



OHIO AUDITOR OF STATE  
**KEITH FABER**







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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO  
SELECT BEHAVIORAL HEALTH SERVICES**

Ohio Department of Medicaid  
50 West Town Street, Suite 400  
Columbus, Ohio 43215

RE: CRN Healthcare Inc.  
Ohio Medicaid Numbers: 0258381 and 0290561  
National Provider Identifiers (NPI): 1871005306 and 1760974349

We examined compliance with specified Medicaid requirements for provider qualifications, service documentation and service authorization related to intensive outpatient level of care group counseling (hereafter referred to as IOP) during the period of July 1, 2019 through June 30, 2021 for CRN Healthcare Inc. (CRN).

We also tested the following select payments:

- All services billed with a service date of April 15, 2020 in which CRN and another agency were reimbursed for the same recipient and procedure code;
- The services on the 14 RDOS<sup>1</sup> in April 2020 with the highest number of services;
- Multiple psychiatric evaluations for the same recipient by the same billing provider in the same calendar year;
- Multiple office/outpatient visits for the evaluation and management of a new patient (hereafter referred to as new patient E/M service) for same recipient; and
- Urinalysis tests reimbursed twice for the same recipient and date of service.

CRN entered into an agreement with the Ohio Department of Medicaid (the Department) to provide services to Medicaid recipients and to adhere to the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules, including the duty to maintain all records necessary and in such form to fully disclose the extent of services provided and significant business transactions. CRN is responsible for its compliance with the specified requirements.

The Compliance Section of this report identifies the specific requirements examined. Our responsibility is to express an opinion on CRN's compliance with the specified Medicaid requirements based on our examination.

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<sup>1</sup> RDOS is defined as all services for a given recipient on a specific date of service.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether CRN complied, in all material respects, with the specified requirements detailed in the Compliance Section. We are required to be independent of CRN and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our compliance examination.

An examination involves performing procedures to obtain evidence about whether CRN complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion. Our examination does not provide a legal determination on CRN's compliance with the specified requirements.

### ***Internal Control over Compliance***

CRN is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. 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 CRN's internal control over compliance.

### ***Basis for Adverse Opinion***

Our examination disclosed that, in a material number of instances, CRN had no service documentation to support the payment and the service documentation, when present, did not include the name of the rendering practitioner and/or the time of day or duration. In addition, there was material noncompliance as CRN lacked treatment plans and, when present, the treatment plans were not signed.

### ***Adverse Opinion on Compliance***

In our opinion, CRN has not complied, in all material respects, for the select requirements of IOP services and the selected additional payments for the period of July 1, 2019 through June 30, 2021.

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

We identified improper Medicaid payments in the amount of \$1,288,798.05. This finding plus interest in the amount of \$138,978.33 (calculated as of May 8, 2023) totaling \$1,427,776.38 is due and payable to the Department upon its adoption and adjudication of this examination report.

Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process. See Ohio Admin. Code § 5160-1-27. If waste and abuse<sup>2</sup> are suspected or apparent, the Department and/or the Office of the Attorney General will take action to gain compliance and recoup inappropriate or excess payments. Ohio Admin. Code § 5160-1-29(B)

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<sup>2</sup> "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).

CRN Healthcare Inc  
Montgomery County  
Independent Auditor's Report on  
Compliance with Requirements of the Medicaid Program  
Page 3

This report is intended solely for the information and use of CRN, the Department, and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

May 8, 2023

## COMPLIANCE SECTION

### 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 for the program are specified in the Ohio Administrative Code and the Ohio Revised Code. 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 from receipt of payment or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. See Ohio Admin. Code § 5160-1-17.2(D) and (E).

CRN is an Ohio Department of Mental Health and Addiction Services certified agency (Types 84 and 95) and received payment of \$8.9 million including managed care and fee-for-service payments for 138,267<sup>3</sup> services.

### Purpose, Scope, and Methodology

The purpose of this examination was to determine whether CRN's claims for payment 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 select payments for behavioral health services as specified below for which CRN billed with dates of service from July 1, 2019 through June 30, 2021 and received payment.

We obtained CRN's claims history from the Medicaid database of services billed to and paid by Ohio's program. We also obtained claims data from one Ohio managed care organization and verified that the services were paid to CRN's tax identification number. We removed services paid at zero and claims with a patient liability. From the remaining total paid services, we selected the following in the order listed:

- All services billed with a service date of April 15, 2020 in which CRN and another agency were reimbursed for the same recipient and procedure code (psychotherapy, 30 minutes (90832) established patient E/M visit (99213), substance abuse disorder (SUD) case management (H0006) and nursing service by a licensed practical nurse (LPN) (T1003)) (Shared Recipient Exception Test);
- The 14 RDOS in April 2020 with the highest number of services which included psychiatric diagnostic evaluation (90791), psychotherapy (30 minutes – 90832; 45 minutes – 90834; and for crisis 60 minutes – 90839), established patient E/M (99213), SUD case management (H0006), urine drug screening (H0048) and LPN services (T1003)) (Highest 14 RDOS in April, 2020 Exception Test);
- Multiple psychiatric diagnostic evaluations in the same calendar year (90731 and 90792) for the same recipient by the same billing provider (Multiple Psychiatric Evaluations Exception Test);
- Multiple use of the new patient E/M code for same recipient (99202, 99203, 99204 and 99205) (Multiple New Patient E/M Codes Exception Test);
- Urine drug screening reimbursed twice for the same recipient and date of service (H0048) (Urinalysis Exception Test); and

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<sup>3</sup> Payment data is from the Medicaid Information Technology System (MITS)

- Intensive outpatient level of care group counseling (H0015) (IOP Sample).

The exception tests and calculated sample size are shown in **Table 1**.

<b>Table 1: Exception Tests and Sample</b>		
<b>Universe</b>	<b>Population Size</b>	<b>Selected Services</b>
Shared Recipients	20	20
Highest 14 RDOS in April, 2020	88	88
Multiple Psychiatric Evaluations	73	73
Multiple New Patient E/M Codes	58	58
Urinalysis	349	349
IOP Sample	12,708	100
<b>Total</b>	<b>13,296</b>	<b>688</b>

A notification letter was sent to CRN setting forth the purpose and scope of the examination. During the entrance conference, CRN described its documentation practices and billing process. During fieldwork, we reviewed treatment plans, service documentation and verified professional licensure. We sent preliminary results to CRN and it submitted no additional documentation.

## Results

The summary results are shown in **Table 2**. While certain services had more than one error, only one finding was made per service. The non-compliance and basis for findings is discussed below in further detail.

<b>Table 2: Results</b>				
<b>Universe</b>	<b>Services Examined</b>	<b>Non-compliant Services</b>	<b>Non-compliance Errors</b>	<b>Improper Payment</b>
<b>Exception Tests</b>				
Shared Recipients	20	20	20	\$897.83
Highest 14 RDOS in April, 2020	88	87	90	\$4,953.89
Multiple Psychiatric Evaluations	73	30	30	\$0.00
Multiple New Patient E/M Codes	58	39	39	\$5,018.33
Urinalysis	349	171	171	\$0.00
<b>Sample</b>				
IOP Services	100	76	123	\$1,277,928.00 <sup>1</sup>
<b>Total</b>	<b>688</b>	<b>423</b>	<b>473</b>	<b>\$1,288,798.05</b>

<sup>1</sup> The overpayment identified for 76 of the 100 services from a statistical random sample were projected across CRN's population of intensive outpatient level of care group counseling (H0015) services (less extracted and excluded services) resulting in a projected overpayment of \$1,411,838 with a 90 percent degree of certainty that the true population overpayment amount fell within the range of \$1,277,928 and \$1,545,748 (+/- 9.48 percent). A finding was made for the lower limit of the estimate of \$1,277,928. See the **Appendix**.

**A. Provider Qualifications**

*Exclusion or Suspension List*

Per Ohio Admin. Code § 5160-1-17.2(H), in signing the Medicaid provider agreement, a provider agrees that the individual practitioner or employee of the company is not currently subject to sanction under Medicare, Medicaid, or Title XX or is otherwise prohibited from providing services to Medicaid beneficiaries.

We compared the 22 licensed/certified practitioner's names identified in the IOP Sample to the Office of Inspector General exclusion database and the Department's exclusion/suspension list. We also compared the identified owner and administrative staff names to the same database and exclusion/suspension list. We found no matches.

*Licenses/Certifications*

For the 22 licensed/certified practitioners identified in the documentation for the IOP Sample, we verified via the e-License Ohio Professional Licensure System that their certifications or licenses were current and valid on the first date found in our selected services and were active during the remainder of the examination period.

*Highest 14 RDOS in April, 2020 Exception Test*

The 88 services examined contained nine instances in which the name of the practitioner was not included on the service documentation so we could not determine if the practitioner was eligible to render services.

These nine errors are included in the improper payment amount of \$4,953.89.

*IOP Sample*

The 100 services examined contained seven instances in which the name of the practitioner was not included on the service documentation so we could not determine if the practitioner was eligible to render services.

These seven errors are included in the projected improper payment amount of \$1,277,928.

We did not test for provider identification on the service documentation in the remaining exception tests.

**Recommendation**

CRN should develop and implement procedures to ensure that all service documentation contains the name of the rendering practitioner. CRN should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

**B. Service Documentation**

Documentation requirements include the date, time of day, and duration of service contact. See Ohio Admin. Code §§ 5160-27-02(H) and 5160-8-05(F). We compared CRN's documentation to the required elements. We also compared units billed to documented duration and we ensured the services met the duration requirements.



## **B. Service Documentation (Continued)**

### *Shared Recipient Exception Test*

We requested documentation for 11 services from another Medicaid provider who was reimbursed for the same recipient, procedure code and date as was CRN to determine if there were overlapping services. The other provider stated it did not bill or receive payment for the services and did not provide any supporting documentation for the 11 payments. CRN and the other provider have common ownership.

CRN did not have documentation for the 20 services examined for the shared recipients. These 20 errors resulted in an improper payment amount of \$897.83.

### *Highest 14 RDOS in April, 2020 Exception Test*

The 88 services examined contained the following errors:

- 41 instances in which there was no documentation to support the payment;
- 37 instances in which the documentation did not contain time of day or duration; and
- 3 instances in which the documentation did not include a description of the service rendered.

These 81 errors are included in the improper payment amount of \$4,953.89.

### *IOP Sample*

The 100 services examined contained the following errors:

- 31 instances in which there was no documentation to support the payment;
- 25 instances in which the documentation did not contain time of day or duration; and
- 1 instance in which the duration did not meet the minimum requirement.

These 57 errors are included in the projected improper payment amount of \$1,277,928.

We also noted eight instances in which the minimum required duration was not met by one minute. We did not associate improper payments for these eight errors.

We did not test service documentation in the remaining exception tests.

## **Recommendation**

CRN should develop and implement procedures to ensure that all service documentation and billing practices fully comply with requirements contained in Ohio Medicaid rules. In addition, CRN should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. CRN should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

The Department should pursue recoupment of the 11 payments to the other provider and determine if further review is warranted. The details for these payments were provided separately to the Department.

## **C. Authorization to Provide Services**

A treatment plan must be completed within five sessions or one month of admission, whichever is longer, must specify mutually agreed treatment goals and track responses to treatment and is expected to bear the signature of the professional who recorded it. See Ohio Admin. Code §§ 5160-27-02(H) and 5160-8-05(F).

### **C. Authorization to Provide Services (Continued)**

#### *IOP Services Sample*

The 100 services examined contained the following errors:

- 49 instances in which there was no treatment plan to authorize the service;
- 7 instances in which the treatment plan was not signed by the practitioner who recorded it; and
- 3 instances in which the treatment plan did not authorize the service examined.

These 59 errors are included in the projected improper payment amount of \$1,277,928.

We did not test service authorization in the exception tests.

### **Recommendation**

CRN should develop and implement procedures to ensure that all service authorizations fully comply with requirements contained in Ohio Medicaid rules. In addition, CRN should implement a quality review process to ensure that service authorizations are complete and accurate prior to submitting claims for reimbursement.

### **D. Medicaid Coverage**

#### *Multiple Psychiatric Evaluations Exception Test*

Per Ohio Admin. Code § 5160-27-02(B), Psychiatric diagnostic evaluation and psychiatric diagnostic evaluation with medical services are each limited to one encounter per recipient, per billing provider, per calendar year. This limitation can be exceeded with prior authorization from the Department<sup>4</sup>.

The 73 services examined contained 30 instances in which the claim exceeds billing limitation of one psychiatric diagnostic evaluation per calendar year and CRN had no prior authorizations. The managed care organization did not require the prior authorization as per the state plan rule so we did not associate an improper payment for these services.

#### *Multiple New Patient E/M Codes Exception Test*

Per the Current Procedural Terminology Manual, new patient E/M codes do not include established patients who have received prior professional services from a physician or another physician in the exact same specialty practice and subspecialty in the previous three years.

The 58 services examined contained 39 instances in which there was no documentation to support the payment. These 39 errors resulted in the improper payment amount of \$5,018.33.

#### *Urinalysis Exception Test*

Per Ohio Admin. Code § 5160-27-02(C), substance use disorder urine drug screening is limited to one per day, per recipient. This limitation can be exceeded with prior authorization from the Department<sup>4</sup>.

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<sup>4</sup> Due to the COVID pandemic, the requirement for prior authorizations was removed for the period March 27, 2020 through June 30, 2020.

#### **D. Medicaid Coverage (Continued)**

The 349 services examined contained 171 instances in which a substance use disorder urine drug screening was reimbursed twice for the same recipient and date of service and the provider had no prior authorizations. The managed care organization did not require the prior authorization as per the state plan rule so we did not associate an improper payment for these services.

#### **Recommendation**

CRN should develop and implement procedures to ensure that services billed to Medicaid are consistent with the benefits covered by the program. CRN should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

In addition, the managed care organization should further review the services in the Multiple Psychiatric Evaluations and Urinalysis Test exception tests for to ensure these services are necessary and do not represent an over utilization of services.

#### **E. Subsequent Event**

On March 1, 2023, CRN informed us that it had closed all offices due to financial struggles and that another agency assumed the provision of services to its recipients. At the conclusion of this compliance examination, CRN indicated it maintained one office in Centerville, Ohio and that one of the agency's owners remains as the solo practitioner who is providing services in three middle schools.

#### **Official Response**

CRN indicated it has purchased a new electronic medical records system that it believes will eliminate the vast majority of the non-compliance identified in this compliance examination. We did not examine CRN's response and, accordingly, we express no opinion on it.

**APPENDIX**

**Summary of IOP Group Counseling (H0015) Sample**

**Population**

The population is all paid Medicaid IOP services (H0015), net of any adjustments, less certain excluded services, where the service was billed with dates of service during the period of January 1, 2019 through June 30, 2021 and payment was made by an MCO or the Department.

**Sampling Frame**

The sampling frame for this sample was paid and processed claims from the MCO's claim system and the Department's claim system. These systems contain all Medicaid payments and all adjustments made to the Medicaid payments by the MCO and the Department.

**Sample Unit**

The sampling unit was a service.

**Sample Design**

We used a simple random attribute sample.

<b>Description</b>	<b>Results</b>
Number of Services in Population	12,708
Number of Services Sampled	100
Number of Services Sampled with Errors	76
Total Medicaid Amount Paid for Population	\$1,857,903.64
Amount Paid for Services Sampled	\$14,706.96
Projected Population Overpayment (Point Estimate)	\$1,411,838
Upper Limit Overpayment Estimate at 90% Confidence Level	\$1,545,748
Lower Limit Overpayment Estimate at 90% Confidence Level	\$1,277,928
Precision of Overpayment Projection at 90% Confidence Level	\$133,910 (9.48%)

Source: Analysis of MCO and the Department's information and CRN's records

# OHIO AUDITOR OF STATE KEITH FABER



**CRN HEALTHCARE INC.**

**MONTGOMERY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/20/2023**

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[www.ohioauditor.gov](http://www.ohioauditor.gov)