Audit Highlights

Highlights of performance audit report on the Division of Health Care Financing and Policy, Hospice Care Claims and Fiscal Agent Contract issued on September 10, 2024.

Legislative Auditor report # LA24-12.

Background

The mission of the Division of Health Care Financing and Policy (Division) is to: 1) purchase and provide quality health care services to low-income Nevadans in the most efficient manner; 2) promote equal access to health care at an affordable cost to the taxpayers of Nevada; 3) restrain the growth of health care costs; and 4) review Medicaid and other state health care programs to maximize potential federal revenue. The Division administers both Nevada Medicaid and Check Up programs.

The hospice services program is designed to provide support and comfort for Medicaid eligible recipients who have a terminal illness and are expected to live 6 months or less and have decided to receive end-of-life care.

The Medicaid Management Information System (MMIS) is a computerized claims processing and information retrieval system the Nevada Medicaid program must have to be eligible for federal funding. The MMIS is managed by a contractor known as a fiscal agent.

In fiscal year 2023, the Division was primarily funded with federal grants totaling $4.5 billion and state appropriations of about $1.2 billion. As of November 3, 2023, the Division had 338 positions authorized, of which 261 positions were filled (23% vacancy rate). The Division has offices located in Carson City, Elko, Las Vegas, and Reno.

Purpose of Audit

The purpose of the audit was to determine if the Division of Health Care Financing and Policy has adequate controls over hospice care to limit improper provider payments and if the solicitation and oversight of the current fiscal agent contracts complied with applicable laws, policies, contract terms, and best practices.

Audit Recommendations

This audit report contains 10 recommendations to reduce improper hospice care payments and improve the fiscal agent contracting process.

The Division accepted the 10 recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on December 9, 2024. In addition, the 6-month report on the status of audit recommendations is due on June 9, 2025.

Hospice Care Claims and Fiscal Agent Contract

Division of Health Care Financing and Policy

Summary

The Division lacks adequate controls to ensure hospice care provider payments comply with federal and state Medicaid policies. Specifically, we found hospice providers billed and received payment for duplicate services for room and board charges. Additionally, providers billed and received payment for higher home care rates than allowed and did not properly bill the service intensity add-on rate. Furthermore, the Division paid claims with service dates after a recipient's date of death. We estimate over $386,000 in improper payments for hospice claims paid during calendar years 2020 – 2022. These improper payments occurred because the Division's MMIS lacks critical system controls regarding these services, and the Division has not developed additional compensating controls. Without proper controls, improper hospice payments will continue.

After performing an analysis of overpayments by providers and service type, we observed no significant patterns. Therefore, we were unable to determine if the overpayments were provider errors or possible fraud.

Better oversight and contracting practices for fiscal agent services will help ensure state contracting laws and policies are followed. The Division's current fiscal agent contract has been in effect since January 2011, over 12 years, and the Division has frequently modified the scope of work, amount, and duration of the fiscal agent contract over its administration of the MMIS. The initial contract maximum was $176 million and is currently at $803 million (354% increase). By not regularly soliciting competitive bids for fiscal agent services, other vendors are denied the opportunity to compete and offer different solutions and pricing.

Key Findings

The Division overpaid hospice providers who improperly billed for duplicate room and board services. Hospice care providers improperly billed and were paid for 115 duplicate dates of services during calendar years 2020 – 2022. These overpayments occurred because the MMIS did not have the proper system controls in place to prevent hospice providers from billing and receiving payment for duplicate room and board services. We conservatively estimate over $155,000 in improper payments for hospice claims were paid during this period. (page 7)

The Division overpaid hospice providers who improperly billed for the higher routine home care rate. For 13 of 20 recipients randomly selected and tested, we found hospice providers used the higher routine rate for more than the recipient's initial 60 days in hospice care. We conservatively estimate about $114,000 was improperly paid to providers during the 3-year period. (page 9)

The Division overpaid hospice providers who improperly billed the service intensity add-on rate. We found providers improperly charged for the service intensity add-on for 668 (38%) out of the 1,755 service intensity add-on dates paid. For 376 (56%) dates of services, the recipient had no death date based on Division of Public and Behavioral Health, Office of Vital Records data. The remaining 292 (44%) dates of services improperly paid were found to have dates of death, but providers billed the service intensity add-on before the recipient's last 7 days of life. We also found hospice providers were paid beyond the daily limits established for the service intensity add-on. We estimate over $117,000 in improper payments were made during calendar years 2020 – 2022. (page 10)

The Division overpaid hospice providers who improperly billed for services claimed to be rendered after a recipient's date of death. We identified four dates of services where providers received payment for services claimed to be rendered after the recipient's date of death during calendar years 2020 – 2022. For fee-for-service claims, proper controls are not in place to retroactively identify improper payment of services dated after a recipient's date of death. While the amount of improper payments for hospice services were immaterial, the potential effect could be significant for all fee-for-service claims. (page 12)

The Division's current fiscal agent contract has been in effect since January 2011 but frequent modifications to the scope of work, amount, and contract duration have occurred. By not regularly soliciting competitive bids for fiscal agent services, interested vendors are denied the opportunity to compete and offer different solutions and pricing. (page 15)

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