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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH 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: First Step Recovery Center, LLC
Ohio Medicaid Numbers: 0150568, 0237524, 0262342 and 0345731
National Provider Identifiers (NPIs): 1467826453, 1477004810, 1093213894 and 1700340759

We examined compliance with specified Medicaid requirements for the selected payments listed below during the period of July 1, 2019 through June 30, 2021 for First Step Recovery Center, LLC (First Step).

We tested the following select payments:

- A sample of instances in which substance use disorder (SUD) licensed practical nurse (LPN) services and evaluation and management of a patient (office visits) were reimbursed for the same day for the same recipient;
- All instances in which the same procedure code was paid for the same recipient and service date by both fee-for-service and a managed care organization (MCO);
- All instances in which a per diem service and another select service were paid on the same day for the same recipient;
- All instances in which more than one urinalysis was paid on the same day for the same recipient;
- All instances in which more than one new patient office visit was paid for the same recipient during the examination period;
- All instances in which more than one psychiatric diagnostic evaluation was paid for the same recipient within the same calendar year;
- All instances in which a service was billed during a potential inpatient hospital stay;
- Select instances in which the same lab test was paid twice for the same recipient on the same day and the rendering providers listed on the claim were different; and
- A random selection of payments for group counseling at the intensive outpatient level (IOP) and partial hospitalization level of care[1].

First Step 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 so as to fully disclose the extent of services provided and significant business transactions. Management of First Step 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 First Step's compliance with the specified Medicaid requirements based on our examination.

[1] Hereafter referred to as IOP and partial hospitalization

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 First Step complied, in all material respects, with the specified requirements referenced above. We are required to be independent of First Step 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 First Step 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 First Step's compliance with the specified requirements.

Internal Control over Compliance

First Step 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 First Step's internal control over compliance.

Basis for Qualified Opinion

Our examination disclosed, in a material number of instances, the following non-compliance:

- First Step received duplicate payments from fee-for service and an MCO;
- First Step billed for duplicate urinalysis services;
- First Step had no documentation to support payments for the selected psychiatric evaluations, lab tests and IOP services;
- First Step billed for services while recipient was an inpatient and had no documentation to support the payments;
- First Step's ambulatory detoxification services did not include time of day or duration;
- First Step did not have signed treatment plans for the selected partial hospitalization; and
- First Step did not meet the minimum duration for the selected partial hospitalization and sampled SUD LPN nursing services.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, First Step has complied, in all material respects, with the select requirements for the selected 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 First Step's compliance with other requirements.

We identified improper Medicaid payments in the amount of $9,993.48. This finding plus interest in the amount of $1,770.90 (calculated as of September 7, 2023) totaling $11,764.38 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 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.[2] *See* Ohio Admin. Code § 5160-1-29(B).

This report is intended solely for the information and use of First Step, 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.

Keith Faber
Auditor of State
Columbus, Ohio

September 7, 2023

[2] "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 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).

First Step is an Ohio Department of Mental Health and Addictions Services certified agency (provider type 84 and 95), a professional medical group (type 21) and an independent laboratory (type 80) that received payment of approximately $14 million under the provider numbers examined for over 283,000 mental health and SUD treatment services[3]. First Step has locations in Columbus, Lancaster, Marion and Reynoldsburg, Ohio. During the examination period, First Step also had a location in Delaware, Ohio which closed in 2021.

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether First Step'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, as specified below, for which First Step billed with dates of service from July 1, 2019 through June 30, 2021 and received payment.

We obtained First Step's fee-for-service claims history from the Medicaid database of services billed to and paid by Ohio's Medicaid program. We obtained paid claims data from one Medicaid managed care organization (MCO) and confirmed the services were paid to First Step's tax identification number. From the fee-for-service and MCO data, we removed services paid at zero, third-party payments and Medicare crossover claims. From the remaining total paid services, we selected the following services:

- All instances in which the same service was paid for the same recipient and service date by both fee-for-service and an MCO (Duplicate Paid Services Exception Test);
- All instances in which an IOP (procedure code H0015) or withdrawal management (H0012) service was paid on the same day for the same recipient as another withdrawal management (H0014) or IOP (H0015) service (Per Diem and Other Select Service on Same Day Exception Test);
- All instances in which more than one urinalysis (H0048) was paid on the same day for the same recipient (More than One Urinalysis on Same Day Exception Test);
- All instances in which more than one new patient office visit (99203 or 99204) was paid for the same recipient during the examination period (More than One New Patient Office Visit Exception Test);
- All instances in which more than one psychiatric diagnostic evaluation (90791) was paid for the same recipient within the same calendar year (More than One Diagnostic Evaluation Exception Test);
- All instances in which a service was billed during a potential inpatient hospital stay (Services During Potential Inpatient Stay Exception Test);

[3] Payment data from the Medicaid Information Technology System (MITS).

Purpose, Scope, and Methodology (Continued)

- Select instances in which there were two payments for the same lab test for the same recipient on the same day billed with different rendering practitioners (More than One Drug Test Exception Test);
- A random sample of 60 recipient dates of service (RDOS)[4] with both a SUD LPN nursing (T1003) and an office visit (99213 and 99214) (LPN Nursing Services and Office Visits Sample); and
- A random selection of 45 IOP (H0015) and 75 partial hospitalization payments (H0015 with TG modifier) (IOP and Partial Hospitalization Exception Test).

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

Table 1: Exception Tests and Sample

Universe	Population Size	Sample Size	Selected Services
Exception Tests			
Duplicate Paid Services[1]			44
Per Diem and Other Select Service on Same Day[2]			14
More than One Urinalysis on Same Day (H0048)			42
More than One New Patient Office Visit (99203, 99204)			10
More than One Diagnostic Evaluation (90791)			18
Services During Potential Inpatient Stay[3]			27
More than One Drug Test[4]			48
IOP Services (H0015) Partial Hospitalization Services (H0015 with TG modifier)			45 75
Sample			
LPN Nursing Services and Office Visits (99213, 99214, T1003)	11,681 RDOS	60 RDOS	121
Total			**444**

[1] These services include psychiatric diagnostic evaluations (90791), individual psychotherapy (90834) new patient office visits (99203), established patient office visits (99212 and 99213).
[2] These services include withdrawal management per diem (H0012), withdrawal management hourly (H0014) and IOP (H0015).
[3] These services include individual psychotherapy (90832, 90834, 90837), established patient office visits (99213), group counseling (H0005), case management (H0006), urinalysis (H0048) and SUD LPN nursing (T1003).
[4] These services include drug screening for amphetamines (80324), barbiturates (80345), antidepressants (80346), cannabinoids (80349), cocaine (80353), methylphenidate (80360), opiates (80361), opioids (80363) and skeletal muscle relaxants (80370).

A notification letter was sent to First Step setting forth the purpose and scope of the examination. During fieldwork, First Step described its documentation practices and billing process. In addition, we obtained an understanding of the electronic health record system used, reviewed service documentation and verified professional licensure. We sent preliminary results to First Step and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

[4] An RDOS is defined as all services for a given recipient on a specified date of service.

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.

Table 2: Results

Universe	Services Examined	Non-compliant Services	Non-compliance Errors	Improper Payment
Exception Tests				
Duplicate Paid Services	44	22	22	$1,271.09
Per Diem and Other Select Service on Same Day	14	10	13	$2,664.48
More than One Urinalysis on Same Day	42	21	21	$304.08
More than One New Patient Office Visit	10	1	1	$188.51
More than One Diagnostic Evaluation	18	5	5	$555.55
Services During Potential Inpatient Stay	27	7	8	$303.88
More than One Drug Test	48	24	24	$1,069.84[1]
IOP Services Partial Hospitalization Services	45 75	6 10	10 15	$3,147.48
Sample				
LPN Nursing Services and Office Visits	121	19	19	$488.57
Total	**444**	**125**	**138**	**$9,993.48**

[1] Due to the 100 percent error rate for this exception test, the improper payment amount is equal to the total paid for all instances in which there were two payments for the same lab test for the same recipient on the same day billed with different rendering practitioners in the examination period.

A. Provider Qualifications

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 identified 63 practitioners in the service documentation for the selected services and compared their names to the Office of Inspector General exclusion database and the Department's exclusion/suspension list. We also compared identified owners and administrative staff names to the same database and exclusion/suspension list. We found no matches.

For the 18 certified and 45 licensed practitioners identified in the service documentation for this examination, 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.

The Department requires that providers and practitioners who want to furnish Medicaid covered services to Medicaid recipients enroll as Medicaid providers. This includes both providers and practitioners who will submit claims seeking reimbursement for services furnished to Medicaid recipients and rendering practitioners who are employed by provider groups or organizations who will submit claims to the department for payment. *See* Ohio Admin. Code § 5160-1-17.

A. Provider Qualifications (Continued)

We searched the Medicaid Information Technology System (MITS) and verified that each rendering practitioner had an active Medicaid provider number on the first date found in our selected services and was active during the remainder of the examination period.

We did not test provider qualifications for the services paid by both fee-for-service and an MCO, the multiple urinalysis and the multiple lab exception tests.

B. Service Documentation

Medicaid reimbursement is contingent upon providers maintaining complete and accurate documentation as specified in rules 5160-01-27 and 5160-8-05 of the Ohio Administrative Code. *See* Ohio Admin. Code §§ 5160-27-02(H) and 5160-27-03(G). Documentation requirements include the type, description, date, time of day, and duration of service contact. In addition, each record is expected to bear the signature and indicate the discipline of the professional who recorded it. *See* Ohio Admin. Code § 5160-8-05(F).

We obtained service documentation from First Step and compared it to the required elements. We also compared units billed to documented duration. For IOP and partial hospitalization services, we ensured the service met the duration requirements. For other time-based services, we ensured the minimum length of service was met in accordance with the Department's Provider Requirements and Reimbursement Manual.

Per Diem and Other Select Service on Same Day Exception Test

The 14 services examined consisted of seven RDOS in which an IOP or daily withdrawal management service was reimbursed for the same recipient on the same day as an hourly withdrawal management or another IOP service. These services contained the following errors:

- 5 instances in which there was no documentation to support the payment;
- 3 instances in which the duration of the service was not included on the service documentation;
- 3 instances in which the time of day was not included on the service documentation; and
- 1 instance in which an IOP service was reimbursed twice for the same recipient on the same day.

These 12 errors resulted in an improper payment amount of $2,664.48.

There was also one IOP service in which the required duration of the service was not met by one minute. We did not associate an improper payment with this service.

More than One Urinalysis on Same Day Exception Test

The 42 services examined contained 21 instances in which two urinalyses were reimbursed for the same recipient on the same day. First Step indicated that in these instances both the staff member and supervisor submitted billing sheets for the same service. First Step stated this error was rectified with the transition to a new electronic health record system. These 21 errors resulted in an in improper payment amount of $304.08.

More than One New Patient Office Visit Exception Test

All 10 services examined were supported by service documentation.

More than One Diagnostic Evaluation Exception Test

The 18 services examined contained five instances in which there was no documentation to support the payment. These five errors resulted in the improper payment amount of $555.55.

B. Service Documentation (Continued)

Services During Potential Inpatient Stay Exception Test

The 25 services examined were billed for 14 recipients and the reported date of service occurred during a potential inpatient stay. We requested verification from the rendering hospitals to confirm dates of admission and discharge for each of the 14 recipients. The rendering hospitals did not respond to our request for confirmation for 11 of the recipients; therefore, we were unable to determine whether services were billed during the hospital stay. For these recipients, there were six instances in which there was no documentation from First Step to support the payment.

For one of the confirmed recipients, we determined the date of service to have occurred during an inpatient stay; however, the service billed was for case management and there was no indication on the service documentation that the recipient was present for the service. For another recipient, the hospital verified that the recipient was released before the selected date of service. Finally, for the remaining recipient, we determined the date of service was confirmed to have occurred during an inpatient stay; however, there was no documentation from First Step to support the payment.

These seven errors resulted in an improper payment amount of $303.88.

More than One Drug Test Exception Test

Per Ohio Admin. Code § 5160-11-11(C)(3)(d), a laboratory provider is required to maintain a copy of the written order for a procedure or service and a copy of any clinical diagnostic procedure result.

The 24 RDOS (48 services) examined contained 24 instances in which two lab tests for the same drug were reimbursed for the same recipient on the same day. We obtained 24 written orders and documentation indicating the result of the labs from First Step. There was documentation to support only one lab test per drug for each RDOS. As such, we identified the full reimbursement of $1,069.84 for all instances in which there were two payments for the same lab test for the same recipient on the same day billed with different rendering practitioners in the examination period.

IOP and Partial Hospitalization Services Exception Test

The 45 IOP services contained five instances in which there was no documentation to support the payment. The 75 partial hospitalization services contained two instances in which there was no documentation to support the payment and one instance in which the required duration of the service was not met. These eight errors are included in the improper payment of $3,147.48.

There were also one IOP service and five partial hospitalization services in which the required duration of the service was not met by one minute. We did not associate an improper payment with these six services.

LPN Nursing Services and Office Visits Sample

The 121 services examined contained 14 instances in which the minimum duration for the SUD LPN nursing service was not met and five instances in which there was no documentation to support the payment. These 19 errors resulted in an improper payment amount of $488.57.

Based on the nursing notes obtained, we noted that First Step billed a separate nursing visit for evaluating the results of the recipient's urinalysis collected prior to the service. We also noted these nursing services were generally in conjunction with the recipient's office visit with a physician or nurse practitioner.

B. Service Documentation (Continued)

Our review of the Current Procedures Terminology (CPT) codes noted that the CPT code for an office visit for the evaluation and management of a patient includes a medically appropriate history and/or examination. The practice of billing for this nursing activity as a separate service was referred for further attention to the Department and to the impacted MCO included in this examination.

Recommendation

First Step should develop and implement procedures to ensure that all service documentation and billing practices fully complies with requirements contained in Ohio Medicaid rules. In addition, First Step should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement.

First Step should also seek technical assistance from the MCO to ensure it is properly billing SUD nursing services and the MCO and the Department should monitor First Step for compliance. First Step should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

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 § 5160-8-05(F). We obtained treatment plans from First Step to confirm that the treatment plan authorized the service examined and was signed by the recording practitioner. We limited our testing of treatment plans to the IOP and partial hospitalization exception test services.

IOP and Partial Hospitalization Services Exception Test

The 45 IOP services examined contained two instances in which there was no treatment plan to support the service and two instances in which the treatment plan did not authorize the IOP level of care. The 75 partial hospitalization services examined contained five instances in which the treatment plan was not signed and two instances in which the treatment plan did not authorize the service. These 11 errors are included in the improper payment of $3,147.48.

Recommendation

First Step should develop and implement controls to ensure that all services billed are authorized by a signed treatment plan. First Step should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

D. Medicaid Coverage

Duplicate Paid Services Exception Test

The 44 services examined contained 22 instances in which the same procedure code was reimbursed for the same recipient and service date by both fee-for-service and an MCO. We determined that the recipients were enrolled in managed care on the date of service and identified the fee-for-service payment as an improper payment. These 22 errors resulted in an improper payment amount of $1,271.09. First Step indicated these overpayments were due to a billing error.

D. Medicaid Coverage (Continued)

More than One New Patient Office Visit Exception Test

Ohio Admin. Code § 5160-1-19(B) states that claims should be submitted pursuant to the national correct coding initiative and according to the coding standards set forth in guides which includes the current procedural terminology (CPT) codebook. The CPT codebook for new patient office visits indicates that this code is used for patients that have not received services from a physician or health care professional in the same practice in same specialty in the previous three years.

The 10 services examined consisted of five recipients in which more than one new patient office visit was reimbursed during the examination period. We confirmed through the e-License Ohio Professional Licensure System that one of the practitioners identified on the service documentation listed a different specialty. We found one instance in which the same practitioner performed both new patient office visits. This one error resulted in an improper payment amount of $188.51.

First Step stated that the rendering providers were unaware that the recipient has been assessed previously and that this error has been rectified with the transition to the new electronic health record system.

More than One Diagnostic Evaluation Exception Test

Ohio Admin. Code § 5160-27-02(B)(5) limits psychiatric diagnostic evaluations to one per recipient, per calendar year, per billing provider.

The 18 services examined consisted of nine recipients with two diagnostic evaluations in a calendar year paid under the same NPI of 1477004810 (type 95) by the selected MCO. We confirmed with the MCO that it did not impose the limitations specified above during the examination period. As such, we did not associate an improper payment with these services.

Recommendation

We recommend that the Department work with the MCO to ensure that it has the proper system edits to ensure that behavioral health services being reimbursed are consistent with the coverage limitations outlined in the Ohio Administrative Code.

Official Response

First Step declined to submit an official response to the results noted above.

OHIO AUDITOR OF STATE
KEITH FABER

FIRST STEP RECOVERY CENTER, LLC

FRANKLIN 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 10/24/2023

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