



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: Cairn Recovery Resources, LLC
Ohio Medicaid Numbers: 0486704 and 0410547
National Provider Identifier: 1023761640 and 1740800077

We examined compliance with specified Medicaid requirements for provider qualifications, service documentation and service authorization related to the provision of select behavioral health services as listed below during the period of January 1, 2021 through December 31, 2023 for Cairn Recovery Resources, LLC (Cairn Recovery). We tested the following services:

- All instances in which more than one per diem group counseling at the intensive outpatient level of care (hereafter referred to as IOP) or partial hospitalization (hereafter referred to as PHP) service was billed for the same recipient on the same day;
- All instances in which more than two hours of group counseling services were billed for a recipient on the same day as IOP or PHP service;
- A sample of remaining PHP services and any other group counseling service billed for a recipient on the same day as the sampled services;
- A sample of remaining IOP services and any other group counseling service billed for a recipient on the same day as the sampled services; and
- A sample of per diem group therapeutic behavioral services (TBS).

Cairn Recovery 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. Management of Cairn Recovery 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 Cairn Recovery'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 Cairn Recovery complied, in all material respects, with the specified requirements referenced above. We are required to be independent of Cairn Recovery 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 Cairn Recovery 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 non-compliance, 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 Cairn Recovery's compliance with the specified requirements.

Internal Control over Compliance

Cairn Recovery 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 Cairn Recovery's internal control over compliance.

Basis for Qualified Opinion

Our examination disclosed, in a material number of instances, the following noncompliance:

- Cairn Recovery billed for more than one per diem IOP or PHP service for the same recipient on the same day;
- Cairn Recovery had no documentation, the units billed exceeded the documented duration, or the service duration requirement was not met by one minute for the group counseling services over two hours on the same day for the same recipient as an IOP or PHP service; and
- Cairn Recovery did not have treatment plans to support the sampled IOP and PHP services.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Cairn Recovery has complied, in all material respects, with the select requirements for the selected services for the period January 1, 2021 through December 31, 2023. 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 Cairn Recovery's compliance with other requirements.

We identified improper Medicaid payments in the amount of \$39,345.80. This finding plus interest in the amount of \$2,320.32 (calculated as of July 10, 2025) totaling \$41,666.12 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 per Ohio Admin. Code 5160-1-27.

This report is intended solely for the information and use of Cairn Recovery, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 6, 2025

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. Per Ohio Admin. Code 5160-1-17.2(D) and (E), providers must furnish such records for audit and review purposes.

Cairn Recovery is an Ohio Department of Mental Health and Addiction Services certified agency (provider types 84 and 95) with locations in Columbus and Zanesville. Cairn Recovery received payment of approximately \$3.2 million including managed care and fee-for-service (FFS) for over 36,000 mental health and substance use disorder services.¹

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether Cairn Recovery'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 services, as specified below, for which Cairn Recovery billed with dates of service from January 1, 2021 through December 31, 2023 and received payment.

We obtained Cairn Recovery's FFS claims history from the Medicaid database of services billed to and paid by Ohio's Medicaid program. We also obtained paid claims data from three Medicaid managed care entities (MCEs) and confirmed the services were paid to Cairn Recovery's tax identification number.

From the FFS and MCE claims data, we removed services paid at zero, third-party payments, co-payments and Medicare crossover claims. The scope of our examination included testing procedures related to the select services as identified in the Independent Auditor's Report.

Table 1 contains the behavioral health procedure codes selected for this examination.

Table 1: Behavioral Health Services	
Procedure Code	Description
H0005	Group Counseling Services
H0015	IOP Services or PHP Services (based on paid amount)
H2020	Group TBS Services, Per Diem

Source: Appendix to Ohio Admin. Code 5160-27-03

The exception tests and calculated sample sizes are shown in **Table 2**.

¹ Based on payments from the Medicaid claims database.

Purpose, Scope, and Methodology (Continued)

Table 2: Exception Tests and Samples			
Universe	Population Size	Sample Size	Selected Services
Exception Tests			
More than One IOP/ PHP (H0015)			310
More than Two Hours of Group Counseling (H0005) on Same RDOS ¹ as IOP/PHP (H0015)			39
Samples			
PHP Services (H0015) ²	1,549	79	79
Additional Group Counseling Services (H0005)			<u>26</u>
Total PHP and Group Counseling Services			105
IOP Services (H0015) ³	9,053	60	60
Additional Group Counseling Services (H0005)			<u>16</u>
Total IOP and Group Counseling Services			<u>76</u>
TBS Services (H2020)	1,563	79	79
Total			609

¹ A RDOS represents a recipient date of service which is defined as all services for a given recipient on a specific date of service.

² These services consisted of H0015 services paid at the PHP rate of \$154.56 or \$224.82.

³ These services consisted of H0015 services paid at the IOP rate of \$103.04 or \$149.88.

A notification letter was sent to Cairn Recovery setting forth the purpose and scope of the examination. During the entrance conference, Cairn Recovery 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 Cairn Recovery and no additional documentation was submitted for our review.

Results

The summary results are shown in **Table 3**. 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 3: Results				
Universe	Services Examined	Non-compliant Services	Non-compliance Errors	Improper Payment
Exception Tests				
More than One IOP/PHP	310	310	310	\$34,672.96
More than Two Hours of Group Counseling on Same RDOS as	39	14	16	\$1,028.66
Samples				
PHP Services	79	7	12	\$1,573.74
Additional Group Counseling	<u>26</u>	<u>4</u>	<u>5</u>	<u>\$220.88</u>
Total PHP and Group	105	11	17	\$1,794.62
IOP Services	60	9	11	\$1,208.40
Additional Group Counseling	<u>16</u>	<u>4</u>	<u>4</u>	<u>\$275.84</u>
Total IOP and Group	76	13	15	\$1,484.24
TBS Services	79	2	2	\$365.32
Total	609	350	360	\$39,345.80

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 23 rendering 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.

Licensure and Medicaid Enrollment

For the 23 licensed/certified practitioners identified in the service documentation for the selected services, we verified via the e-License Ohio Professional Licensure System that their licenses or certifications were current and valid on the first date of service found in our selected services and were active during the remainder of our examination period.

In accordance with Ohio Admin. Code 5160-1-17, 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.

We reviewed the Department's Provider Network Management system and verified 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.

B. Service Documentation

In accordance with Ohio Admin. Code 5160-27-02(H), providers shall maintain treatment records and progress notes as specified in rules 5160-1-27 and 5160-8-05 of the Ohio Admin. Code. Per Ohio Admin. Code 5160-8-05(F), documentation requirements include the 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.

We obtained service documentation from Cairn Recovery and compared it to the required elements. We also compared units billed to documented duration and ensured the services met duration requirements, where applicable. For instances where the units billed exceeded documented duration, the improper payment was based on the unsupported units.

More than Two Hours of Group Counseling on Same RDOS as IOP/PHP Exception Test

The 39 services examined consisted of 19 instances in which more than two hours of group counseling services were billed for a recipient in addition to an IOP or PHP service on the same day. These 39 services contained four instances in which there was no documentation to support the service and 10 instances in which the units billed exceeded the documented duration. These 14 errors resulted in the improper payment amount of \$1,028.66.

Also, two instances were identified in which the service did not meet the duration requirement by one minute. However, we did not associate an improper payment with these services.

B. Service Documentation (Continued)

PHP Services Sample

The 79 sampled services examined contained three instances in which there was no documentation to support the service. These three errors are included in the improper payment of \$1,573.74. Also, four instances were identified in which the service did not meet the duration requirement by one minute. However, we did not associate an improper payment with these services.

The 26 additional group counseling services examined contained one instance in which there was no documentation to support the service and one instance in which the units billed exceeded the documented duration. These two errors are included in the improper payment of \$220.88.

IOP Services Sample

The 60 sampled services examined contained one instance in which there was no documentation to support the service. This error is included in the improper payment amount of \$1,208.40.

All 16 additional group counseling services examined were supported by documentation that contained the required elements.

TBS Services Sample

All 79 services examined were supported by documentation that contained the required elements.

Recommendation

Cairn Recovery should develop and implement procedures to ensure that all service documentation and billing practices fully comply with the requirements contained in Ohio Medicaid rules. In addition, Cairn Recovery should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. Cairn Recovery 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 in accordance with Ohio Admin. Code 5160-27-02(H) and 5160-8-05(F).

We obtained treatment plans from Cairn Recovery to confirm if the treatment plan indicated the service was authorized and signed by the recording practitioner. We limited our testing of treatment plans to sampled services described below.

PHP Services Sample

The 79 sampled services examined contained one instance in which there was no treatment plan covering the selected service date and four instances where the treatment plan was not signed by the recording practitioner. These five errors are included in the improper payment amount of \$1,573.74.

The 26 additional group counseling services examined contained two instances in which the treatment plan was not signed by the recording practitioner and one instance in which there was no treatment plan covering the selected service date. These three errors are included in the improper payment of \$220.88.

C. Authorization to Provide Services

IOP Services Sample

The 60 services examined contained the following errors:

- Two instances in which there was no treatment plan covering the selected service date;
- Two instances in which the treatment plan did not identify the service; and
- Six instances in which the treatment plan was not signed by the recording practitioner.

These 10 errors are included in the improper payment of \$1,208.40.

The 16 additional group counseling services examined contained the following errors:

- One instance in which there was no treatment plan covering the selected service date;
- One instance in which the treatment plan did not identify the service; and
- Two instances in which the treatment plan was not signed by the recording practitioner.

These four errors resulted in the improper payment amount of \$275.84.

TBS Services Sample

The 79 services examined contained two instances in which the treatment plan was not signed by the recording practitioner. These two errors resulted in the improper payment amount of \$365.32.

Recommendation

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

D. Medicaid Coverage

More than One IOP/PHP Exception Test

Per Ohio Admin. Code 5160-1-17.2, by signing the Medicaid Provider Agreement the provider agrees to comply with the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules; and the provider certifies and agrees to submit claims only for services performed.

All 310 services examined were instances in which a duplicate per diem IOP or PHP service was reimbursed for the same recipient on the same day. These 310 errors resulted in the improper payment amount of \$34,672.96.

Recommendation

Cairn Recovery should ensure that services billed to Medicaid are consistent with coverage and limitations contained in the Ohio Admin. Code. Cairn Recovery should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

Official Response

Cairn Recovery declined to submit an official response to the results noted above.

OHIO AUDITOR OF STATE KEITH FABER



CAIRN RECOVERY RESOURCES, LLC

MUSKINGUM 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 8/26/2025

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