JOHN BALKO AND ASSOCIATES, INC., DBA SENIOR HEALTHCARE ASSOCIATES ALSO KNOWN AS DR. JOHN BALKO AND ASSOCIATES, INC.
HERMITAGE, PENNSYLVANIA
MEDICAID COMPLIANCE EXAMINATION REPORT

FOR THE PERIOD JANUARY 1, 2009 THROUGH DECEMBER 31, 2011

Dave Yost • Auditor of State

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JOHN BALKO AND ASSOCIATES, INC., DBA SENIOR HEALTHCARE ASSOCIATES ALSO KNOWN AS DR. JOHN BALKO AND ASSOCIATES, INC.
HERMITAGE, PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO PODIATRY SERVICES

Dr. John Balko, Owner/CEO
John Balko and Associates, Inc., DBA Senior Healthcare Associates
also known as Dr. John Balko and Associates, Inc.
102 N. Keel Ridge Road
Hermitage, Pennsylvania 16148

RE: *Medicaid Provider Number 2068337*

Dear Dr. Balko:

We examined your (the Provider's) compliance with specified Medicaid requirements for provider qualifications and service documentation related to the provision of podiatry services during the period of January 1, 2009 through December 31, 2011. We tested service documentation to verify that there was support for the date of service and procedure code paid by Ohio Medicaid and examined provider qualifications. The accompanying Compliance Examination Report identifies the specific requirements examined.

Provider's Responsibility

The Provider entered into an agreement with the Ohio Department of Medicaid (ODM) to provide services to Medicaid recipients (the Provider Agreement). The Provider Agreement outlines the responsibility to adhere to the terms of the agreement, state statutes and rules, federal statutes and rules, and the regulations and policies set forth in the Medicaid Handbook including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Therefore, the Provider is responsible for complying with the requirements and laws outlined by the Medicaid program.

Auditor's Responsibility

Our responsibility is to express an opinion and report on the Provider's compliance with the specified Medicaid requirements based on our examination. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code and conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and, accordingly, included examining, on a test basis, evidence supporting the Provider's compliance with those Medicaid requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. However, our examination does not provide a legal determination on the Provider's compliance with the specified Medicaid requirements.

Internal Control Over Compliance

The Provider is responsible for establishing and maintaining effective internal control over compliance with the specified Medicaid requirements referred to above. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over compliance.

Opinion on Compliance

In our opinion, the Provider complied, in all material respects, with the aforementioned requirements pertaining to provider qualifications and service documentation for the period of January 1, 2009 through December 31, 2011.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Examination Report. We did not test other requirements and, accordingly, we do not express an opinion on the Provider's compliance with other requirements.

We found the Provider was overpaid by Ohio Medicaid for services rendered between January 1, 2009 and December 31, 2011 in the amount of $72.41 (see Results section for period to recover overpayments). This finding plus interest in the amount of $6.99 totaling $79.40 is due and payable to ODM upon it's adjudication of this examination report. When the Auditor of State identifies fraud, waste or abuse by a provider in an examination,[1] any payment amount in excess of that legitimately due to the provider will be recouped by ODM through its Fiscal Operations, the state auditor, or the office of the attorney general. Ohio Admin. Code § 5160-1-29(B).

This report is intended solely for the information and use of the Ohio Department of Medicaid, the Medicaid Fraud Control Unit of the Ohio Attorney General's Office, the U.S. Department of Health and Human Services/Office of Inspector General, and other regulatory and oversight bodies and is not intended to be and should not be used by anyone other than these specified parties. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Dave Yost
Auditor of State

May 12, 2015

[1] "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitute an overutilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5160-1-29(A)

COMPLIANCE EXAMINATION REPORT FOR JOHN BALKO AND ASSOCIATES, INC., DBA SENIOR HEALTHCARE ASSOCIATES

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. The rules and regulations that providers must follow are specified in the Ohio Administrative Code and the Ohio Revised Code. The fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services. *See* Ohio Admin. Code § 5160-1-01(A). According to Ohio Admin. Code § 5160-1-17.2(D), Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. Ohio Admin. Code § 5160-1-17.2(E).

The Provider is a multi-specialty group of physicians providing podiatry, vision and audiology services to long term care and custodial care Ohio Medicaid recipients. The Provider received a total reimbursement of $495,319.10 during our examination period which included reimbursements totaling $78,801.20 for 2,841 podiatry services. Approximately 90 percent of the reimbursements for podiatry services were comprised of debridement of one to five toes (procedure code 11720) and debridement of six or more toes (procedure code 11721). There were 2,556 debridement services paid totaling $67,429.67 to 830 unique recipients on 480 dates of service in our examination period; all rendered in custodial care or nursing facilities.

Podiatric physicians may perform covered services which consist of the medical, mechanical and surgical treatment of ailments of the foot, the muscles and tendons of the leg governing the foot, and superficial lesions of the hand other than those associated with trauma. The podiatric physician may also treat the local manifestation of systemic disease as they appear in the hand and foot. Ohio Admin. Code § 5160-7-02(A)

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect.

The scope of the engagement was limited to of debridement of one to five toes (procedure code 11720) and debridement of six or more toes (procedure code 11721) that the Provider rendered to Medicaid recipients and received payment during the period of January 1, 2009 through December 31, 2011.

We received the Provider's claims history from the Medicaid Management Information System (MMIS) and the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program. We removed all voids, services paid at zero and services with third-party or Medicare co-payments. From this subpopulation we judgmentally selected five facilities from five different Ohio counties and then haphazardly selected 30 debridement services (procedure codes 11720 and 11721) from each facility. This resulted in a sample of 150 services, consisting of 11 procedure code 11720 services and 139 procedure code 11721 services.

An engagement letter was sent to the Provider on September 23, 2014 setting forth the purpose and scope of the examination. An entrance conference was held on October 27, 2014. During the

entrance conference the Provider described its documentation practices and processes for submitting billing to the Ohio Medicaid program. Our fieldwork was performed following the entrance conference.

Results

We examined 150 debridement services (procedure codes 11720 and 11721) and identified five errors. ODM may recover an overpayment during the five-year period immediately following the end of the state fiscal year in which the overpayment was made according to Ohio Rev. Code § 5164.57. As a result, we identified $72.41 paid by Ohio Medicaid on or after July 1, 2010 for errors in our sample as an overpayment. The non-compliance found during our examination and the basis for our findings is described below in more detail.

A. Provider Qualifications

According to Ohio Admin. Code § 5101:3-3-19(G), podiatry services provided by a licensed podiatrist are reimbursable.

We verified through the Ohio e-License Center that all physicians who rendered podiatry services in our examination were licensed through the Ohio Medical Board and held a valid license during the examination period.

B. Service Documentation

Medicaid providers are required to keep records that establish medical necessity and disclose the type, extent, and level of service rendered to Medicaid recipients according to Ohio Admin. Code § 5101:3-1-27(A). In addition, Ohio Admin. Code § 5101:3-4-06(B) states that providers must select and bill the appropriate code.

We limited our examination to ensuring documentation was present for services rendered and that the activity noted in the documentation generally supported the procedure code billed. We obtained the description of the procedure code from the American Medical Association's Code Manager®. If the documentation did not reflect the activity consistent with the procedure code billed, we noted it as an error.

Our review of 150 services identified five errors in which the activity noted in the service documentation did not support the procedure code reimbursed. In three instances the service documentation did not indicate a debridement service was performed and in two instances the service documentation supported the debridement of one to five nails instead of the debridement of six or more nails as reimbursed.

The overpayments associated with the three errors that were paid on or after July 1, 2010 were included in the finding amount of $72.41 and were for the instances in which no debridement was indicated. The reimbursements for the two instances where the service documentation supported fewer nails debrided were paid prior to July 1, 2010 so no finding was made.

Recommendation:

The Provider should ensure that it properly bills for the service provided, including use of the proper procedure code. The Provider should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

Provider Response

We did not receive an official response from the Provider to the results of this compliance examination; however, the Provider did initiate steps to remit payment to ODM for the $72.41 finding identified.

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JOHN BALKO AND ASSOCIATES INC.

OUT OF STATE

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
JULY 28, 2015

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