the Medicaid-eligible child, be determined medically necessary and reasonable, and be a specific and effective treatment for a child’s medical or disabling condition.”

Condition

The services were non-rehabilitative in 24 of the 100 sample claims. There were services teaching parents about general age-appropriate discipline, which covered topics such as praising positive behaviors and not using physical discipline. Additionally, services focused on the parent's issues such as employment, housing and mental health and

substance abuse issues. Other non-rehabilitative services included providing transportation, supervised visits and job-seeking skills for the client.

Cause

The State lacked adequate internal controls to ensure the services provided were rehabilitative in nature.

Effect

The 24 claims are not allowable for Medicaid reimbursement, as the services provided did not meet the definition of rehabilitative services defined by the State plan and the Iowa Administrative Code.

B. Lack of Direct Patient Care

Criteria

The Iowa State Plan under EPSDT required all RTS to be directed toward the treatment of the Medicaid-eligible child and be a specific and effective treatment for the child's condition. Additionally, the CMS report stated that Medicaid services must involve direct patient care, and be directed exclusively to the effective treatment of the Medicaid-eligible individual in order to qualify for Medicaid reimbursement.

Condition

The services provided did not involve direct patient care in 13 of 100 sample claims. For each of the claims, the client was not present or involved in the treatment service, and the services were not directed at the effective treatment of the client. Documents indicated that the State planned to implement a new policy to require the client's presence during RTS, but this policy was never implemented.

Cause

There was a lack of direct patient care provided to RTS clients, as the State did not maintain adequate internal controls over the Family Foster Care Program.

Effect

The 13 claims are not allowable for Medicaid reimbursement, as the services provided did not involve direct patient care as required by the Iowa State Plan and the CMS report.

C. Documentation Errors

Criteria

The Iowa Administrative Code Section 441 Chapter 185.10 required that documentation of billed services must include the date, amount of time, setting, service provider, the specific services rendered, the relationship to the treatment plan, and updates describing the client's progress.

Condition

The documentation failed to properly support billed services in 10 of the 100 sample claims. The documentation errors were identified as follows:

DOCUMENTATION ERRORS	NUMBER OF CLAIMS
Missing documentation	6
Specific Services Rendered Unknown	3
Time of Service Unknown	1
Place of Service Unknown	1

Cause

The State lacked adequate internal controls to ensure proper documentation of billed services.

Effect

The 10 claims are not allowable for Medicaid reimbursement, as the documentation requirements for billed services set forth by the Iowa Administrative Code were not met.

Recommendations:

We recommend that the State:

- Return to the Federal Government \$386,092 Medicaid FFP claimed for the Family Foster Care Program for FFY 2001.
- Strengthen policies and procedures to ensure that Medicaid payments are based on services directed exclusively to the rehabilitative treatment needs of the child as defined in the Iowa State Plan and are provided in compliance with State and Federal regulations.

OTHER MATTERS

The following issues were considered significant, but were not independently counted as errors in the review of the 100 sample claims.

Staff Qualifications

The Iowa Administrative Code Section 441 Chapter 79.9 required that services covered by Medicaid should be within the scope of the licensure of the provider. The Iowa Code Section 154C.1 “Practice of Social Work” identified three categories of social work licensure: (1) Bachelor social workers (LBSW), (2) Master social workers (LMSW), and (3) Independent social workers (LISW). Only Licensed Master Social Workers and Licensed Independent Social Workers are listed as qualified to provide evaluation of symptoms and behaviors; strengths and weaknesses; diagnosis and treatment; psychosocial therapy with individuals, couples, families, and groups; establishment of treatment goals and monitoring progress etc. According to the Iowa Board of Social Work Examiners, Bachelor level social workers may not provide therapy “...*in any setting....*”

Staff that appeared to lack the qualifications to provide therapy or develop treatment goals provided services in 41 of the 100 sample claims. Therapy and counseling is one of three core services for the Family Foster Care Program, and development of treatment goals is a required part of therapy and counseling services. At a minimum, individuals providing therapy and developing treatment goals should be Licensed Master Social Workers, Licensed Independent Social Workers, or the equivalent.

Public Places of Service and Sensitive Topics

Services were provided in public settings where client confidentiality could be at risk in 18 of the 100 sample claims. Additionally, many of these sessions dealt with sensitive topics, such as sexual abuse and children’s fears and problems.

The Social Security Act guarantees that a State plan must provide safeguards to restrict disclosure of information concerning recipients. The Iowa State Plan indicates RTS for Medicaid recipients age 20 or under may be provided in various settings, including the recipient’s home, school, or workplace, as well as provider facilities; yet also requires that rehabilitative services must be a specific and effective treatment for a client's medical or disabling condition. The effectiveness of treatment services delivered in public settings where the general public may be observing and overhearing the entire treatment session may be questionable, and could pose considerable risk of violating the clients’ confidentiality.

AUDITEE’S COMMENTS

The State did not concur with all of the findings and recommendations. The State’s comments are summarized below and included in their entirety as Appendix C.

1) Timing of the Audit-Impact of DHS Audits and Recoupment

The State asserted the errors identified are routinely reviewed and recoupments made during the State audit process. It indicated significant overpayments are recouped as a result of State audits. Furthermore, it contended that the overlap of the State and Federal audit periods resulted in an overstatement of the error amounts, as the findings did not reflect amounts recouped by the State. The State requested the error amounts be adjusted to reflect FFP already returned to the Federal Government.

2) Non-Rehabilitative Services

The State disagreed with 8 of the 24 sample claims identified as non-rehabilitative services provided to clients. It stated the services were rehabilitative services directed toward the needs of the client.

3) Lack of Direct Patient Care

The State contested 1 of the 13 sample claims for services that did not provide direct patient care. It asserted that the client does not need to be present during treatment services, if the services are directed at the client's needs. It presented a portion of a letter to CMS, in which the State contended that CMS said it would be in compliance if the client were not in attendance during services, as long as the services were directed toward the treatment of the client.

4) Documentation Errors

The State cited the documentation requirements for billed services from the Iowa Administrative Code and contested one claim for specific services rendered unknown and one claim for time of service unknown.

OIG'S RESPONSE

1) Timing of the Audit-Impact of DHS Audits and Recoupment

Our review of the State's billing audit worksheets indicated its audits were limited to reviewing the documentation requirements for billed services stated in the Iowa Administrative Code and determining if the units billed for services were documented in the client's case files. The State audit process did not include reviewing for non-rehabilitative services or determining if services were directed toward the treatment of the Medicaid-eligible client.

The State's recoupments for the RTS Program for 2001 were only 0.38% of the total program cost. Therefore, the recoupments were not significant, even considering the

overlap of the State and Federal audit periods. Consequently, any overstatement of the findings due to the overlap was immaterial.

2) Non-Rehabilitative Services

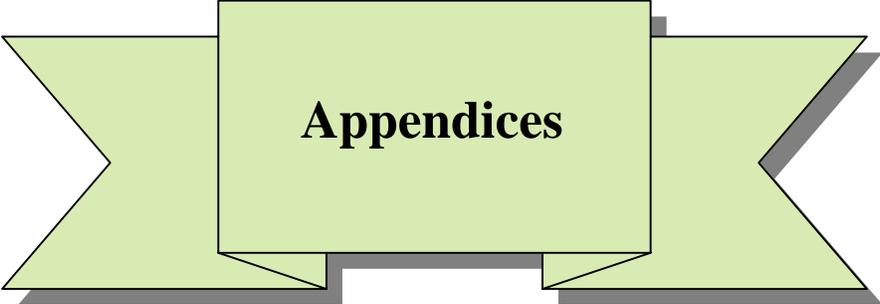
A review of the claim documentation did not indicate that the eight claims contested involved services that were rehabilitative in nature. These services did not meet the requirements of the Iowa State Plan, which stated, "...all RTS must be directed toward treatment of the Medicaid-eligible child, be determined medically necessary and reasonable, and be a specific and effective treatment for a child's medical or disabling condition, which meets accepted standards of medical and psychological practice."

3) Lack of Direct Patient Care

We acknowledge the State's position that treatment services can be provided and directed toward the client's needs in their absence. However, a review of the claim documentation did not demonstrate that the one claim contested by the State had services in which the client's needs were addressed.

4) Documentation Errors

The Iowa Administrative Code stated the requirements for documentation of billed services. The documentation for the claim contested by the State for specific services rendered unknown had different services documented than those billed. Additionally, there was no documentation of the session length or time for the claim questioned for time of service unknown.



Appendices

**Appendix A
Schedule of Sample Items**

Error Conditions in Units of Service and Claim Dollars:

Sample Order	Units Paid	Claim \$ Paid	Units Disallowed	Claim \$ Disallowed	Non-Rehabilitative Services		Lack of Direct Care		Documentation	
					Units	Claim \$	Units	Claim \$	Units	Claim \$
1	2	\$ 79	0	\$ -						
2	3	\$ 137	0	\$ -						
3	2	\$ 94	0	\$ -						
4	4	\$ 183	2	\$ 92	2	\$92				
5	7	\$ 303	3	\$ 130	3	\$ 130	3	\$130		
6	6	\$ 261	6	\$ 261	6	261	2	87		
7	3	\$ 131	0	\$ -						
8	4	\$ 176	0	\$ -						
9	2	\$ 87	2	\$ 87	2	87				
10	4	\$ 194	0	\$ -						
11	4	\$ 172	0	\$ -						
12	2	\$ 92	0	\$ -						
13	7	\$ 305	0	\$ -						
14	18	\$ 715	18	\$ 715	18	715	14	556		
15	6	\$ 264	0	\$ -						
16	14	\$ 610	7	\$ 305	5	218	4	174	2	\$87
17	2	\$ 91	2	\$ 91	2	91	2	91		
18	3	\$ 132	0	\$ -						
19	4	\$ 188	0	\$ -						
20	6	\$ 181	0	\$ -						
21	16	\$ 787	16	\$ 787	16	787	1	49	16	787
22	2	\$ 71	0	\$ -						
23	2	\$ 87	2	\$ 87	2	87				
24	5	\$ 183	0	\$ -						
25	5	\$ 220	0	\$ -						
26	4	\$ 173	4	\$ 173	4	173				
27	4	\$ 168	0	\$ -						
28	5	\$ 211	0	\$ -						
29	7	\$ 366	2	\$ 105					2	105
30	2	\$ 92	0	\$ -						
31	5	\$ 220	0	\$ -						
32	7	\$ 320	0	\$ -						
33	4	\$ 183	2	\$ 92	2	92				
34	1	\$ 44	0	\$ -						
35	5	\$ 212	0	\$ -						
36	1	\$ 40	1	\$ 40	1	40				
37	3	\$ 107	0	\$ -						
38	8	\$ 318	0	\$ -						
39	1	\$ 40	1	\$ 40					1	40
40	5	\$ 215	0	\$ -						
41	7	\$ 249	3	\$ 107	3	107				
42	5	\$ 211	0	\$ -						
43	8	\$ 335	0	\$ -						
44	8	\$ 389	0	\$ -						
45	1	\$ 43	0	\$ -						
46	6	\$ 283	0	\$ -						
47	10	\$ 418	0	\$ -						
48	3	\$ 130	3	\$ 130					3	130
49	6	\$ 253	0	\$ -						
50	8	\$ 312	8	\$ 312	8	312	8	312		
51	4	\$ 159	0	\$ -						
52	2	\$ 97	0	\$ -						
53	25	\$ 1,051	22	\$ 925	22	925	20	841		
54	7	\$ 305	0	\$ -						
55	3	\$ 129	0	\$ -						
56	9	\$ 382	0	\$ -						
57	13	\$ 563	5	\$ 217	5	217	5	217		
58	9	\$ 395	2	\$ 88					2	88
59	7	\$ 303	0	\$ -						
60	10	\$ 416	0	\$ -						
61	1	\$ 43	0	\$ -						
62	1	\$ 44	0	\$ -						
63	2	\$ 86	0	\$ -						
64	5	\$ 220	5	\$ 220	1	44			4	176
65	5	\$ 195	0	\$ -						
66	10	\$ 355	0	\$ -						

Error Conditions in Units of Service and Claim Dollars:

Sample Order	Units Paid	Claim \$ Paid	Units Disallowed	Claim \$ Disallowed	Non-Rehabilitative Services		Lack of Direct Care		Documentation	
					Units	Claim \$	Units	Claim \$	Units	Claim \$
67	4	\$ 172	0	\$ -						
68	7	\$ 245	3	\$ 105					3	105
69	7	\$ 303	3	\$ 130	3	130	2	87		
70	8	\$ 366	8	\$ 366	4	183	4	183	6	275
71	11	\$ 504	0	\$ -						
72	7	\$ 305	2	\$ 87	2	87				
73	2	\$ 87	2	\$ 87	2	87				
74	13	\$ 516	6	\$ 238	6	238				
75	3	\$ 140	0	\$ -						
76	2	\$ 93	0	\$ -						
77	3	\$ 127	0	\$ -						
78	1	\$ 44	0	\$ -						
79	2	\$ 98	0	\$ -						
80	3	\$ 131	0	\$ -						
81	8	\$ 389	0	\$ -						
82	6	\$ 274	0	\$ -						
83	7	\$ 256	5	\$ 183	5	183	5	183		
84	1	\$ 44	1	\$ 44					1	44
85	4	\$ 176	0	\$ -						
86	2	\$ 86	0	\$ -						
87	4	\$ 174	0	\$ -						
88	12	\$ 500	0	\$ -						
89	1	\$ 44	0	\$ -						
90	3	\$ 132	0	\$ -						
91	6	\$ 238	0	\$ -						
92	4	\$ 174	0	\$ -						
93	21	\$ 924	0	\$ -						
94	4	\$ 176	0	\$ -						
95	8	\$ 349	0	\$ -						
96	3	\$ 151	0	\$ -						
97	10	\$ 425	4	\$ 170	4	170	4	170		
98	4	\$ 174	0	\$ -						
99	1	\$ 43	0	\$ -						
100	9	\$ 358	0	\$ -						
Totals	561	\$ 24,036	150	\$ 6,411	128	\$5,455	74	\$3,079	40	\$1,835
Total Claims with Error			30		24		13		10	

NOTE: Amounts and totals vary slightly from actual paid claim dollars due to immaterial rounding differences

SAMPLE METHODOLOGY

Population:

The RTS Family Foster Care Program sampling population consisted of claims made by the State of Iowa for Title XIX Federal Financial Participation reimbursement during Federal Fiscal Year 2001 for payments made to providers. The Family Foster Care claims totaled 15,988 for \$3,375,761 with FFP equal to \$2,115,589.

Sample Unit:

The sample unit consisted of a claim for one type of Family Foster Care service received by an individual client for the month of service. Service codes included those beginning with C1, C2 and C3, but excluded any supportive service codes.

Sample Design:

A simple random sample was used to determine the results.

Sample Size:

A sample size of 100 units was used.

Estimation Methodology:

We used the Department of Health and Human Services, Office of Inspector General, Office of Audit Services Statistical Software Variable Unrestricted Appraisal program to project the amount of the unallowable claims based on the dollar value of sample units determined to be in error. The estimate of unallowable claims was reported using the “difference estimator” at the lower limit of the ninety percent two-sided confidence interval.

Sample Results:

The results of our review are as follows:

<u>Sample Size</u>	<u>Value of Sample</u>	<u>Number of Non-Zero Errors</u>	<u>Value of Errors</u>
100	\$24,036	30	\$6,411

Variable Projections:

	<u>Claim Dollars</u>	<u>FFP Dollars</u>
Point Estimate	\$1,025,024	\$642,383
Lower Limit	\$616,072	\$386,092
Upper Limit	\$1,433,976	\$898,673



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

APR 14 2004

James P. Aasmundstad, Regional Inspector General for Audit Services
HHS/OIG/OAS, Region VII
Room 284A
601 East 12th Street
Kansas City, MO 64106

RE: TITLE XIX FEDERAL FINANCIAL PARTICIPATION CLAIMED FOR
REHABILITATIVE TREATMENT SERVICES FAMILY FOSTER CARE – AUDIT
REPORT CIN: A-07-02-03025

Dear Mr. Aasmundstad:

This is in response to a draft report dated March 8, 2004, concerning the Office of Inspector General's (OIG) audit of Iowa's claim for federal financial participation (FFP) under title XIX for rehabilitative treatment Family Foster Care services for federal fiscal year 2001. The Iowa Department of Human Services (DHS) is the state Medicaid agency.

In conducting the audit, OIG randomly selected for review 100 claims from a total of 15,988 Family Foster Care claims for federal fiscal year 2001. The report indicates that OIG found errors in 30 of the 100 claims sampled with 14 of these having multiple errors. OIG summarized the errors it found into three categories. OIG extrapolated its findings from the 100 claims sampled to all Family Foster Care claims during the audit period resulting in a recommended disallowance of \$386,092 of the FFP claimed for these services for that period. The draft report also identifies two additional areas of concern that were not independently counted as errors.

The attached response addresses each finding individually, indicating whether DHS agrees or disagrees with the finding, as well as providing some general comments about the audit and draft report. DHS appreciates the effort of OIG in conducting this audit and the opportunity to provide comments that will be incorporated into the final report.

Questions about the attached response can be addressed to:

Bob Krebs
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Sincerely,


Kevin W. Concannon
Director

**AUDIT OF TITLE XIX FEDERAL FINANCIAL PARTICIPATION CLAIMED BY
IOWA FOR REHABILITATIVE TREATMENT SERVICES
FAMILY FOSTER CARE SERVICES
AUDIT REPORT CIN: A-07-02-03025**

Comments from Iowa Department of Human Services (April 12, 2004)

GENERAL COMMENTS

Timing of the Audit - Impact of DHS Audits and Recoupment:

In selecting federal fiscal year 2001 as the audit period, OIG sampled Rehabilitative Treatment Services (RTS) claims prior to the Iowa Department of Human Services' (DHS) routine audit of these claims. DHS wants to clarify and emphasize that documentation errors are routinely identified during DHS audits of RTS providers. If necessary, corrective actions are taken, including claiming adjustments and recoupment of claims paid in error. DHS, through its standard auditing practice, conducted a minimum of 18 audits of Family Foster Care services, including services provided in whole, or in part, in federal fiscal year (FFY) 2001.

Overpayments are recouped and claiming adjustments made as the result of these audits.

Due to the coinciding of the OIG and DHS audit periods, adjustments to claims that would normally result from DHS audits did not occur until after OIG selected its audit universe and conducted its audit. Consequently, the OIG audit error amounts are overstated as they do not reflect adjustments resulting from DHS audits conducted during the OIG audit period. In addition, DHS is requesting that the error amounts be adjusted to take into account federal financial participation (FFP) already returned by DHS for FFY 2001 claims as the result of DHS audits, and the amount of any extrapolated disallowance recalculated, so DHS is not required to repay the same FFP twice.

OIG Interpretation of State Requirements:

In four previous draft reports regarding RTS, OIG found claims to be in error on the basis that staff providing specific services lacked the qualifications to do so: RTS-Group Care, Report Number A-07-02-03026; RTS-Family Centered Services, Report Number A-07-02-03023; RTS-Family Preservation, Report Number A-07-02-03024; and RTS-State Children's Health Insurance Program (SCHIP), Report Number A-07-02-03027. In this report, the issue of staff qualifications has been classified as an "Other Matter," rather than as an error leading to a recommended disallowance.

While DHS acknowledges the reclassification of the staff qualification issue in this draft report and the implications such action may have regarding the same issue in any final reports corresponding to the earlier reports referenced above, DHS maintains its position that OIG misinterpreted state law and administrative rule requirements pertaining to staff qualifications. Further, it's important to note that OIG identified staff qualifications as an "Other Matter" based on interpretation of **state** rather than federal requirements. As described in more detail below, DHS is contesting OIG's interpretation of the state requirements associated with staff qualifications and requests that the final report not identify this matter as an issue.

FINDINGS

Non-Rehabilitative Services

OIG Finding:

We identified 24 of the 100 sample claims with services not considered rehabilitative treatment of the client. We found services teaching parents about general age-appropriate discipline, which covered topics such as praising positive behaviors and not using physical discipline. In addition, services focused on the parent's issues such as employment, housing, purchase of a car, and the parent's mental health and substance abuse issues. Other non-rehabilitative services included providing transportation, supervised visits and job-seeking skills for the client.

The 24 claims are not allowable for Medicaid reimbursement, as the services provided were not rehabilitative services as defined by the Iowa Administrative Code and the CMS report.

DHS Response:

Out of 24 claims (128 units) identified as deficient by OIG, DHS takes exception to the findings in whole or in part in 8 claims (28 units). Refer to Attachment A for details. DHS requests that the final report be revised to reflect the correct status of these 8 claims and that the corresponding units and amount found to be in error for this reason, and any recommended disallowance, be adjusted accordingly.

As previously noted, DHS routinely identifies this type of error during its own auditing process and takes appropriate corrective action, including claims adjustment and recoupment, which are not reflected in the OIG findings. DHS is requesting that the error amounts be adjusted to take into account federal financial participation (FFP) already returned by DHS for FFY 2001 claims as the result of DHS audits, and the amount of any extrapolated disallowance recalculated, so DHS is not required to repay the same FFP twice.

Lack of Direct Patient Care

OIG Finding:

We concluded there was a lack of direct patient care in 13 of the 100 sample claims. For each of the claims, the client was not present or involved in the treatment service, and the services were not directed at the effective treatment of the client. During our review we found documentation indicating that the State planned to implement a new policy to require the client's presence during RTS, but this policy was never implemented.

The 13 claims are not allowable for Medicaid reimbursement, as the services provided did not involve direct patient care as defined by the Iowa State Plan and the CMS report.

DHS Response:

DHS agrees that, under CMS rules for the Rehabilitative Treatment and Supportive Services program, rehabilitative treatment services must be directed toward the client, who is the child. However, the child need not be present during service delivery as long as the service is directed toward the identified needs of the child. This position has been supported by the regional Centers for Medicare and Medicaid Services (CMS) office as evidenced by documentation found in Attachment B of this response of a conversation between DHS and the regional CMS office held January 18,2002. Attachment B consists of an excerpt from a letter dated February 5, 2002, from DHS to the regional CMS office, summarizing the agreement between DHS and the regional CMS on the issue of whether the child must be physically present during the delivery of RTS services. As indicated, the regional CMS had determined that, "pending further CMS clarification on this issue, DHS would not be out of compliance if the child was not present when services are provided, so long as the documentation indicated that the service was directed toward the treatment of the eligible child."

Out of 13 claims (74 units) identified as deficient by OIG, DHS takes exception to the findings in 1 claim (10 units). Refer to Attachment A for details. DHS requests that the final report be revised to reflect the correct status of this claim and that the corresponding units and amount found to be in error for this reason, and any recommended disallowance, be adjusted accordingly.

As previously noted, DHS routinely identifies this type of error during its own auditing process and takes appropriate corrective action, including claims adjustment and recoupment, which are not reflected in the OIG findings. DHS is requesting that the error amounts be adjusted to take into account federal financial participation (FFP) already returned by DHS for FFY 2001 claims as the result of DHS audits, and the amount of any extrapolated disallowance recalculated, so DHS is not required to repay the same FFP twice.

Documentation Errors

OIG Finding:

We found 10 of the 100 sample claims failed to properly support the billed services. We identified the following documentation and authorization errors.

DOCUMENTATION ERRORS	NUMBER OF CLAIMS
Missing documentation	6
Specific Services Rendered Unknown	3
Time of Service Unknown	1
Place of Service Unknown	1

The 10 claims are not allowable for Medicaid reimbursement, as the documentation requirements for billed services set forth by the Iowa Administrative Code were not met.

DHS Response.

The administrative rule establishing documentation requirements for RTS (441 IAC—185.10(6)b) states the following:

- b. Documentation of billed services. Documentation shall include:
- the date and amount of time services were delivered except when delivering restorative living and social skill development services in a group care setting only the date and shift hours shall be identified,
 - who rendered the services,
 - the setting in which the services were rendered,
 - the specific services rendered and
 - the relationship of the services to the services described in the treatment plan, and
 - updates describing the client's progress. For the family preservation program this documentation shall be provided every ten days on Form 470-2413, Family Preservation Service Report.

DHS reviewed each of the 10 claims identified as having one or more documentation errors and found the following:

DOCUMENTATION ERRORS	NUMBER OF CLAIMS FOUND IN ERROR BY OIG	DHS FINDINGS
Missing documentation	6	DHS concurs with the findings for these 6 claims (15 units).
Specific Services Rendered Unknown	3	Out of the 3 claims (21 units) identified by OIG as deficient, DHS takes exception to the findings in 1 claim (4 units).
Time of Service Unknown	1	DHS takes exception to the 1 claim (2 units) identified by OIG as deficient.
Place of Service Unknown	1	DHS concurs with the findings for this 1 claim (2 units).

Refer to Attachment A for details.

DHS requests that the final report be revised to reflect the correct status of these claims and that the corresponding units and amount found to be in error for these reasons, and any recommended disallowance, be adjusted accordingly.

As previously noted, DHS routinely identifies these types of errors during its own auditing process and takes appropriate corrective action, including claims adjustment and recoupment, which are not reflected in the OIG findings. DHS is requesting that the error amounts be adjusted to take into account federal financial participation (FFP) already returned by DHS for

FFY 2001 claims as the result of DHS audits, and the amount of any extrapolated disallowance recalculated, so DHS is not required to repay the same FFP twice.

RECOMMENDATIONS

OIG Recommendations:

We recommend that the State:

- Return to the Federal Government \$386,092 Medicaid FFP claimed for the Family Foster Care Program for FFY 2001.
- Strengthen policies and procedures to ensure that Medicaid payments are based on services directed exclusively to the rehabilitative treatment needs of the child as defined in the State plan and are provided in compliance with State and Federal regulations.

DHS Response:

DHS contends that it has sufficiently demonstrated that a substantial number of errors identified in the draft report are unfounded, warranting a significant revision of the report's findings as well as any recommended disallowance. DHS is prepared to work with OIG to re-examine the errors in question and resolve any discrepancies between OIG's findings and DHS's review.

DHS, through contract requirements, provider education and training, and its own routine audits of RTS providers, has adequate policies and procedures to ensure Medicaid payments for RTS services are made in accordance with the State Plan and comply with state and federal regulations.

OTHER MATTERS

Staff Qualifications

OIG Statement:

The Iowa Administrative Code Section 441 Chapter 79.9 required that services covered by Medicaid should be within the scope of the licensure of the provider. The Iowa Code 154C.1 "Practice of Social Work" identified three categories of social work licensure: (1) Bachelor social workers (LBSW), (2) Master social workers (LMSW), and (3) Independent social workers (LISW). Only Licensed Master Social Workers and Licensed Independent Social Workers are listed as qualified to provide evaluation of symptoms and behaviors; strengths and weaknesses; diagnosis and treatment; psychosocial therapy with individuals, couples, families, and groups; establishment of treatment goals and monitoring progress etc. According to the Iowa Board of

Social Work Examiners, Bachelor level social workers may not provide therapy “...in any setting...”

We found 41 of the 100 Family Foster Care sample claims had staff that appeared to lack the qualifications to develop treatment goals or provide therapy. Therapy and counseling is one of three core services for the Family Foster Care Program, and development of treatment goals is a required part of therapy and counseling services. Our review indicated that at a minimum, individuals providing therapy and developing treatment goals should be Licensed Master Social Workers, Licensed Independent Social Workers, or the equivalent.

DHS Response:

The identification of this as an issue reflects a misunderstanding of state social work licensure requirements and of the services provided under the RTS program. State social work licensure requirements in Iowa Code chapter 154C define three categories of social work licenses but only two levels of social work – that provided by bachelor social workers and that which master social workers and independent social workers are qualified to perform. Iowa Code § 154C.1(3). A license is required to practice master/independent-level social work, but persons trained or employed as bachelor social workers are not required to be licensed. Iowa Code § 154C.2(1)-(2). The draft report correctly states that only licensed master or independent social workers are qualified to provide certain services. The report ignores the services that persons trained or employed as bachelor social workers can provide without a license. These services are very similar to those that only licensed master or independent social workers can provide. As described below, RTS services can be provided within the scope of bachelor-level social work.

Iowa Code chapter 154C provides that master and independent social workers, who are required to be licensed, are qualified to do bachelor-level social work and to provide "psychosocial assessment, diagnosis, and treatment," which is further defined as "including but not limited to performance of psychosocial histories, problem identification and evaluation of symptoms and behavior, assessment of psychosocial and behavioral strengths and weaknesses, effects of the environment on behavior, psychosocial therapy with individuals, couples, families, and groups, establishment of treatment goals and monitoring progress, differential treatment planning, and interdisciplinary consultation and collaboration". Iowa Code § 154C.1(3)(b). Unlicensed persons trained or employed as bachelor social workers may provide "psychosocial assessment and intervention through direct contact with clients or referral of clients to other qualified resources for assistance," which is further defined as "including but not limited to performance of social histories, problem identification, establishment of goals and monitoring of progress, interviewing techniques, counseling, social work administration, supervision, evaluation, interdisciplinary consultation and collaboration, and research of service delivery including development and implementation of organizational policies and procedures in program management." Iowa Code § 154C.1(3)(a).

The draft report states that “... at a minimum, individuals providing therapy and developing treatment goals should be Licensed Master Social Workers, Licensed Independent Social

Workers, or the equivalent." As noted in the preceding paragraph, only licensed master and independent social workers can provide "treatment" and "psychosocial therapy." The Iowa Code uses those terms only with regard to master and independent social workers, providing that they are qualified to provide "psychosocial assessment, diagnosis, and treatment," including "psychosocial therapy." Iowa Code § 154C.1(3)(b). But bachelor social workers can provide "psychosocial assessment and intervention," which is defined to include "counseling." Iowa Code § 154C.1(3)(a). The service of "therapy and counseling" provided under the RTS program is defined as "services to halt, control or reverse undue stress and severe social, emotional or behavioral problems that threaten, or have negatively affected the child's and the child's family's stability." 441 Iowa Admin. Code 185.1. Despite the use of the word "therapy," this is not necessarily "psychosocial therapy" that is part of the "psychosocial assessment, diagnosis, and treatment" that only master and independent social workers are qualified to provide. Iowa Code § 154C.1(3)(b). Rather, it could be provided within the scope of the "counseling" that bachelor social workers are qualified to provide as part of "psychosocial assessment and intervention." Iowa Code § 154C.1(3)(a).

It should also be noted that both levels of social work defined by the Iowa Code include "psychosocial assessment." Master/independent social work includes "performance of psychosocial histories, problem identification and evaluation of symptoms and behavior, assessment of psychosocial and behavioral strengths and weaknesses, effects of the environment on behavior, . . . differential treatment planning, and interdisciplinary consultation and collaboration." Bachelor social work includes "performance of social histories, problem identification, . . . interviewing techniques, . . . [and] interdisciplinary consultation and collaboration." Iowa Code § 154C.1(3)(a)-(b). To the extent "therapy and counseling" as defined under the RTS program could include some of these overlapping assessment services, it can be provided within the scope of bachelor social work.

Regarding the development of treatment goals, the draft report contends that only the "psychosocial assessment, diagnosis, and treatment" that master and independent social workers can provide is defined to include "establishment of treatment goals and monitoring of progress." Iowa Code § 154C.1(3)(b). However, the "psychosocial assessment and intervention" that bachelor social workers can provide is also defined to include "establishment of goals and monitoring progress." Iowa Code § 154C.1(3)(a). The apparent intent is that both levels of social workers can establish goals and monitor progress for the services they provide. That is all that is contemplated by the RTS program. Under the RTS program, all providers are required to develop, review, and appropriately revise "treatment plans" for the services they provide (other than psychosocial evaluation). 441 Iowa Admin. Code 185.10(4)-(5). These plans must identify "goals" (also referred to as "treatment goals"), which are defined as the outcomes to be achieved to meet the needs identified as part of the service authorization process. 441 Iowa Admin. Code 185.2-.4, .10(4)-(5). If bachelor social workers can otherwise provide RTS services within the scope of the "psychosocial assessment and intervention" that they can provide, then they can also establish goals for those services, as required by the RTS program, within the scope of bachelor social work.

DHS's understanding of the state social work licensing requirements as allowing for the provision of RTS services within the scope of bachelor social work is supported by past practice in the State and by 2001 state legislation directing DHS to further relax the then existing staff qualifications for therapy and counseling services under the RTS program, which already failed to require a master or independent social work license. See Iowa Acts 2001, ch. 135, sec. 23(1).

To some extent, DHS necessarily relies on its providers to stay within their scope of practice. If a service can be provided within the provider's scope of practice, it should be assumed that the provider is acting within his or her scope of practice, absent evidence to the contrary. In raising this issue, the draft audit report seems to make the opposite assumption. Despite the fact that RTS services can be provided within the scope of bachelor social work, the draft audit report assumes that all services under the RTS program are outside the scope of bachelor social work.

DHS requests that the final report not identify this matter as an issue.

Public Places of Service and Sensitive Topics

OIG Statement:

We determined that 18 of the 100 sample claims included documentation of services provided in public settings where client confidentiality could be at risk. Additionally, many of these sessions dealt with sensitive topics, such as sexual abuse and children's fears and problems.

The Social Security Act guarantees that a State plan must provide safeguards to restrict disclosure of information concerning recipients. The Iowa State Plan indicates RTS for Medicaid recipients age 20 or under may be provided in various settings, including the recipient's home, school, or workplace, as well as provider facilities; yet also requires that rehabilitative services must be a specific and effective treatment for a client's medical or disabling condition. The effectiveness of treatment services delivered in public settings where the general public may be observing and overhearing the entire treatment session may be questionable, and could pose considerable risk of violating the clients' confidentiality.

DHS Response:

DHS concurs that RTS providers must be ever vigilant regarding the protection of client confidentiality. While OIG notes documentation that services were provided in public settings, there is no evidence that any of the services provided in such settings were provided in a manner that would allow the general public to observe or overhear the treatment sessions. Such implication by OIG is based only on supposition.

**AUDIT OF TITLE XIX FEDERAL FINANCIAL PARTICIPATION CLAIMED BY
IOWA FOR REHABILITATIVE TREATMENT SERVICES**

FAMILY FOSTER CARE

AUDIT REPORT CIN: A-07-02-03025

Comments from Iowa Department of Human Services (April 12,2004)

ATTACHMENT A

Background

During the weeks of March 22 and March 29,2004, DHS project managers conducted a "look behind" review of the 30 Family Foster Care claims reviewed by OIG with respect to error findings concerning non-rehabilitative services, lack of direct patient care, and documentation. The findings of the project manager review are summarized below.

The comments only relate to specific areas for which project managers reviewed for compliance with documentation requirements. If, for a specific claim, there were multiple OIG findings of non-compliance (deficiency), DHS initially reviewed for the requirement for which the highest number of deficiencies were found by OIG. If DHS agreed with OIG, we may not have reviewed the remaining areas for which deficiencies were found because of time constraints and the need to focus on the number of units for which we would take exception to OIG's recommendations for repayment.

In those instances where we did not review for all OIG findings, our absence of comments does not imply that we would agree with those findings. This does not have an impact on the number of units in dispute. We identified the unduplicated number of units that were deficient for either a single or multiple reasons and the associated dollar amount.

Out of 30 claims (150 units) in the amount of \$24,036.20 that were identified as deficient in the OIG findings under A, C & E of the OIG report, DHS disputes the finding in whole or in part for 10 claims (34 units) in the amount of \$1,446.97.

The results of the DHS review for specific claims are included in the following spreadsheet.

Attachment A																
San	State ID	Service	Date of	SVC	Units	Units	Rehabilitative Services	Lack of Direct	Missing Case Notes	Services Rendered Unknown	Time of Service Unknown	Place of Service Unknown	# Agree	# Disagree	\$ Disagree	
4		FOUR OAKS INC	7/1/2001	C350	4	2	2						0	2	\$91.66	Disagree. All units involved foster parent and were directed towards needs of child per 3055.
5		TANAGER PLACE	9/1/2000	C210	7	3	3	3					3	0	\$0.00	Agree.
6		LUTHERAN SOCIAL SERV	12/1/2000	C210	6	6	6	2					6	0	\$0.00	Agree with both findings.
9		LUTHERAN SOCIAL SERV	8/1/2001	C210	2	2	2						2	0	\$0.00	Agree.
14		FOUR OAKS INC	12/1/2000	C210	18	18	18	14					18	0	\$0.00	Agree.
16		LUTHERAN SOCIAL SERV	5/1/2001	C210	14	7	5	4	2				6	1	\$43.58	Disagree with 1 unit of non-rehabilitative. Agree with 4 units of lack of direct care and missing notes for 2 units. Overall, found 8 units appropriately provided and documented.
17		FAMILIES OF NORTHEAST	1/1/2001	C110	2	2	2	2					2	0	\$0.00	Agree.
21		Family Resources	9/1/2000	C210	16	16	16	1		16			16	0	\$0.00	Agree.
23		LUTHERAN SOCIAL SERV	9/1/2000	C210	2	2	2						2	0	\$0.00	Agree sort of
26		FOUR OAKS INC	4/1/2001	C110	4	4	4						4	0	\$0.00	Agree.
29		Family Resources	2/1/2001	C110	7	2			2				2	0	\$0.00	Agree
33		FOUR OAKS INC	12/1/2000	C350	4	2	2						0	2		Disagree. All units involved foster parent and were directed towards needs of child per 3055.
36		FOUR OAKS INC	7/1/2000	C210	1	1	1						0	1	\$39.73	Disagree. Service provided on 7/31 was rehabilitative.
39		ALTERNATIVE SERVICES	5/1/2001	C210	1	1			1				1	0	\$0.00	Agree.
41		QUAKERDALE	5/1/2001	C211	7	3	3						3	0	\$0.00	Agree
48		VISINET OF IOWA INC	12/1/2000	C110	3	3			3				3	0	\$0.00	Agree.
50		PRAIRIE HEALTH PARTNE	3/1/2001	C210	8	8	8	8					8	0	\$0.00	Agree.
53		SYSTEMS UNLIMITED, INC	4/1/2001	C212	25	22	22	20					10	12	\$504.60	Agree in part. Disagree in part. 31 units of service were documented of which 15 were appropriate C212 service. This results in an overpayment of 10 units.
57		FOUR OAKS INC	4/1/2001	C110	13	5	5	5					5	0	\$0.00	Agree.
58		LUTHERAN SOCIAL SERV	3/1/2001	C110	9	2					2		0	2	\$87.86	Disagree. Case record contained 270 minutes of appropriately documented, including service duration, C110 /services.

64	LUTHERAN SOCIAL SERV	6/1/2001	C110	5	5	1			4		1	4	\$175.72	(Disagree related to unknown service rendered. Documentation contains a mixture of skill development and therapy and counseling and was billed appropriately as part skill and part therapy and counseling. Agree one unit was non rehab.	
68	The Crittenton Ctr	7/1/2001	C210	7	3			3			3	0	\$0.00	Agree.	
69	TANAGER PLACE	2/1/2001	C210	7	3	3	2				3	0	\$0.00	Agree.	
70	Bethany for Children & Fam	12/1/2000	C210	8	8			4			2	8	\$0.00	Agree	
72	LUTHERAN SOCIAL SERV	1/1/2001	C210	7	2	2					0	2	\$87.16	Disagree. While not all of the activities documented were rehabilitative, each session contained rehabilitative services.	
73	FOUR OAKS INC	12/1/2000	C110	2	2	2					0	2	\$86.62	Disagree. Service provided was directed towards the identified needs of child per 3055.	
74	FOUR OAKS INC	3/1/2001	C210	13	6	6					0	6	\$238.38	Disagree. Service provided was directed towards the identified needs of child per 3055.	
83	FAMILIES, INC	10/1/2000	C110	7	5	5	5				5	0	\$0.00	Agree.	
84	TANAGER PLACE	9/1/2000	C110	1	1				1		1	0	\$0.00	Agree.	
97	PRAIRIE HEALTH PARTNE	4/1/2001	C110	10	4	4	4				4	0	\$0.00	Agree.	
Totals				OIG Totals	561	150	128	74	15	21	2	2	116	\$1,446.97	disputed
Total Claims with Error					30	24	13	6	3	1	1		\$24,036.20	total paid	
					Total	NonRehb	DirCare	No Doc	? Svc	Time	Setting		22.67%	Percent of Units Disputed	
				sub total of units	150	128	74	15	21	2	2		6.02%	Percent of Dollars Disputed	
				sub count of cases	30	24	13	6	3	1	1				
Non-Rehabilitative Services				Out of 24 cases/128 units	Agree 16 cases/ 100 units				Disagree 6 cases/ 15 units				(Disagree in part 2 cases/ 13 units)		
Lack of Direct Care				Out of 13 cases/174 units	Agree 12 cases/ 64 units				Disagree 1 case/ 10 units						
Missing Case Notes				Out of 6 cases/ 18 units	Agree 6 cases/ 18 units				Disagree 0 cases/ 0 units						
service Provided Unknown				out of 3 cases/121 units	Agree 2 cases/ 17 units				Disagree 1 case/ 4 units						
Place of Service Unknown				Out of 1 case/2 units	Agree 1 case/ 2 units				Disagree 0 cases/ 0 units						
Time Unknown				Out of 1 case/2 units	Agree 0 cases/ 0 units				Disagree 1 case/ 2 units						

**AUDIT OF TITLE XIX FEDERAL FINANCIAL PARTICIPATION CLAIMED BY
IOWA FOR REHABILITATIVE TREATMENT SERVICES
FAMILY FOSTER CARE
AUDIT REPORT CIN: A-07-02-03025
Comments from Iowa Department of Human Services (April 12,2004)**

ATTACHMENT B

Excerpt from DHS letter to Region VII CMS dated February 5,2002.

Child Present

Background. CMS policy provides that, "Under the rehabilitation option, meeting, counseling, etc. with the client, family, legal guardian and/or significant other may be covered provided that the services are directed exclusively to the effective treatment of the recipient. Consultation with, and training others, can be a necessary part of planning and providing care to patients in need of psychiatric services ... State plan amendments must make clear that services are only provided to, or directed exclusively toward, the treatment of Medicaid eligible persons."

Iowa administrative rules for RTS services are consistent with this policy and require that RTS services be either provided directly to the child, or that services "be directed toward the needs of the child." CMS, however, has consistently expressed concerns that RTS services are being provided to "ineligible persons" – i.e., that services are being provided to treat the parent rather than to treat the child. We have requested technical assistance from CMS staff regarding how to address CMS's concerns.

In a March 21,2001 letter to Thomas Lenz, we indicated that we had decided to begin taking steps to revise our current policy and practice to require that the child always be present in order for a service to be billable to Medicaid. At a subsequent meeting, CMS staff reiterated that such a policy change may not be necessary to address their concern, and indicated that new policy guidance from CMS was forthcoming.

Summary of Friday's call. During our call, we reviewed the history of our discussions on this issue, as well as the ambiguity of the CMS policy governing this issue. We advised that we had reconsidered our March 21,2001 decision and were no longer moving forward to require that the child always be present in order for a service to be billable to Medicaid.

What we agreed on. You indicated that, pending CMS clarification of this policy, you would not find us out of compliance if the child was not present when services were provided, so long as the documentation indicated that the service was directed towards the treatment of the eligible child.

Follow-up. You indicated that you would follow-up with Baltimore on the status of the forthcoming policy guidance regarding this issue.

Note: The Region VII CMS office has not subsequently contradicted the summary above, nor provided further guidance on this issue.