



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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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: Lorain County Alcohol and Drug Abuse Services, Inc. dba The LCADA Way  
Ohio Medicaid Numbers: 0147220 & 2863816 NPIs: 1053659607 & 1912930314

We examined compliance with specified Medicaid requirements during the period of July 1, 2019 through June 30, 2021 for provider qualifications, service documentation and service authorization related to the provision of group counseling at the intensive outpatient program level of care (hereafter referred to as IOP) and substance use disorder (SUD) residential treatment services for Lorain County Alcohol and Drug Abuse Services, Inc. doing business as The LCADA Way.

We also tested the following select payments:

- All instances in which more than one IOP service was billed for the same recipient on the same day;
- All instances in which a recipient had more than 30 consecutive days in a calendar year for the first or second admission in a SUD residential treatment program and all instances for the recipient's third admission within a calendar year;
- Select instances in which The LCADA Way and another Ohio Medicaid provider was paid for the same recipient on the same day;
- All instances in which more than one diagnostic psychiatric evaluation was billed for the same recipient within the same calendar year; and
- Select instances in which individual psychotherapy was billed more than once for the same recipient on the same day.

The LCADA Way 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 The LCADA Way 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 The LCADA Way's compliance with the specified Medicaid requirements based on our examination.

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 The LCADA Way complied, in all material respects, with the specified requirements referenced above. We are required to be independent of the LCADA Way 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 The LCADA Way 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 opinion. Our examination does not provide a legal determination on The LCADA Way's compliance with the specified requirements.

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

The LCADA Way 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 LCADA Way's internal control over compliance.

### **Opinion on Compliance**

In our opinion, The LCADA Way complied, in all material respects, with the select requirements of IOP and SUD residential treatment services 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 The LCADA Way's compliance with other requirements.

We identified improper Medicaid payments in the amount of \$3,898.23. This finding plus interest in the amount of \$438.15 (calculated as of February 14, 2023) totaling \$4,336.38 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.

This report is intended solely for the information and use of The LCADA Way, 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

February 14, 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)

The LCADA Way is an Ohio Department of Mental Health and Addiction Services certified agency that received payment of approximately \$12.5 million under the provider numbers examined for over 114,000 mental health and SUD treatment services<sup>1</sup>. The LCADA Way is a trade name registered with the Ohio Secretary of State. The LCADA Way has eight centers in the following locations across Ohio: Elyria, Lorain, Middleburg Heights, Sandusky and Wadsworth.

### Purpose, Scope, and Methodology

The purpose of this examination was to determine whether The LCADA Way'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 IOP and SUD residential treatment services, along with the exception tests as specified below, for which The LCADA Way billed with dates of service from July 1, 2019 through June 30, 2021 and received payment.

We obtained The LCADA Way's fee-for-service claims data from the Medicaid database of services billed to and paid by Ohio's Medicaid program. We also obtained paid claims data from two Medicaid managed care organizations (MCOs) and confirmed the services were paid to The LCADA Way's tax identification number. From the fee-for-service and MCO data, we removed services paid at zero, third party payments and co-payments. From the remaining total paid services, we selected the following services:

- All instances in which more than one IOP (procedure code H0015) service was billed for the same recipient on the same day (More than One IOP Service Exception Test);
- All instances in which a recipient had more than 30 consecutive days for the first and second admission and all instances for the recipient's third admission within a calendar year in a SUD residential treatment program (H2036) (More than 30 Consecutive Days or Third Stay in SUD Residential Treatment Exception Test);
- Select instances in which The LCADA Way and another Ohio Medicaid provider was paid for the same recipient on the same day for a SUD residential treatment service (Services on Same Day as Another Agency Exception Test). The SUD residential services from The LCADA Way were procedure codes H0010 and H2036 and from the other Ohio Medicaid provider were for acute detoxification (H0011) services;
- All second instances in which more than one diagnostic psychiatric evaluation (90791) was billed for the same recipient within the same calendar year (More than One Diagnostic Evaluation Exception Test);
- Select instances in which individual psychotherapy (90837) was billed more than once for the same recipient on the same day (More than One Individual Psychotherapy Exception Test);
- A random sample of 60 SUD residential treatment (H2036) services (SUD Residential Treatment Services Sample); and
- A random sample of 60 IOP (H0015) services (IOP Services Sample).

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<sup>1</sup> Payment data from the Medicaid Information Technology System (MITS).

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

<b>Table 1: Exception Tests and Samples</b>			
<b>Universe</b>	<b>Population Size</b>	<b>Sample Size</b>	<b>Selected Services</b>
<b>Exception Tests</b>			
More than One IOP (H0015)			8
More than 30 Consecutive Days or Third Stay in SUD Residential Treatment (H2036)			386
Services on Same Day as Another Agency (H0010, H2036)			7
More than One Diagnostic Evaluation (90791)			95
More than One Individual Psychotherapy (90837)			18
<b>Samples</b>			
SUD Residential Treatment Services Sample (H2036)	1,589	60	60
IOP Services Sample (H0015)	17,623	60	60
<b>Total</b>			<b>634</b>

A notification letter was sent to The LCADA Way setting forth the purpose and scope of the examination. During the entrance conference, The LCADA Way described its documentation practices and billing process. During fieldwork, we obtained an understanding of the electronic health record system used, reviewed service documentation and verified professional licensure or certification.

We sent preliminary results to The LCADA Way and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

**Results**

The summary results are shown in **Table 2**. 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>				
More than One IOP	8	2	2	\$299.76
More than 30 Consecutive Days or Third Stay in SUD Residential Treatment	386	7	7	\$1,495.90
Services on Same Day as Another Agency	7	1	1	\$213.70
More than One Diagnostic Evaluation	95	17	17	\$1,888.87
More than One Individual Psychotherapy	18	0	0	\$0.00
<b>Samples</b>				
SUD Residential Treatment Services Sample	60	1	1	\$0.00
IOP Services Sample	60	0	0	\$0.00
<b>Total</b>	<b>634</b>	<b>28</b>	<b>28</b>	<b>\$3,898.23</b>

**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 69 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 administrative staff names to the same database and exclusion/suspension list. We found no matches.

For the 45 licensed and 24 certified practitioners identified in the service documentation for this examination, we verified via the e-License Ohio Professional Licensure System that their 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.

We searched MITS to verify 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 found one of the 69 practitioners were not registered with Ohio Medicaid for part of the examination period. This practitioner was certified at the time of the service; therefore, we did not associate an improper payment for this error.

We did not test provider qualifications for the IOP and SUD residential treatment services exception test services.

*SUD Residential Treatment Services Sample*

The 60 services examined contained one instance in which the rendering practitioner did not have an active Medicaid provider number at the time of service delivery. We did not associate an improper payment with this service.

**Recommendation**

The LCADA Way should ensure that all rendering practitioners obtain the required National Provider Identifier (NPI) and enroll as a provider in the Ohio Medicaid Program. The LCADA Way should implement procedure to ensure that only services rendered by an eligible practitioner that meets these requirements are billed to the Ohio Medicaid program to ensure compliance with Medicaid rules and avoid future findings.

**B. Service Documentation**

Documentation requirements includes the type, description, date, time of day, and duration of service contact. See Ohio Admin. Code § 5160-8-05(F).

We obtained service documentation from The LCADA Way and compared it to the required elements. We compared units billed to documentation duration. We limited our testing of service documentation to the tests and sampled services as specified below.

**B. Service Documentation (Continued)**

*Services on Same Day as Another Agency Exception Test*

For six of the seven services examined, we obtained service documentation from The LCADA Way which contained the required elements. There was no documentation to support the remaining one payment which resulted in an improper payment amount of \$213.70.

The supporting documentation for the six services indicated that the recipient was either being admitted to or discharged from The LCADA Way on the selected service date. As such, we did not obtain supporting documentation from the other provider.

*More than One Individual Psychotherapy Exception Test*

The 18 services examined were supported by service documentation that contained the required elements.

*SUD Residential Treatment Services Sample*

The 60 services examined were supported by service documentation that contained the required elements.

*IOP Services Sample*

The 60 services examined were supported by service documentation that contained the required elements.

**Recommendation**

The LCADA Way should develop and implement procedures to ensure that all service documentation fully complies with requirements contained in Ohio Medicaid rules. The LCADA Way 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 The LCADA Way 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 sampled IOP and SUD residential treatment services. We found no instances of non-compliance.

**D. Medicaid Coverage**

*Diagnostic Psychiatric Evaluations*

Ohio Admin. Code § 5160-8-05(D)(3) limits diagnostic evaluations to one per recipient, per billing provider, per calendar year. This limitation may only be exceeded with prior authorization.



**D. Medicaid Coverage (Continued)**

*SUD Residential Treatment Services*

Ohio Medicaid allows up to 30 consecutive days without prior authorization per recipient for the first and second residential treatment admission in a calendar year. If the residential stay continues beyond the 30 consecutive days of the first or second stay, prior authorization is required to support the medical necessity of the continued stay. If medical necessity is not substantiated and approved by the Department's designated entity, only the initial thirty consecutive days will be reimbursed. Third and subsequent admissions during the same calendar year must be prior authorized from the first day of admission. See Ohio Admin. Code § 5160-27-09(F)(3).

We obtained prior authorizations from The LCADA Way to confirm that the Department or MCO authorized the additional services. We limited our testing of prior authorizations to the exception tests specified below. We confirmed with the MCOs that these limitations were imposed.

We confirmed through the managed care agreements in effect during the examination period that the Department suspended new prior authorizations from March 2020 through June 2020 and applied this suspension to our testing

*More than One IOP Exception Test*

The eight services examined consisted of four recipients in which two IOP services were billed on the same day. The LCADA Way indicated that for two of the recipients, the incorrect service date was identified on the claim. We reviewed the supporting documentation to confirm the correct service date and reviewed the claims data to ensure there was no reimbursement for that service date. We did not associate any errors with these two errors.

For another recipient, The LCADA way stated that the duplicate claim was voided; however, we reviewed the claims data and verified there were two reimbursements on the service date. The LCADA Way indicated the duplicate service for the remaining recipient was billed in error. These two errors resulted in the improper payment amount of \$299.76.

*More than 30 Consecutive Days or Third Stay in SUD Treatment Program Exception Test*

The 386 services examined contained seven instances in which there was no prior authorization to support the medical necessity of the continued stay. These seven errors resulted in an improper payment amount of \$1,495.90.

The LCADA Way indicated that one service was billed in error and prior authorization was requested for the other instances, but it did not receive a response from the MCO. Additionally, The LCADA Way stated that prior authorization was optional during the date span (July 1, 2020 through July 6, 2020); however, we confirmed with the MCOs that prior authorizations were no longer suspended at that time.

*More than One Diagnostic Evaluation Exception Test*

The 95 services examined consisted of 49 instances in which more than diagnostic psychiatric evaluation was billed for the same recipient in the calendar year.

We confirmed with the Department that when medically necessary, a provider may perform a diagnostic assessment focused on mental illness and one focused on SUD treatment in the same year without requesting prior authorization when associated with a separate NPI number. Based on the claims data from the Medicaid claims database, we confirmed there were 13 instances in which the second evaluation was billed under a separate NPI number.

**D. Medicaid Coverage (Continued)**

For the remaining 17 instances, there was documentation to support the diagnostic evaluation; however, we confirmed in the Medicaid claims database that both evaluations were billed under the same NPI number which exceeded Medicaid's coverage limitation and no prior authorization was obtained. These 17 errors resulted in the improper payment amount of \$1,888.87.

The LCADA Way indicated they misinterpreted the rule limitation and have changed their internal process to address the error.

**Recommendation**

The LCADA Way should ensure that services billed to Medicaid are consistent with the benefits covered by the program. The LCADA Way should address these issues to ensure compliance with Medicaid rules and avoid future findings.

In the More than One Diagnostic Evaluation exception test, 13 recipients had two evaluations within one year with each evaluation billed under a separate NPI. While the Medicaid limitation is for one evaluation per billing provider, Ohio Admin. Code § 5160-1-02 states that a medical service is reimbursable if the service is medically necessary. The scope of this examination did not include a determination of the medical necessity of the services examined; however, we noted that the second evaluation for five of these 13 individuals was completed within two weeks of the first evaluation. We recommend that the Department and MCOs further review The LCADA Way's practice of completing multiple evaluations within a calendar year to determine the medical necessity of these services.

**Official Response**

The LCADA Way declined to submit an official response to the results noted above.

# OHIO AUDITOR OF STATE KEITH FABER



**LORAIN COUNTY ALCOHOL AND DRUG ABUSE SERVICES, INC.**

**LORAIN 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 3/16/2023**

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