



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

---

# Ohio Medicaid Program

*Review of Medicaid Clinical Laboratory Provider Reimbursements  
Made to University Medical Laboratory*

---

A Compliance Review by the:

**Fraud, Waste and Abuse  
Prevention Division**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

David Lehman, Assistant Treasurer  
19250 East Bagley Road, Suite 101  
Middleburg Heights, Ohio 44130

Re: University Medical Laboratory  
Medicaid Provider # 0603887

Dear Mr. Lehman:

We have completed our audit of selected medical services rendered to Medicaid recipients by University Medical Laboratory for the period January 1, 1994 through December 31, 1996. We identified findings in the amount of \$186,064.52, which must be repaid to the Ohio Department of Job and Family Services. The attached report details the basis for the findings.

Payment arrangements should be made with the Ohio Department of Job and Family Services within 45 days of the date of this report. When making payment, please use the remittance form at the back of this report to ensure proper credit. In accordance with Ohio Revised Code Section 131.02, if payment is not made within 45 days, this matter will be referred to the Ohio Attorney General's Office for collection.

As a matter of courtesy, a copy of this report is being sent to the Ohio Department of Job and Family Services, the Ohio Attorney General, and the Ohio State Medical Board. If you have any questions, please contact Johnnie L. Butts, Jr., Chief of the Fraud, Waste and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

JIM PETRO  
Auditor of State

May 01, 2001



## **TABLE OF CONTENTS**

	<u>Page</u>
SUMMARY OF RESULTS .....	1
BACKGROUND .....	1
PURPOSE, SCOPE AND METHODOLOGY .....	2
RESULTS .....	3
PROVIDER'S RESPONSE .....	4
PROVIDER REMITTANCE FORM .....	5

### ABBREVIATIONS

AOS	Auditor of State
CPT	Current Procedural Terminology
CY	Calendar Year(s)
FWAP	Fraud, Waste, and Abuse Prevention (Division of)
MMIS	Medicaid Management Information System
ODJFS	Ohio Department of Job and Family Services
OAC	Ohio Administrative Code
ORC	Ohio Revised Code
USC	United States Code

**This Page Intentionally Left Blank**

---

## ***SUMMARY OF RESULTS***

---

The Auditor of State (AOS), reviewed claims filed by University Medical Laboratory, Provider Number 0603887, doing business at 11400 Euclid Avenue, Suite 100, Cleveland, Ohio 44106. University

Medical Laboratory provided and was reimbursed for services to Ohio Medicaid patients. During this review, we identified findings amounting to \$186,064.52, which are recoverable as they resulted from Medicaid service claims that were unallowable under the Ohio Medicaid Provider Handbook and the Ohio Administrative Code.

---

## ***BACKGROUND***

---

The Auditor of State (AOS), working with payment history data from the Medicaid Management Information System (MMIS) of the Ohio Department of Job and Family Services (ODJFS), performs reviews designed to assess Medicaid providers' compliance with Federal and State claims reimbursement rules. A provider renders medical, dental, laboratory, or other services to Medicaid recipients. The ODJFS administers the Medicaid program.

Medicaid is a federal/state financed program whereby medical, rehabilitative and other health related services are furnished to families with dependent children, the aged, the blind and the disabled, whose income and resources are insufficient to meet the cost of necessary medical care. Medical necessity is a fundamental concept underlying the program.

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection (B), and OAC Section 5101:3-1-172, Providers are required to "Maintain all records necessary and in such form as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment or until any initiated audit is completed, whichever is longer."

In addition, rule 5101:3-1-29 (C) of the OAC states: "In all instances of fraud and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general."

"Abuse" is defined in rule 5101:3-1-29 (B) as "...those provider practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and result in an unnecessary cost to the medicaid program...."

Additionally, Chapter 3334 § V, Subsection B(6) of the Ohio Medicaid Provider Handbook (OAC § 5101:3-1-198), states that medicaid overpayments, duplicate payments, or payments for services not rendered are recoverable by the department at the time of discovery.

---

## ***PURPOSE, SCOPE AND METHODOLOGY***

---

This review addressed only selected services which the Provider rendered to Medicaid recipients during the period of January 1, 1994 through December 31, 1996. Our review was limited to clinical laboratory services involving chemistry, hematology and urinalysis tests.

The objective of this effort was to determine whether the Provider's reimbursement for these services was in compliance with regulations, and to calculate the amount of any ODJFS Medicaid overpayments if noncompliance occurred.

This review was based on information that ODJFS provides in the form of Medicaid Payment History Files from MMIS data. The MMIS system can provide payment files to reflect the provider's history of services billed with the five-digit procedural codes used to codify procedures and services. We used the ODJFS' Medicaid Provider Handbook and the OAC as guidance in determining the extent of services and applicable reimbursement rates. Work performed on this review was done in accordance with applicable government auditing standards.

The total population of claims paid by ODJFS during the review period was examined to determine whether or not an overpayment occurred and, if so, the amount of the overpayment. Claims were identified and analyzed that had potential payment errors relating to services that were not properly grouped together (bundled) or were billed twice. Bundling is a term used to describe tests that can be and frequently are done as groups and combinations ("profiles"). Unbundling occurs when Providers inappropriately bill separately for as many as 72 tests (depending on the laboratory equipment), when in actuality, all of the tests were performed from a single specimen using automated multichannel equipment. Double billing occurs when the same Current Procedural Terminology (CPT)<sup>1</sup> code is paid more than once for the same recipient on the same date of service.

A number of Ohio hospitals have already repaid overpayments resulting from unbundling. As part of the Ohio Hospital Project, which was spearheaded by U.S. Attorneys in the Northern and Southern Districts of Ohio, about 185 hospitals (some are still in the negotiation process) have repaid about \$42 million in Medicare and Medicaid overpayments, penalties, and interest to the federal government and Ohio. The AOS assisted the U.S. Attorneys in determining the amount of Medicaid overpayments for these providers.

This review used a computer program employed during the Ohio Hospital Project to identify instances of unbundling or duplication, determine the proper payment amount for these cases, and calculate the amount of any overpayment. The Provider was given an opportunity to review our results and provide additional information that might support the performance of separate tests, in lieu of tests of a single specimen performed on automated multichannel equipment.

---

<sup>1</sup>The CPT is published by the American Medical Association (AMA) for the purpose of providing a uniform language to describe medical services.

**RESULTS**

The OAC § 5101:3-11-03, Subsection (E)(1)(c), states: “. . . The CPT codes for automated multichannel tests must be billed whenever any test or combination of tests are performed simultaneously on an automated, multichannel machine from a single specimen.”

Additionally, OAC § 5101:3-11-03 states for clinical laboratory services the provider must bill the appropriate code.

The Medicare Carriers Manual §§ 7103 and 7103.1B states that a Provider is liable for Medicaid overpayments it receives, and is liable in situations when the error is due to overlapping or duplicate bills.

Based on this criteria and using the computer analysis described above, we identified 17,288 questionable transactions paid during the January 1, 1994 through December 31, 1996 review period. These 17,288 transactions, all of which occurred in calendar years 1994, 1995 and 1996, included 7,767 chemistry, 9,510 hematology and 11 urinalysis tests. All transactions tested contained either unbundled charges and/or duplicate charges.

The unbundling and duplicate charges resulted in findings amounting to \$186,064.52. The Provider was overpaid because the billed tests were not bundled into the appropriate CPT code, and some tests were billed twice, creating a duplicate payment. In the case of unbundling, the overpayment represents the difference between the amount reimbursed to the Provider for the billed individual tests and the maximum fee allowed for the bundled test. In the case of duplicate payments, the overpayment was the amount of the duplicate payment. Table 1 summarizes the category and amount of overpayment, and the number of instances found.

**Table 1: Summary of Medicaid Overpayments  
Review Period: January 1, 1994 through December 31, 1996**

Clinical Service	Overpayment Amount & Calendar Year of Payment*			Total Overpayment	Number of Transactions
	1994	1995	1996		
Chemistry	\$79,992.79	\$84,637.59	\$2,586.14	\$167,216.52	7,767
Hematology	\$9,140.15	\$9,351.55	\$278.47	\$18,770.17	9,510
Urinalysis	\$37.60	\$40.23	\$0.00	\$77.83	11
<b>Total</b>	<b>\$89,170.54</b>	<b>\$94,029.37</b>	<b>\$2,864.61</b>	<b>\$186,064.52</b>	<b>17,288</b>

\* Claims paid in each year may have been billed in the previous year.

---

***PROVIDER'S RESPONSE***

---

The Provider was given an opportunity to review a draft copy of this report and provide additional documentation or otherwise respond in writing. On February 22, 2001, an attorney for the Provider called to inform us that the Provider had sold its operations in November 1995 and was no longer in business. We responded that the Provider was still responsible for the reimbursement of any overpayments, and that we would address our findings to the signator of the provider agreement for University Medical Laboratory.

**PROVIDER REMITTANCE FORM**

Make your check payable to the Treasurer of State of Ohio and mail check along with this completed form to:

Ohio Department of Job and Family Services  
Post Office Box 182367  
Columbus, Ohio 43218-2367

Provider: University Medical Laboratory  
c/o David Lehman, Assistant Treasurer  
19250 East Bagley Road, Suite 101  
Middleburg Heights, Ohio 44130

Provider Number: 0603887

Audit Period: January 1, 1994 through December 31, 1996

AOS Finding Amount: \$186,064.52

Date Payment Mailed: \_\_\_\_\_

Check Number: \_\_\_\_\_

**IMPORTANT:** To ensure that our office properly credits your payment, please also fax a copy of this remittance form to: Charles T. Carle at (614) 728-7398.

**This Page Intentionally Left Blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**UNIVERSITY MEDICAL LABORATORY**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 1, 2001**