



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: Mended Reeds Services, Inc. Ohio Medicaid Numbers: 0108623 and 0105742  
National Provider Identifiers (NPI): 1730594219 and 1407261977

We examined compliance with specified Medicaid requirements during the period of July 1, 2019 through June 30, 2021 for the selected payments listed below for Mended Reeds Services, Inc. (Mended Reeds). The selected payments examined included:

- Samples of 60 for both group counseling at the intensive outpatient program and partial hospitalization levels of care (hereafter referred to as IOP and partial hospitalization) from the highest<sup>1</sup> three rendering practitioners;
- Sample of 60 recipient dates of service which included individual psychotherapy, group counseling and community psychiatric supportive treatment (CPST) in which more than one 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 and/or second admission in a SUD residential treatment program and all instances for the recipient's third admission within a calendar year;
- All instances in which more than one psychiatric diagnostic evaluation was billed for the same recipient on the same day or more than two within the same calendar year;
- Select instances in which Mended Reeds and another Ohio Medicaid provider was paid for the same recipient on the same day; and
- All instances in which a service that is included in residential treatment or is a non-covered service was billed for the same recipient on the same day as a substance use disorder (SUD) residential treatment service.

Mended Reeds 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 Mended Reeds 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 Mended Reeds compliance with the specified Medicaid requirements based on our examination.

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<sup>1</sup> Rendering providers selected were highest in terms of number of services.

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 Mended Reeds complied, in all material respects, with the specified requirements referenced above. We are required to be independent of Mended Reeds 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 Mended Reeds 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 Mended Reeds compliance with the specified requirements.

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

Mended Reeds 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 Mended Reeds internal control over compliance.

### ***Basis for Qualified Opinion***

Our examination disclosed that, in a material number of instances, Mended Reeds lacked service documentation to support payments for individual psychotherapy services in the sample in which more than one service was billed for the same recipient on the same day and Mended Reeds billed separately for services that were included in the daily rate for a SUD residential treatment service or are non-covered for individuals in residential treatment which are coverage limitations.

### ***Qualified Opinion on Compliance***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Mended Reeds complied, in all material respects, with the select Medicaid 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 Mended Reeds compliance with other requirements.

We identified improper Medicaid payments in the amount of \$25,037.01. This finding plus interest in the amount of \$2,749.27 (calculated as of April 5, 2023) totaling \$27,786.28 is due and payable to the Department upon its adoption and adjudication of this 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.<sup>2</sup> See 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)

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This report is intended solely for the information and use of Mended Reeds, 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

April 5, 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)

Mended Reeds is an Ohio Department of Mental Health and Addictions Services certified agency that received payment of approximately \$15.6 million under the provider numbers examined for over 142,000 mental health and SUD treatment services<sup>3</sup>. Mended Reeds has one location in Ironton, Ohio.

### Purpose, Scope, and Methodology

The purpose of this engagement was to determine whether Mended Reeds 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 selected payments specified below for which Mended Reeds billed with dates of service from July 1, 2019 through June 30, 2021 and received payment.

We obtained Mended Reeds 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 one Medicaid managed care organization (MCO) and confirmed the services were paid to Mended Reeds' 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 population, we selected the following services:

- All instances in which a recipient had more than 30 consecutive days in a calendar year for the first and/or second admission in a clinically managed population-specific high intensity residential treatment program (procedure code H2036) and all instances for the recipient's third admission within a calendar year (More than 30 Consecutive Days or Third Stay in Residential Treatment Exception Test);
- All instances in which more than one psychiatric diagnostic evaluation (procedure code 90791) was billed for the same recipient on the same day or more than two in a calendar year (Multiple Diagnostic Evaluations Exception Test);
- Select instances in which Mended Reeds and another Ohio Medicaid provider were paid for the same recipient on the same date (Services on Same Day as Another Agency Exception Test) (The services from the other Ohio Medicaid provider were for individual psychotherapy (90832, 90834 and 90837), group counseling (H0005), case management (H0006) and urine drug screening collection (H0048));
- All services rendered on the same recipient date of service (RDOS)<sup>4</sup> as a medically monitored inpatient withdrawal management (H0011) or clinically managed population-specific high intensity residential treatment (H2036) service (Services Billed Separately During Residential Stay Exception Test);
- A random sample of 60 RDOS in which more than one of a procedure code was billed for the same recipient on the same day (Potential Duplicate Services Sample); and

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

<sup>4</sup> An RDOS is defined as all services for a given recipient on a specified date of service.

**Purpose, Scope, and Methodology (Continued)**

- A random sample of 60 IOP and 60 partial hospitalization services (H0015) from the top three rendering practitioners identified on the claim (IOP and Partial Hospitalization Samples).

The exception test 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 30 Consecutive Days or Third Stay in Residential Treatment (H0011, H2036)			427
Multiple Diagnostic Evaluations (90791)			190
Services on Same Day as Another Agency <sup>1</sup>			16
Services Billed Separately During Residential Stay <sup>2</sup>			2,833
<b>Samples</b>			
Potential Duplicate Services <sup>3</sup>	437 RDOS	60 RDOS	120
IOP Services (H0015)	4,487	60	60
Partial Hospitalization Services (H0015 with TG modifier)	3,228	60	60
<b>Total</b>			<b>3,706</b>

<sup>1</sup> The paid services for Mended Reeds include individual psychotherapy (90834 and 90837), group psychotherapy (90853), office visit (99214) and CPST (H0036).

<sup>2</sup> These services include psychiatric diagnostic evaluations (90791), individual psychotherapy (90832, 90834 and 90837), group psychotherapy (90853), group counseling (H0005), CPST (H0036), urine drug screening collection (H0048), mental health nursing (H2017 and H2019) and registered nursing services (T1002).

<sup>3</sup> These services include individual psychotherapy (90832, 90834 and 90837), group counseling (H0005) and CPST (H0036).

A notification letter was sent to Mended Reeds setting forth the purpose and scope of the examination. During the entrance conference, Mended Reeds 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. We sent preliminary results to Mended Reeds 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-compliance Errors</b>	<b>Improper Payment</b>
<b>Exception Tests</b>			
More than 30 Consecutive Days or Third Stay in Residential Treatment	427	0	\$0.00
Multiple Diagnostic Evaluations	190	8	\$822.24
Services on Same Day as Another Agency	16	0	\$0.00
Services Billed Separately During Residential Stay	2,833	390	\$21,975.24

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<b>Table 2: Results</b>			
<b>Universe</b>	<b>Services Examined</b>	<b>Non-compliance Errors</b>	<b>Improper Payment</b>
<b>Samples</b>			
Potential Duplicate Services	120	20	\$1,377.75
IOP Services	60	3	\$861.78
Partial Hospitalization Services	60	3	
<b>Total</b>	<b>3,706</b>	<b>424</b>	<b>\$25,037.01</b>

**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 identified 74 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 44 certified and 30 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.

We searched 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 greater than 30 days in residential treatment or the services billed separately during a residential stay 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 Mended Reeds 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.



**B. Service Documentation (Continued)**

For errors where the documented duration was not met, the units billed exceeded documented duration or the procedure code documented did not match the procedure code billed, the improper payment was based on the difference in the payment and the procedure code supported by the documentation. We limited our testing of service documentation to the tests and samples as specified below.

*Multiple Diagnostic Evaluations Exception Test*

The 190 services examined included eight instances in which there was no documentation to support the payment. These eight errors resulted in the improper payment amount of \$822.24.

*Services on Same Day as Another Agency Exception Test*

All 16 Mended Reeds services examined were supported by service documentation that contained the required elements. We obtained service documentation from the other Ohio Medicaid provider for the individual psychotherapy, group counseling, case management and urine drug screening collection services that were reimbursed for the same recipient on the same day as Mended Reeds.

We inquired with both Mended Reeds and the other Ohio Medicaid provider to determine the relationship between the two agencies. Mended Reeds indicated they have an agreement to provide on-site mental health services at a residential treatment facility and the other agency indicated it provides SUD treatment services at the same facility. The services are delivered during the same time of day to minimize disruption in the recipient's day.

We found two instances in which the Provider had documentation indicating a time of service with the recipient present while the other Ohio Medicaid provider also had documentation for the same recipient on the same date with the recipient present. We did not identify improper payments for these two instances. Mended Reeds did not have an explanation for how the two overlapping services occurred.

*Potential Duplicate Services Sample*

The 120 services examined contained the following errors:

- 17 instances in which there was no documentation to support the payment;
- 2 instances in which the units billed exceeded the documented duration; and
- 1 instance in which the incorrect procedure code was billed resulting in an overpayment.

These 20 errors resulted in an improper payment of \$1,377.75. Mended Reeds indicated that these services were billed due a system error which was corrected.

*IOP and Partial Hospitalization Samples*

The 60 IOP services examined contained one instance in which the required service duration was not met. The 60 partial hospitalization services examined contained two instances in which the required service duration was not met. These three errors are included in the improper payment of \$861.78.

**B. Service Documentation (Continued)**

**Recommendation**

Mended Reeds 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, Mended Reeds should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. Mended Reeds 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 Mended Reeds 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 partial hospitalization services.

*IOP and Partial Hospitalization Services Sample*

The 60 IOP services examined contained two instances in which the treatment plan did not authorize the service. The 60 Partial Hospitalization services examined contained one instance in which the treatment plan did not authorize the service. These three errors are included in the improper payment of \$861.78.

**Recommendation**

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

**D. Medicaid Coverage**

*SUD Residential Treatment Program Services*

Per Ohio Admin. Code § 5160-27-09(B), for individuals in residential treatment, ongoing assessments and diagnostic evaluations; individual, group, family psychotherapy and counseling; urine drug screens; and medical services will not be reimbursed separately and CPST is a non-covered service. We confirmed with the MCO that it did not impose these limitations until May 2021.

In addition, 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).

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

All 427 services had documented prior authorization to support the medical necessity of the continued stay.

**D. Medicaid Coverage (Continued)**

*Services Billed Separately During Residential Stay Exception Test*

The 2,833 services examined consisted of CPST, individual psychotherapy, group psychotherapy, mental health nursing, psychiatric diagnostic evaluations, registered nursing services, group counseling and urine drug screening collection which were billed while the recipient was in a SUD residential treatment program on the same day.

While all 2,833 services were not compliant with the Medicaid requirements, we limited the improper payment to include only select MCO payments as the MCO confirmed it did not implement logic to deny these improper payments until May 2021. We identified improper payments for all of the 156 fee-for-service and the 234 MCO payments with service dates in or after May 2021. These 390 errors resulted in the improper payment amount of \$21,975.24.

Mended Reeds indicated that it requested technical assistance from the Ohio Department of Mental Health and Addiction Services and the MCO but it did not receive assistance. Mended Reeds stated it hired a consultant to assist with billing.

*Psychiatric Diagnostic Evaluations*

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

*Multiple Diagnostic Evaluations Exception Test*

The 190 services consisted of 86 unique recipients with diagnostic evaluations ranging from two to five in a calendar year and consisted of payments made through fee-for-service and by the selected MCO. The services to these 86 recipients include:

- 71 recipients had two diagnostic evaluations on the same day;
- 2 recipients had three diagnostic evaluations on the same day;
- 11 recipients had three diagnostic evaluations in a calendar year;
- 1 recipient had four diagnostic evaluations in a calendar year; and
- 1 recipient had five diagnostic evaluations in a calendar year.

We confirmed with the MCO that it did not impose the limitations specified above during the examination period. For the 13 recipients paid through fee-for-service, Mended Reeds billed one diagnostic evaluation under its mental health NPI of 1407261977 (type 84) and the other billed under its SUD treatment NPI of 1730594219 (type 95) which did not exceed the limit of one evaluation per billing provider.

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, 73 of the 86 recipients had multiple diagnostic evaluations on the same day. Of these recipients, we noted that 35 recipients had the diagnostic evaluations completed by the same rendering practitioner. Additionally, 13 recipients had three or more diagnostic evaluations within a calendar year. Of these recipients, there were 13 instances in which the second or subsequent diagnostic evaluation was completed within seven days of the prior diagnostic evaluation.

Mended Reeds indicated that during the examination period it completed diagnostic evaluations each time a recipient changed level of care.

**D. Medicaid Coverage (Continued)**

**Recommendation**

Mended Reeds should ensure that services billed to Medicaid are consistent with the benefits covered by the program. In addition, we recommend that the Department and MCO further review Mended Reeds practice of completing multiple evaluations within a calendar year to determine the medical necessity of these services. Mended Reeds should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

We also 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**

Mended Reeds indicated that it has made improvements to its electronic health record system to prevent the separate billing of services which are included in SUD residential treatment or are non-covered for individuals in residential treatment.

We did not examine Mended Reeds response and, accordingly, we express no opinion on it.

# OHIO AUDITOR OF STATE KEITH FABER



**MENDED REEDS SERVICES, INC.**

**LAWRENCE 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 5/18/2023**

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