



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued July 21, 2020

Office of Medicaid (MassHealth)—Review of Claims Paid for Services by WestMass ElderCare, Inc. For the period January 1, 2016 through December 31, 2018





Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

July 21, 2020

Ms. Roseann Martoccia, Executive Director
WestMass ElderCare, Inc.
4 Valley Mill Road
Holyoke, MA 01040

Dear Ms. Martoccia:

I am pleased to provide this performance audit of WestMass ElderCare, Inc. This report details the audit objective, scope, methodology, finding, and recommendation for the audit period, January 1, 2016 through December 31, 2018. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to WestMass ElderCare, Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular stamp.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Helene Florio, President of the Board of Directors, WestMass ElderCare, Inc.
Marylou Sudders, Secretary, Executive Office of Health and Human Services
Daniel Tsai, Assistant Secretary and Director, Office of Medicaid
Alda Rego, Assistant Secretary for Administration and Finance, Executive Office of Health and Human Services
Joan Senatore, Director of Compliance, Office of Medicaid
Teresa Reynolds, Executive Assistant to Secretary Sudders

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
OVERVIEW OF AUDITED ENTITY	3
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY.....	7
DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE	9
1. WestMass ElderCare, Inc. provided adult foster care to MassHealth members without submitting annual prior authorizations.....	9
OTHER MATTERS.....	11

LIST OF ABBREVIATIONS

ADL	activity of daily living
AFC	adult foster care
ASAP	Aging Services Access Point
CMR	Code of Massachusetts Regulations
EOEA	Executive Office of Elder Affairs
EOHHS	Executive Office of Health and Human Services
FEW	Frail Elder Waiver
GAFC	group adult foster care
HCBS	home- and community-based services
HHA	home health agency
IADL	instrumental activity of daily living
MMIS	Medicaid Management Information System
OSA	Office of the State Auditor
WMEC	WestMass ElderCare, Inc.

EXECUTIVE SUMMARY

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit to help prevent and identify fraud, waste, and abuse in the Commonwealth’s Medicaid program. This program, known as MassHealth, is administered under Chapter 118E of the Massachusetts General Laws by the Executive Office of Health and Human Services, through the Division of Medical Assistance. Medicaid is a joint federal-state program created by Congress in 1965 as Title XIX of the Social Security Act. At the federal level, the Centers for Medicare & Medicaid Services, within the United States Department of Health and Human Services, administer the Medicare program and work with state governments to administer state Medicaid programs.

OSA has conducted an audit of MassHealth claims for adult foster care (AFC) paid to WestMass ElderCare, Inc. (WMEC) for the period January 1, 2016 through December 31, 2018. During this period, MassHealth paid WMEC \$20,296,251 for 11,709 claims to provide AFC for 404 MassHealth members. The average annual cost for AFC provided by WMEC for each member was approximately \$16,746.¹ The purpose of this audit was to determine whether WMEC properly billed for AFC provided to MassHealth members during our audit period.

The audit was conducted as part of OSA’s ongoing independent statutory oversight of the state’s Medicaid program. As with any government program, public confidence is essential to this program’s success and continued support.

Below is a summary of our finding and recommendation, with links to each page listed. In addition to our finding, we identified an issue we believe warrants MassHealth’s attention, which we have disclosed in the “Other Matters” section of this report.

Finding 1 Page 9	WMEC provided AFC to MassHealth members without submitting annual prior authorizations.
Recommendation Page 9	WMEC should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

1. To calculate this number, we divided the average annual amount MassHealth paid WMEC for AFC during the audit period by the average annual number of members who received AFC during this period.

Post-Audit Action

WMEC officials told us that WMEC began submitting annual prior authorizations on April 16, 2019, the day MassHealth's Long-Term Services and Supports Provider Portal became operational.

OVERVIEW OF AUDITED ENTITY

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services, through the Division of Medical Assistance, administers the state’s Medicaid program, known as MassHealth. MassHealth provides access to healthcare for approximately 1.9 million low- and moderate-income children, families, seniors, and people with disabilities annually. In fiscal year 2018, MassHealth paid healthcare providers more than \$15 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represented approximately 39% of the Commonwealth’s total fiscal year 2018 budget of approximately \$40 billion.

WestMass ElderCare, Inc. (WMEC) is a private nonprofit organization in Holyoke. It is 1 of 26 Aging Services Access Points (ASAPs) in Massachusetts. According to the website of the Executive Office of Elder Affairs (EOEA), ASAPs are “private non-profit agencies with governing boards that serve and represent 51% of people age 60 and older.” WMEC has been a MassHealth provider since 1983 and offers adult foster care (AFC) and home health services for older adults, and people with disabilities, in western Massachusetts.

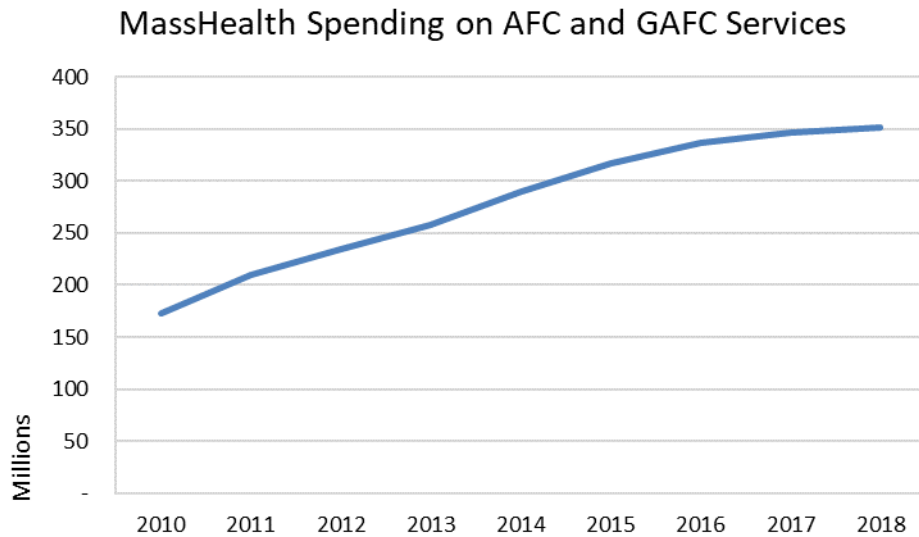
During the audit period, January 1, 2016 through December 31, 2018, MassHealth paid approximately \$1.03 billion for AFC and group adult foster care (GAFC) for 28,287 members, as detailed below.

Amounts Paid for AFC and GAFC

Calendar Year	Amount Paid	Members Served	Number of Claims
2016	\$ 336,542,916	19,993	1,783,922
2017	347,052,674	20,989	1,867,651
2018	351,035,446	21,009	2,247,302
Total	<u>\$ 1,034,631,036</u>	<u>61,991*</u>	<u>5,898,875</u>

* Of these 61,991 members, the unduplicated count is 28,287.

From 2010 through 2018, the AFC and GAFC programs’ cost almost doubled (as shown below in millions of dollars).



AFC and GAFC Programs

The AFC and GAFC programs provide MassHealth members who are elderly or have disabilities with assistance performing activities of daily living (ADLs) and instrumental activities of daily living (IADLs). ADLs include activities such as eating, toileting, bathing, walking, and dressing. IADLs are activities related to independent living that are incidental to a member’s care, such as laundry, shopping, housekeeping, meal preparation and cleanup, transportation, and medication management. Members are eligible to receive either AFC or GAFC if they require assistance or supervision with at least one ADL or IADL. Both programs are designed to provide sufficient assistance to allow members to continue to live independently and avoid the high cost of a long-term-care facility. AFC caregivers are compensated at a daily rate based on the level of care. During the audit period, the rate was between \$40 and \$80 per day.

Members who receive AFC live in the private residences of caregivers employed by MassHealth-contracted AFC providers and receive 24-hour supervision and assistance with ADLs and IADLs. Each AFC residence may house up to three members. AFC providers must provide nursing and case management for each member.

Members enrolled in the GAFC program typically live in assisted-living residences or subsidized group housing. Members receive assistance with ADLs and IADLs from GAFC aides for one to two hours each

day. GAFC providers also employ nurses and case managers who meet with members at least once every two months to develop and revise member-specific care plans.

Home Care

Home care consists of skilled and supported care provided to eligible MassHealth members in an attempt to reduce more costly hospitalization and institutionalization and to help members maintain their independence and quality of life in their own homes. It is provided through contracts with home health agencies (HHAs) and includes skilled nursing; home health aide services; and physical, occupational, and speech therapies that are medically necessary for members who are under the care of physicians. During our audit period, MassHealth processed approximately 17.4 million claims for home care and paid approximately \$1.65 billion to HHAs for the care of approximately 61,500 MassHealth members.

Frail Elder Waiver

The Frail Elder Waiver program (FEW) is a MassHealth program that went into effect in January 1990. It provides home- and community-based services (HCBS) to Massachusetts residents who require a nursing-home level of care, allowing them to receive healthcare and ongoing support services in their homes or community-living residences instead of in nursing homes. Examples of available services include Alzheimer's- and dementia-related coaching, companion services, grocery shopping and delivery, home-delivered meals, housework and chores, home health aide services, occupational therapy, and skilled nursing. To qualify for FEW, an individual must do the following:

- be 60–64 years old and have a disability, or be 65 or older
- meet clinical requirements and require the level of care provided in nursing homes, but be willing to receive the care at home
- be able to be safely served in the community within the terms of FEW
- meet the financial requirements to qualify for MassHealth Standard² in the community.

Before May 5, 2017, MassHealth regulations stated that the agency would not pay for AFC for a member on the same day s/he received other services such as home care. However, in July 2014, it issued MassHealth Provider Bulletin No. 10, stating that providers could bill for AFC and home care provided on

2. MassHealth Standard is a benefit plan that covers services such as inpatient and outpatient hospital services, adult day health, AFC, and transportation.

the same day to members who were participating in FEW. Subsequently, on May 5, 2017, Section 408.437 of Title 130 of the Code of Massachusetts Regulations was amended to allow home care for all members receiving AFC.

FEW is operated by EOE, which contracts with ASAPs such as WMEC to provide regionally based services. During the audit period, MassHealth paid approximately \$505,982,127 for 17,745 members to receive HCBS under FEW.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of payments made by MassHealth for adult foster care (AFC) to WestMass ElderCare, Inc. (WMEC) for the period January 1, 2016 through December 31, 2018.

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.

Below is our audit objective, indicating the question we intended our audit to answer, the conclusion we reached regarding the objective, and where the objective is discussed in this report.

Objective	Conclusion
1. Did WMEC obtain prior authorizations from MassHealth for its members receiving AFC?	No; see Finding <u>1</u>

Methodology

We gained an understanding of the internal controls we deemed significant to our audit objective through inquiries. In addition, we performed the following procedures to obtain sufficient, appropriate audit evidence to address our audit objective.

- We obtained data from MassHealth’s Medicaid Management Information System (MMIS) for testing purposes. To test the reliability of the data, we relied on the work performed by OSA in a separate project that tested certain information system controls in MMIS. As part of that work, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the data. Additionally, we performed validity and integrity tests on all claim data, including (1) testing for missing data, (2) scanning for duplicate records, (3) testing for values outside a designated range, (4) looking for dates outside specific periods, (5) testing for data validity errors, and (6) tracing a sample of claims queried to source documents. Based on these procedures, we determined that the data obtained were sufficiently reliable for the purposes of this report.

- To determine whether WMEC properly billed MassHealth for AFC, we selected a nonstatistical, random sample of 45 of 392³ MassHealth members who received only AFC during the audit period. We then reviewed physician summary forms and prior authorizations for these members to determine whether their physicians approved the need for AFC and whether MassHealth authorized the services. When sampling, we used a nonstatistical sampling method, whose results we could not project to the entire population.

3. Although WMEC provided AFC to 404 members, we only included the 392 who did not receive both AFC and home health aide services.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. WestMass ElderCare, Inc. provided adult foster care to MassHealth members without submitting annual prior authorizations.

During our audit period, WestMass ElderCare, Inc. (WMEC) did not submit required annual prior authorizations (determinations of MassHealth members' clinical eligibility to receive adult foster care, or AFC) for AFC it provided to MassHealth members. Specifically, for 45 of 392 MassHealth members who received AFC, WMEC did not submit 63 (57%) of 110 required annual prior authorizations. As a result, MassHealth paid for AFC that it did not authorize.

Authoritative Guidance

According to Section 408.417(B) of Title 130 of the Code of Massachusetts Regulations, prior authorizations are required for AFC before the first date of service and annually thereafter.

Reasons for Issue

WMEC officials told us MassHealth did not have a process for providers to submit annual prior authorizations, although MassHealth authorizations were required as of May 5, 2017. MassHealth officials told us the agency could not process annual prior authorizations online until April 16, 2019. They stated that this was because of a two-year delay with the new vendor that was responsible for implementing MassHealth's Long-Term Services and Supports Provider Portal, an online tool for submitting prior authorizations to MassHealth for AFC.

Recommendation

WMEC should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

Auditee's Response

WestMass ElderCare's (WMEC) Management and Adult Foster Care program staff strive to follow all program guidance in accordance with MassHealth and other directives at all times. During the period of May 5, 2017 and April 16, 2019, WMEC's Adult Foster Care program was not able to submit Prior Authorizations via the [Long-Term Services and Supports] Provider Portal, as the Portal was not operational for accepting the Prior Authorizations electronically. All Prior Authorizations were available to the Office of the State Auditor's team upon request. Since April 16, 2019, WMEC has been and will continue to submit Prior Authorizations as required per all MassHealth regulations and applicable guidance. As is our practice, WMEC will continue to

monitor compliance and quality in relation to Prior Authorizations and all aspects of the Adult Foster Care program.

MassHealth Response

The Executive Office of Health and Human Services (EOHHS, MassHealth's oversight agency) and MassHealth responded,

EOHHS agrees with the [Office of the State Auditor] that WMEC should submit annual prior authorizations. EOHHS plans to conduct an audit of WMEC to determine compliance with the prior authorization requirement for MassHealth-covered AFC.

OTHER MATTERS

Some home care may have been duplicative of adult foster care.

Our preliminary analysis of MassHealth's payments to WestMass ElderCare, Inc. (WMEC) for adult foster care (AFC) during our audit period found that MassHealth paid \$200,956 of AFC claims to WMEC for members for dates of service on which WMEC also received payment from the Executive Office of Elder Affairs (EOEA) for the members to receive home care. All of the members were participating in EOEA's Frail Elder Waiver program (FEW), and although the payments were allowable, the Office of the State Auditor (OSA) believes that some of the services may be duplicative.

Home care services provided under FEW include companion care and home-delivered meals. Companion care consists of nonmedical services provided by a caregiver, such as socialization, meal preparation, laundry, shopping, escorting to appointments, and light housekeeping tasks, that are incidental to a member's care and supervision. These services are similar to AFC that some MassHealth members have already received. For example, MassHealth members' AFC caregivers are already required to provide meals. Moreover, certain services that are part of companion care—specifically, meal preparation, laundry, shopping, and light housekeeping—are considered instrumental activities of daily living (IADLs), which are already provided under AFC regulations. Therefore, claims paid for a member to receive both AFC and home care on the same day may include payments for duplicative services.

OSA did not perform audit procedures that would allow us to determine to what extent, if any, the \$200,956 that MassHealth paid WMEC for AFC may have been for services that were included in the payments EOEA made to WMEC for home care. However, OSA believes that MassHealth should further examine this issue and determine whether there are opportunities for cost savings.

The Executive Office of Health and Human Services and MassHealth commented on this issue:

Home delivered meals and companion services provided under EOEA's Home Care program are not duplicative of MassHealth AFC services. The EOEA Home Care program's Home Delivered Meals service provides meals delivered to the home and the EOEA Home Care Program's Companion Service provides non-medical socialization. Conversely, MassHealth AFC services provide medically necessary assistance with personal care delivered by a live-in caregiver, and it does not include coverage of—nor do the rates for AFC include any costs associated with—home delivered meals or socialization (i.e. companion services). . . . Neither of these Home Care

program services provide assistance with personal care and the rates for MassHealth AFC services do not include any costs associated with meals or socialization.

As noted above, OSA's review of MassHealth regulations seemed to indicate that some of the services provided under the Home Care and AFC programs could be duplicative. For example, Section 408.435(D) of Title 130 of the Code of Massachusetts Regulations (CMR) states that in order for a member to be in a qualified setting, an AFC caregiver must provide him/her with three daily meals served at regular intervals, as well as snacks. To OSA, the requirement of providing regular daily meals to members under AFC appears, to some extent, to be duplicative of the home-delivered meals provided under EOE's Home Care program. Further, although OSA acknowledges that under the Home Care program, companion services include nonmedical socialization, they also include IADL-type services such as meal preparation, laundry, shopping, escorting to appointments, and light housekeeping tasks as defined in 651 CMR 3.02. In comparison, IADLs provided under the AFC program in accordance with 130 CMR 408.402 include basic tasks such as meal preparation, laundry, shopping, transportation, and housework, which appear to be duplicative of those provided under the Home Care program. Therefore, OSA believes that it would be prudent for MassHealth to further examine this issue and determine whether there are opportunities for cost savings.