



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

Making government work better

Official Audit Report – Issued June 8, 2018

Office of Medicaid (MassHealth)—Review of Claims
by Reen & Reen, DMD, P.C.
For the period July 1, 2012 through June 30, 2017





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June 8, 2018

Sean Willcutts, DMD
Reen & Willcutts Orthodontics
46 Daggett Drive, Suite 1B
West Springfield, MA 01089

Dear Dr. Willcutts:

I am pleased to provide this performance audit of orthodontic claims paid to Reen & Reen, DMD, P.C., doing business as Reen & Willcutts Orthodontics, by the Office of Medicaid (MassHealth). This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2012 through June 30, 2017. My audit staff discussed the contents of this report with you, and your comments are reflected in the report.

I would also like to express my appreciation to you for the cooperation and assistance you provided to my staff during the audit.

Sincerely,

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

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
EOB	explanation of benefits
HLD	Handicapping Labio-Lingual Deviations
MMIS	Medicaid Management Information System
OSA	Office of the State Auditor
R&R	Reen & Reen, DMD, P.C.

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 and Medicaid Services, within the US 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 orthodontic claims paid to Reen & Reen, DMD, P.C. (R&R), doing business as Reen & Willcutts Orthodontics, for the period July 1, 2012 through June 30, 2017. During this period, R&R was paid approximately \$10,380,899 to provide orthodontic services to 6,887 MassHealth members. The purpose of the audit was to determine whether R&R properly billed MassHealth for orthodontic services and maintained documentation in members' dental records to support these services.

The audit was conducted as part of OSA's ongoing independent statutory oversight of the state's Medicaid program. Several of our previously issued audit reports disclosed significant weaknesses in MassHealth's claim-processing system that resulted in millions of dollars in potentially improper payments. As with any government program, public confidence is essential to the success and continued support of the state's Medicaid program.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 9	R&R submitted bills using the wrong servicing provider identification number.
Recommendations Page 10	<ol style="list-style-type: none">1. R&R should always bill using the actual servicing provider identification number of the orthodontist who provided services.2. R&R should collaborate with MassHealth to clarify how to document and bill periodic orthodontic services when more than one person provides services to MassHealth members.

Finding 2 Page <u>10</u>	R&R improperly billed MassHealth when members had private insurance.
Recommendations Page <u>12</u>	<ol style="list-style-type: none">1. R&R should not bill MassHealth for any orthodontic services for a member until it has received an explanation of benefits from the member’s private insurance carrier.2. R&R should collaborate with MassHealth and its subcontractor DentaQuest, LLC to ensure that it understands and follows MassHealth’s billing requirements under these circumstances.

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 services to approximately 1.9 million eligible low- and moderate-income children, families, seniors, and people with disabilities. In fiscal year 2016, MassHealth paid healthcare providers more than \$14 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represent approximately 39% of the Commonwealth’s total annual budget.

According to Section 420.431 of Title 130 of the Code of Massachusetts Regulations, MassHealth covers preauthorized orthodontic services provided to eligible members. Dr. Sean Willcutts, president of Reen & Reen, DMD, P.C. (R&R), is a certified MassHealth provider with offices in West Springfield, Chicopee, Feeding Hills, and Westfield. R&R received a total of \$10,422,021 from MassHealth during the audit period for the services detailed below.

Services Provided by R&R

Type of Service Provided	Amount Received
Orthodontic	\$10,380,899
Preventive	26,591
Other*	14,283
Diagnostic	248
Total	<u>\$10,422,021</u>

* “Other” includes palliative treatment of dental pain, specialty mouth guards, and additional related orthodontic procedures.

Our audit focused on R&R’s billing practices for orthodontic services provided to MassHealth members, including the following:

- interceptive orthodontic treatment (preventive care)
- comprehensive orthodontic treatment (placing initial bands around molars and affixing brackets and wire, referred to as banding the braces)
- fixed appliance therapy (used to stabilize or align the teeth or jaw)
- periodic orthodontic treatment (quarterly visits once the banding process is complete)

-
- orthodontic retention/removal (removal of braces and placement of a retainer)
 - orthodontic treatment—alternative billing (used when the member has been denied comprehensive orthodontic treatment, but the provider is still paid for the work before submitting a prior-authorization request)
 - replacement of a lost/broken retainer
 - unspecified orthodontic procedure (only when approved by MassHealth)

These claims totaled \$10,380,899 during the audit period and are included under Orthodontic in the table above. See the appendix to this report for procedure codes for orthodontic services.

Orthodontic Services

According to MassHealth regulations, all orthodontic services except for pre-orthodontic treatment and orthodontic retention require prior authorization. Additionally, MassHealth members must be under the age of 21 to qualify for orthodontic services, or must have full banding before their 21st birthday.

MassHealth members can receive orthodontic services when they have a severe and handicapping malocclusion, or defect. These malocclusions include cleft palates, deep impacting overbites, or anterior tooth impactions.¹

To receive payment for services, providers must submit a form known as the Handicapping Labio-Lingual Deviations (HLD) Index Form, referred to as the HLD Index, to request prior authorization for comprehensive orthodontic treatment. According to MassHealth Transmittal Letter DEN-87 (dated June 2012), the HLD Index, among other things, provides a single score based on a series of measurements made by the orthodontist that represent the degree to which a member's teeth deviate from normal alignment. To obtain approval to provide services to members, a provider must report one of the following three conditions on the HLD Index:

- The member has a qualifying condition, such as a cleft palate, deep impacting overbite, or anterior tooth impaction, listed on the HLD Index.
- The member meets or exceeds the threshold score for treatment on the HLD Index.
- The member has another condition, and the medical necessity of treatment is documented in the narrative section of the HLD Index.

1. An anterior tooth impaction is a tooth that fails to fully emerge from the gums normally.

Administration of the Dental Program

Under a contract with the Executive Office of Health and Human Services, Dental Services of Massachusetts, Inc. administers the Dental Program, which includes orthodontic services. Dental Services of Massachusetts performs its contractual responsibilities through a subcontractor currently known as DentaQuest, LLC. DentaQuest has both programmatic and administrative responsibilities, including (1) dental/orthodontic provider network administration services, (2) customer service, (3) claim administration and processing, (4) contract administration and reporting, and (5) quality improvement / utilization management. DentaQuest is also responsible for reviewing all prior-authorization requests and HLD Indexes and approving or denying coverage of orthodontic treatment for MassHealth members.

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 Reen & Reen, DMD, P.C. (R&R) for the period July 1, 2012 through June 30, 2017.

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 the audit findings.

Objective	Conclusion
1. Did R&R properly bill MassHealth for orthodontic services and maintain documentation in member dental records to support these services?	No; see Findings <u>1</u> and <u>2</u>

Auditee Selection

During our audit period, MassHealth paid orthodontists approximately \$173.9 million for orthodontic services. To identify the orthodontists that represented the highest risk, we performed data analytics on all orthodontic claims paid during the audit period to identify (1) the frequency and cost of orthodontic services performed by providers and (2) service trends and billing anomalies that indicate potentially improper claims. Our data analytics identified high orthodontic costs and a high frequency of orthodontic services associated with certain providers. Based on the results of this analysis, we selected R&R for audit.

Methodology

We evaluated the design of R&R's billing processes for orthodontic services and the related internal controls over these processes that we deemed significant to our audit objective.

We obtained data from MassHealth's Medicaid Management Information System (MMIS) for testing purposes. To test the reliability of these data, we relied on the work performed by OSA in a separate

project that tested certain information system controls in MMIS, which is maintained by the Executive Office of Health and Human Services. As part of the work performed, 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, and (5) 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.

We requested, and received when available, the following documentation from R&R:

- member dental records
- an employee list and job descriptions
- orthodontists' work schedules
- members' appointment histories
- office locations and business hours
- orthodontists' certifications from an advanced education program approved by the Commission on Dental Accreditation

We selected a statistically random sample of 180 out of 35,725 paid orthodontic claims from the audit period, using an expected error rate of 50%, a desired precision of 15%, and a confidence level of 95%, to determine whether R&R properly billed MassHealth for these services. The expected error rate is the anticipated rate of occurrence of the error of improper billing for services; 50% is the most conservative. Desired precision is a measure of how precise the actual error rate is. Confidence level is the numerical measure of how confident one can be that the sample results reflect the results that would have been obtained if the entire population had been tested. For this audit, we designed our sample so that we would be 95% confident that the actual error rate in the sample of 180 claims would be within a range of +/- 7.5%, or 15%, of the error in the population of 35,725 claims. This 15% represents what is called the point estimate for this sample. For all tests that used statistical sampling, we did not project any identified errors to the population of orthodontic services because for Finding 1, there was no financial impact, and for Finding 2, the range of the actual error (7.2%) compared to the point estimate (+/- 7.5%) was too low.

To determine whether R&R properly documented and billed MassHealth for orthodontic services, we reviewed information in the members' dental records for the sampled claims, including the servicing providers' names, servicing providers' credentials, billing notes, appointment histories, and requests for prior authorization. We also reviewed the parameters of prior authorization and determined whether each member had private insurance; if they did, we requested explanations of benefits or denials.

We used the Executive Office of Health and Human Services' website to determine the statuses of licenses held by R&R's orthodontists during the audit period. We also reviewed MMIS and MassHealth provider contracts to determine whether the orthodontists at R&R were properly certified as MassHealth providers.

We met with MassHealth officials to discuss our preliminary findings and to further our understanding of the prior-authorization process for orthodontic services.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Reen & Reen, DMD, P.C. submitted bills using the wrong servicing provider identification number.

Reen & Reen, DMD, P.C. (R&R) submitted claims to MassHealth using the wrong servicing provider identification number. We examined the dental records for a random statistical sample of 180 out of 35,725 paid claims for all orthodontic services. Of these 180 claims, we identified 82 (46%) that were billed to MassHealth using the servicing provider identification number of an orthodontist who was a member of R&R's group practice but did not actually perform the service/s. We found that all orthodontists at R&R were properly certified by MassHealth, and therefore we are not questioning the qualifications of the orthodontists who performed the services. However, by submitting inaccurate billing information to MassHealth, R&R is limiting MassHealth's ability to effectively monitor it.

Authoritative Guidance

According to Section 420.404(A) of Title 130 of the Code of Massachusetts Regulations (CMR), when billing MassHealth, dentists (including orthodontists) who are part of a group practice must be identified on the claims for their services:

A dentist or public health dental hygienist who is a member of a group practice can direct payment to the group practice under the provisions of the MassHealth regulations governing billing intermediaries in 130 CMR 450.000. . . . The dentist or public health dental hygienist providing the services must be enrolled as an individual provider, and must be identified on claims for his or her services.

Additionally, according to 130 CMR 450.302(B), providers in a group practice must submit claims identifying the provider who provided the service:²

All claims submitted by a group practice must clearly identify by provider number the individual practitioner who actually provided the services being claimed.

Reasons for Improper Billing

R&R's billing administrator stated that R&R typically used the provider number of the owner of the practice (Dr. Reen before January 2017 and Dr. Willcutts after that date) when submitting bills to MassHealth. According to Dr. Willcutts, this decision was originally made by Dr. Reen, and Dr. Willcutts

2. This quotation is from the version of the law that was in effect January 2012–June 2017 and thus was in effect for the majority of our audit period.

continued the practice. He believes it is the best way for the group practice to bill because members could receive services from multiple providers within the group practice throughout the orthodontic process.

Recommendations

1. R&R should always bill using the actual servicing provider identification number of the orthodontist who provided services.
2. R&R should collaborate with MassHealth to clarify how to document and bill periodic orthodontic services when more than one person provides services to MassHealth members.

Auditee's Response

Our office understands that Masshealth would like to have the ability to monitor individual servicing providers. Per your suggestion we will collaborate with Masshealth so that there can be a better understanding of how they would like periodic orthodontic services billed when more than one doctor provides services over the course of treatment. It is important for Masshealth to understand that in a group orthodontic setting, where multiple doctors often work together on the same day, a patient may actually see two doctors at one visit. Doctors collaborating on cases can provide the best treatment for the patient. That being said, we will contact Masshealth for their guidance on how this situation should be managed in the future.

MassHealth's Response

1. *MassHealth agrees that the servicing provider identification number of the orthodontist who provided the services should be used when R&R submits claims to MassHealth.*
2. *MassHealth will require R&R to complete mandatory training on MassHealth billing rules and ensure that R&R's orthodontists that are providing the services are appropriately reflected on all claims submitted to MassHealth. MassHealth intends to monitor this provider for compliance with these requirements, and will impose appropriate sanctions for noncompliance.*

2. R&R improperly billed MassHealth when members had private insurance.

For 13 (7.2%) of the 180 sampled claims, R&R billed MassHealth and the members' private insurance carriers at the same time instead of billing MassHealth after receiving an explanation of benefits (EOB) from the private insurer showing that the insurer either paid or denied the service. As a result, there is a higher-than-acceptable risk that R&R could receive and retain payments from MassHealth to which it is not entitled.

We examined the billing notes in the members' dental records and the EOBs to determine whether R&R billed MassHealth only after it settled with the private insurers. In 6 of the 13 questioned claims, R&R

billed MassHealth and the private insurance at the same time and was paid in full by both. R&R eventually notified MassHealth that it had received payment from the members' private insurance companies and submitted claims to adjust the amounts it received from MassHealth. For 7 out of the 13 questioned claims, R&R billed MassHealth and the members' private insurance, but the private insurance did not cover the services; R&R did not wait for the EOB before billing MassHealth.

Authoritative Guidance

According to 130 CMR 450.316(G), providers must bill all other insurers before billing MassHealth so that MassHealth is the payer of last resort: "If a member is covered by more than one health insurer, the provider must request payment from all of the other insurers prior to submitting a claim to the MassHealth agency."

Additionally, 130 CMR 450.316 states, "All providers must make diligent efforts to obtain payment first from other resources . . . so that the MassHealth agency will be the payer of last resort."

Finally, according to 130 CMR 450.309(A), providers must submit claims within 90 days after either the date of service or the date of the EOB from another insurer:

In accordance with M.G.L. c. 118E, § 38, all claims must be received by the MassHealth agency within 90 days from the date of service or the date of the explanation of benefits from another insurer. When a service is provided continuously on consecutive dates, the date from which the 90-day deadline is measured is the latest date of service.

Reasons for Noncompliance

The billing administrator at R&R explained that a representative at DentaQuest, LLC advised her that she could bill both insurances at the same time because MassHealth does not pay claims submitted more than 90 days after the date of service and it sometimes takes more than 24 months to receive an EOB from the member's private insurance showing that the member's benefits have been exhausted. However, this was incorrect advice because, as shown above, MassHealth regulations state that claims must be received within 90 days after either the date of service or the date of the EOB, so R&R's claims should not be denied. The billing administrator gave us the name of the representative at DentaQuest who she said gave her this information, and we reached out to this DentaQuest employee in an attempt to verify the billing administrator's assertion but got no response.

Recommendations

1. R&R should not bill MassHealth for any orthodontic services for a member until it has received an EOB from the member's private insurance carrier.
2. R&R should collaborate with MassHealth and DentaQuest to ensure that it understands and follows MassHealth's billing requirements under these circumstances.

Auditee's Response

Our office makes every effort to coordinate benefits when a subscriber has multiple insurances. We will collaborate with Masshealth and DentaQuest to ensure we are following their billing requirements.

MassHealth's Response

1. *MassHealth agrees that R&R should not bill MassHealth for any orthodontic services for members with private insurance until it has received an EOB from the member's private insurance carrier.*
2. *MassHealth will require R&R to complete mandatory training on MassHealth billing rules, and will coordinate the training with DentaQuest to ensure all parties understand the policy and procedure for submitting claims to MassHealth when a member has a private insurance carrier. MassHealth intends to monitor this provider for compliance with these requirements, and will impose appropriate sanctions for noncompliance.*

APPENDIX

Definitions of Orthodontic Services

Service	Procedure Code	Service Definition / MassHealth Coverage*
Interceptive Orthodontic Treatment	D8060	Treatment intended to prevent or minimize the need for comprehensive orthodontic treatment.
Comprehensive Orthodontic Treatment	D8080	Placing initial bands around the molars and affixing brackets and wire is referred to as banding of the braces. MassHealth pays for this procedure only once per member under the age of 21. This procedure requires prior authorization based on clinical standards and includes a series of measurements made by the orthodontist that represent the degree to which a member's teeth deviate from normal alignment.
Fixed Appliance Therapy	D8220	Treatment to control a habit such as thumb sucking by using a fixed orthodontic appliance.
Periodic Orthodontic Treatment	D8670	Ongoing orthodontic visits to monitor progress and make any necessary adjustment to the bands or wires. MassHealth providers are allowed to bill these visits on a quarterly basis as long as the member was seen at least once in that quarter.
Orthodontic Retention/Removal	D8680	Services including the removal of the braces, construction and placement of retainers, and follow-up visits. MassHealth pays for a maximum of five retention visits.
Orthodontic Treatment—Alternative Billing	D8690	Pre-orthodontic workup, which includes radiographs, photographs, and measurements required on the authorization forms. If MassHealth denies a member for comprehensive orthodontic treatment, the provider can bill this code to be reimbursed for the pre-orthodontic workup.
Replacement of Lost/Broken Retainer	D8692	Replacement of a lost or broken retainer. MassHealth will pay for a replacement only during the two-year retention period.
Unspecified Orthodontic Service	D8999	Services for which there is no other orthodontic code. A provider must describe the procedure in detail when using this code.

* These definitions are paraphrased from the MassHealth *Dental Manual* (Section 420.431 of Title 130 of the Code of Massachusetts Regulations) and the American Dental Association's 2015 *Code on Dental Procedures and Nomenclature*.