



# State of New Jersey

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*Lt. Governor*

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**JOSH LICHTBLAU**  
*Director*

October 26, 2016

## VIA CERTIFIED AND ELECTRONIC MAIL

Kimberly-Ellen Pope and  
Joyce Mierzejewski, Co-owners  
The Family Center at Montclair, LLC  
155 Pompton Ave., Suite 106  
Verona, NJ 07044

RE: Final Audit Report – The Family Center at Montclair [REDACTED]

Dear Ms. Pope and Ms. Mierzejewski:

As part of its oversight of the Medicaid and New Jersey FamilyCare programs (Medicaid), the Office of the State Comptroller's Medicaid Fraud Division (OSC) conducted an audit of The Family Center at Montclair, LLC (FCM). This Final Audit Report includes OSC findings and your audit response.

### **Executive Summary**

The audit entailed a review of FCM's paid claims for psychiatric services and its compliance with Medicaid regulations. During the audit, OSC determined that FCM was overpaid \$28,663. The overpayment is attributable to documentation standards not being met as required for billings in accordance with N.J.A.C. 10:66-2.7(l). OSC found billings that did not have a corresponding progress note associated with the date of service (DOS). In addition, progress notes were incomplete, lacked required signatures, and did not support the type of service billed. OSC also found that there was inadequate documentation to support the payment of claims for the services as defined by the American Medical Association's (AMA), *Current Procedural Terminology Manual*, current procedural terminology (CPT) code 99214.

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## **Background**

The FCM has been in operation since 2002, providing mental health services to residents of Essex County. FCM treats patients with mental illness and provides a variety of services geared towards the needs of the patients, e.g., assessment and evaluation, individual/group/family therapy, psychiatric evaluations and medication services. These services should be provided in a face-to-face setting with certain time requirements, and billed with the appropriate CPT codes.

## **Objectives**

The objectives of this audit were to determine whether FCM had the proper documentation to support the psychiatric services billed to Medicaid and whether the services billed were performed by the appropriate professionals.

## **Scope**

The scope of the audit was limited to psychiatric claims paid during the period of January 1, 2012 through February 29, 2012. The audit was conducted under the authority of the *Medicaid Program Integrity and Protection Act* (N.J.S.A. 30:4D-53 *et seq.*) and the enabling statute for the OSC (N.J.S.A. 52:15C-23 *et seq.*).

## **Audit Findings**

### *Progress Notes*

In accordance with N.J.A.C. 10:66-2.7(1), mental health clinics must meet certain requirements for documentation purposes. "Documentation, at a minimum, shall consist of: specific service(s) rendered, the date and time of service(s) rendered, the duration of service(s) provided and the signature of the practitioner or provider who rendered the service(s)." FCM's progress notes do not include a line item for the time of service(s) rendered. OSC requested the daily therapists' schedules for the 10 days in our sample, in order to verify the date and time the service was rendered.

In addition, OSC's testing included the following: ensuring each billed session had a corresponding progress note, the procedure codes billed by FCM matched the type of service rendered, the duration of the services performed agreed to the daily schedules, and the recipient's file included progress notes that documented they were approved by a licensed professional counselor.

Based upon our review, we noted the following exceptions:

- 141 out of 409 (34 percent) claims did not have documentation that would support the fact the recipient was at the facility on the DOS.

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- The progress notes for 73 out of 409 (17.8 percent) claims did not indicate the corresponding DOS necessary for billing Medicaid.
- 21 out of 409 (5 percent) claims billed, did not agree with the supporting documentation submitted by FCM for the type of therapy service performed.
- 17 out of 409 (4 percent) claims were not supported by the associated daily schedule for the specific DOS to substantiate the time the service was rendered.
- 14 out of 409 (3 percent) claims were paid when the therapist who signed the progress note did not see the patient (according to the daily schedule).
- Four out of 409 (<1 percent) claims did not have proper documentation to support the duration of the service performed.

Based on these audit findings, OSC seeks the recovery of \$22,115 from FCM. It should be noted that a claim may have been included in one or more of the above audit findings. However, OSC has only included the recovery amount once in our audit findings.

#### *Procedure Code 99214*

In accordance with the *AMA Current Procedural Terminology Manual*, CPT code 99214 is defined as: “Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three key components: a detailed history; a detailed examination; medical decision making of moderate complexity.” Documentation to support the billing of this CPT code must include at least two of the three key components as listed in the code descriptor above.

“Medical decision making” refers to the complexity of establishing a diagnosis and/or selecting a management option. Four types of medical decision making are recognized: straightforward, low complexity, moderate complexity, and high complexity. Further explanation of the types of medical decision making, as well as the other key components of an outpatient medical evaluation and management office visit, can be found in the Evaluation and Management (E&M) Services Guidelines section of the CPT manual.<sup>1</sup>

Based on a review of the supporting documentation, OSC noted the following:

- Three out of 11 (27 percent) claims totaling \$214 were paid without the proper documentation to support the services rendered to the recipients.
- Three out of 11 (27 percent) claims totaling \$213 were paid where the DOS did not agree to the submitted documentation.
- Five out of 11 (45 percent) claims totaling \$355 were paid where the documentation submitted for the DOS did not support the billing of CPT code 99214.

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<sup>1</sup> See 2012 *Current Procedural Terminology Evaluation and Management Services Guidelines*, p. 10

OSC seeks a recovery of \$427 for six of the 11 sampled claims that were paid without the proper documentation to support the services rendered or the DOS did not agree with the submitted documentation.

For the remaining five claims where the medical record documentation did not support the E&M procedure code billed by the provider, OSC seeks a recovery of \$131. The recovery amount represents the difference between what was paid to the provider for the five claims, and the amount that would have been paid using the correct procedure codes.

As a result of the errors found in the sample, when extrapolated against the population, OSC seeks a recovery of \$6,548 from FCM.

### **Recommendations**

OSC recommended that FCM reimburse the Medicaid program \$28,663 for payments made in which the progress notes did not support the DOS billed, and the documentation submitted for CPT code 99214 did not support the code billed. OSC requested FCM prepare and submit a Corrective Action Plan (CAP) for OSC's review and approval. The CAP should specify that documentation will be maintained in accordance with N.J.A.C. 10:66-2.7(l) and incorporate a policy that reinforces these requirements.

### **Auditee Response**

The Co-owners of FCM responded that “[t]he Family Center at Montclair is in agreement with the findings of inadequate documentation provided by the psychiatrist to support the use of (CPT) code 99214 as well as overpayments attributed to poor record keeping in accordance with N.J.A.C. 10:66-2.7 and emergency day of service scheduling changes. Therefore, The Family Center at Montclair agrees to reimburse the Medicaid program \$28,663. As recommended by the Office of State Comptroller (OSC) the Family Center at Montclair will immediately initiate a Corrective Action Plan.”

The full text of FCM's written response is included as an addendum to this report.

### **OSC Response**

OSC appreciates that the owners of FCM agreed to reimburse the Medicaid program \$28,663 and provided a CAP that described the steps they have taken or will take to correct the findings identified in the audit. Based on our review, it appears that FCM's CAP should correct these findings disclosed in the audit. Therefore, no further action is necessary.

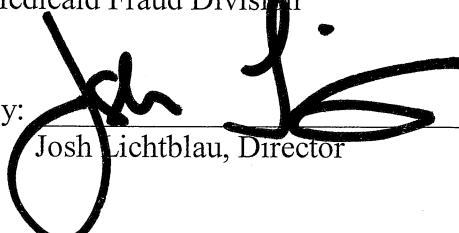
The Family Center at Montclair, LLC

October 26, 2016

Sincerely,

OFFICE OF THE STATE COMPTROLLER  
Medicaid Fraud Division

By:

  
Josh Lichtblau, Director

JL/mmm

Enc.

cc: Michael McCoy, Manager of Fiscal Integrity

Michael Morgese, Audit Supervisor

Don Catinello, Supervisor Regulatory and Recovery

September 13, 2016

Dotti Henry, MST  
Medicaid Fraud Division- Auditor In Charge  
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**RE: Final Audit Report- The Family Center at Montclair**

Dear Ms. Henry,

We are in receipt of the Draft Audit Report conducted by the Office of the State Comptroller's Medicaid Fraud Division for the above referenced psychiatric clinic. We have reviewed the audit findings in reference to the 2012 fiscal year. The Family Center at Montclair is in agreement with the findings of inadequate documentation provided by the psychiatrist to support the use of (CPT) code 99214 as well as overpayments attributed to poor record keeping in accordance with N.J.A.C. 10:66-2.7 and emergency day of service schedule changes. Therefore, The Family Center at Montclair agrees to reimburse the Medicaid program \$28,663.

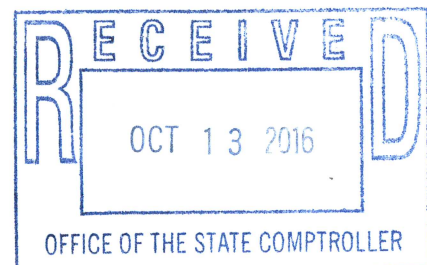
As recommended by the Office of State Comptroller (OSC) The Family Center at Montclair will immediately initiate a Corrective Action Plan, please see attached (Exhibit A).

Should you require any further information, please do not hesitate to contact our facility.

Sincerely,

  
Joyce Mierzejewski, co-owner

  
Kimberly-Ellen Pope, co-owner



# CORRECTIVE ACTION PLAN

## Progress Notes-insufficient documentation

### Data Analysis:

- 34% of claims did not have documentation that would support the fact the recipient was at the facility on the DOS.
- 17.8% claims did not indicate the corresponding DOS necessary for billing Medicaid.
- 5% of claims did not agree with the supporting documentation for the type of therapy service performed.
- 4% of claims were not supported by the daily schedule for the specific DOS to substantiate the time the service was rendered.
- 3% of claims were paid when the therapist who signed the progress note did not see the patient
- <1 % of claims did not have proper documentation to support the duration of the service performed.

### Program Analysis:

Inability to locate record

Inefficient record keeping practices

Progress note template insufficient for therapeutic practice

Inadequate office staff training to comply with emergency schedule changes

### Corrective Action

The Family Center at Montclair (FCM) proposes the following corrective action plan for review:

FCM to implement electronic records system to reduce the risk of misplaced and loose documents.

FCM office staff to undergo intense professional training in record keeping. Each of the office staff members will be sent to no less than (3) workshops a year on HIPPA compliance, confidential record keeping and computer skills. This action is to help insure the importance of documentation, sign in sheet, confidentiality, record keeping and confidentiality.

The FCM revised the current progress note template (see attached) to include time duration as well as the progress note policy. This is to be in compliance with the time in and time out policy.

The FCM has implemented a plan to change both the master schedule as well as the therapist schedule to reflect emergency changes. Should an emergency arise, office staff is instructed to document and initial all day of schedule changes. FCM progress notes were signed by therapist of who did not see the patient (according to the daily schedule) due to day of schedule changes and emergency screenings.

**Implementation and Monitoring:**

Corrective Action	Status	Target Implementation Date	Responsible Party	Effectiveness Monitoring
Electronic Records/ Supervisor document monitoring	Pricing a more cost effective EMR system/ Supervisor document monitoring complete	12/01/2016	██████████	Chart review every 4 months
Revised Progress note	Complete	Complete	██████████	To be reviewed by the OSC and DHMH
Office Staff Training	Searching for weekend workshops/ classes	12/01/2016	██████████	Review of daily schedule on a consistant basis

**Inappropriate use of CPT code 22914**

**Data Analysis:**

- 27% of claims were paid without the proper documentation to support services rendered.
- 27% of claims were paid where the DOS did not agree to the submitted documentation.
- 45 % claims were paid where the documentation Submitted by the psychiatrist for the DOS did not support the billing of CPT code 99214.

**Program Analysis:**

Psychiatrist did not exhibit documentation to support the use of code 99214 to be in accordance with the American Medical Association’s (AMA), *Current Procedural Terminology (CPT) Manual*.

**Corrective Action:**

Upon further review, the psychiatrist shall immediately stop all use of CPT code 99214 as to be in accordance with the American Medical Association’s documentation



requirements. The FCM is currently working with the division of human services to find a more appropriate code to adhere to both the American Medical Association as well as the documentation requirements of The American Psychiatric Association.

Corrective Action	Status	Target Implementation Date	Responsible Party	Effectiveness Monitoring
Psychiatrist to terminate use of CPT code 99214	Complete	Complete	██████████	Weekly Billing sheet review
Schedule meeting with the Division of Human Services to find appropriate	Waiting for call back from division of human services	12/01/2016	██████ ██████████ ██████████	Weekly phone call
New Psychiatrist	Begin search for a new psychiatrist of whom is more familiar with AMA/ APA documentation guidelines	11/01/2016	██████ ██████████ ██████████	Daily call to agency to inquire about psychiatrist availability

# THE FAMILY CENTER AT MONTCLAIR

## POLICY

**TITLE: CHARTING OF PROGRESS NOTES**

**CODE: 5004**

**EFFECTIVE DATE: 9/24/16**

### I. POLICY

Every patient will have a record of each therapy session that will provide accurate documentation of progress or lack of progress that will reflect

- A. A chronological picture of the patient's clinical course
- B. The services provided to the patient
- C. Implementation of the treatment plan

### II. Procedure

Progress notes must be documented for each client contact and are to be written in SOAPformat. They should include:

- 1. Patient's name
  - 2. Date of service
  - 3. Type of service
  - 4. Start time and finish time of session
  - 5. Total minutes of the session
  - 6. Diagnosis
  - 7. Objective to be addressed in the session
  - 8. Mental status
  - 9. Assessment of patient's progress toward objective
  - 10. Medications
  - 11. Follow up plan or changes in treatment
  - 12. Signature and credentials of clinician
- 
- A. All notes signed by MA intern or LAC will also be signed by a Clinical Supervisor who has the credentials LPC and ACS.
  - B. To correct errors on permanent charting, a line will be drawn through the error. "Error" will be written and initialed and dated by the clinician.
  - C. All progress notes should be entered on a daily basis and given to the Clinical Supervisor to QA.
  - D. All progress notes should be neatly written and legible in blue or black ink.

THE FAMILY CENTER AT MONTCLAIR

PROGRESS NOTE

DATE: \_\_\_\_\_ CLIENT \_\_\_\_\_

DIAGNOSIS: \_\_\_\_\_ OUTPATIENT SERVICES

MODALITY: GROUP PSYCHOTHERAPY INDIVIDUAL PSYCHOTHERAPY FAMILY PSYCHOTHERAPY

TIME IN \_\_\_\_\_ TIME OUT \_\_\_\_\_ TOTAL MIN. \_\_\_\_\_

OBJECTIVE: TO IMPROVE SELF ESTEEM IMPROVE ANGER MANAGEMENT IMPROVE ATTENTION  
TO EXPLORE FEELINGS OF DEPRESSION OTHER: \_\_\_\_\_

S: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MENTAL STATUS:

APPEARANCE	MOOD	ATTITUDE	AFFECT	SPEECH	MOTOR ACTIVITY
well kept	normal	cooperative	appropriate	normal	relaxed and calm
unkept	depressed	friendly	labile	slow	restless
unusual	anxious	exaggerated	expansive	detailed	agitated
bizarre		guarded	constricted	pressured	tense
		minimizes	flat	incoherent	tremors
		suspicious		slurred	tics
		hostile			
		uncooperative			

ORIENTATION: person time place completely disoriented

RISK TO SELF: YES NO RISK TO OTHERS: YES NO

HALLUCINATIONS: YES NO KIND \_\_\_\_\_

MEDICATION: \_\_\_\_\_

A: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PLAN: \_\_\_\_\_

THERAPIST \_\_\_\_\_ Supervisor \_\_\_\_\_