



# State of New Jersey

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*Director*

December 15, 2016

## VIA CERTIFIED AND ELECTRONIC MAIL

Ms. Iris Negron  
Administrator  
Adultcare, Inc.  
1607 Manhattan Ave.  
Union City, NJ 07087

RE: Final Audit Report – Adultcare, Inc. (MFD-2015-00936)

Dear Ms. Negron:

As part of its oversight of the Medicaid and New Jersey FamilyCare programs (Medicaid), the New Jersey Office of the State Comptroller, Medicaid Fraud Division (MFD) conducted an audit of claims submitted under Adultcare, Inc. (Adultcare) Medicaid Provider Identification No. [REDACTED] covering the period from July 1, 2011 to August 4, 2016. This Final Audit Report includes MFD's findings and Adultcare's audit response.

### Executive Summary

The audit entailed a review of anomalous claims, where Adult Day Health Services were billed and paid as both fee for service (FFS) and encounter (ENC) claims. Pursuant to the New Jersey Administrative Code (N.J.A.C.) 10:54-9.1, the New Jersey Medicaid program uses the Health Care Financing Administration's Common Procedure Coding System (HCPCS), which follows the American Medical Association's (AMA) Physician's Current Procedural Terminology (CPT) code guidelines.

Through this audit MFD determined that Adultcare was overpaid for 107 Adult Day Health Services claims totaling \$8,399.50; thus, MFD is seeking a recovery of \$8,399.50 from Adultcare. This overpayment is attributed to instances where Adultcare improperly billed and Medicaid paid claims for Adult Day Health Services as both FFS and ENC, for the same recipient, on the same day which means that in those instances, Adultcare was paid twice for the same claim. Some

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Medicaid recipients are served through a FFS system where health care providers are paid for each service (i.e. office visit, test, or procedure) by Medicaid. However, when a Medicaid recipient is enrolled in a managed care organization (MCO) and has a face-to-face visit (encounter) with a provider, the provider is paid by the MCO for the service(s).

## **Background**

Adultcare is an adult day care facility that provides social services and programs for seniors. In addition, Adultcare provides in-home care that includes medical and non-medical support services. Pursuant to N.J.A.C. 10:164-1.1 “Adult Day Health Services is a program that provides medically necessary services in an ambulatory care setting to individuals who are nonresidents of the facility, and who, due to their physical and/or cognitive impairment, require such services supportive to their community living.”

The MFD’s Data Mining Unit (DMU) uses a variety of analytical tools and data mining techniques to identify providers for audits. The DMU looks for unusual patterns or anomalies in claim reimbursement to providers and refers cases to the MFD’s Audit or Investigations Units for further analysis. Once the anomalies are identified, Audit will determine whether an overpayment was made.

Adultcare was referred to the Audit Unit for review. The referral was the result of a data analytic review performed by the DMU to determine whether Adultcare improperly billed and received payments for ENC and FFS claims for the same recipients and services on the same dates of service.

## **Objective**

The objective of this audit was to evaluate claims billed by Adultcare to determine compliance with State and Federal regulations. The audit was conducted under the guidelines established by the American Medical Association’s Current Procedural Terminology code guidelines.

## **Scope**

The scope of this audit entailed a review, discussion and evaluation of billings for claims where HCPCS code S5102, Adult Day Health Services were paid as both FFS and ENC for the same services. The audit period was July 1, 2011 through August 4, 2016. 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 52:15C-23.

## **Audit Findings**

### **Duplicate Billing of HCPCS Code**

MFD identified 107 claims totaling \$8,399.50 for Adult Day Health Services that were billed and paid as both FFS and ENC, with dates ranging from July 1, 2011 to October 11, 2011. Pursuant to N.J.A.C. 10:164-1.6, “The facility providing adult day health services shall agree to accept the Reimbursement rates established by the Department [State of New Jersey Department of Human Services] as the total reimbursement for services provided to eligible Medicaid beneficiaries.” A facility is not permitted to bill and receive payment for FFS and ENC claims for the same service, for the same recipient, on the same date of service.

### **Recommendations**

MFD recommended that Adultcare:

1. Reimburse Medicaid a total of \$8,399.50 for Adult Day Health Services for duplicate claim payments that were billed for the same services and paid as both FFS and ENC claims.
2. Reconcile payments received to claims billed and reimburse the Medicaid program for any overpayments that may be attributable to claims submitted as both FFS and ENC for the same recipients on the same dates of service.
3. Stay current with applicable CPT and billing guidance and update its billing policies and practices to meet current regulatory requirements.

### **Adultcare Response**

On behalf of Adultcare, Robert J. Fogg, Esquire, responded that “Adultcare has reconciled its billing records for the audit period, and my client has confirmed the 107 billing errors that were identified through your recent claims review did occur. . . . Per your recommendations, Adult care agrees to send a check to your office to reimburse the Office of the [State] Comptroller for these billing errors in the amount of \$8399.50 in full satisfaction of these claims.” As part of this response, Adultcare added that it “...has reconciled its accounts and has not identified any further billing errors from this period. Adultcare has also revised its billing procedures since 2011 to ensure that all claims filed are verified by at least two parties that the client was present, received five hours of services, that services were documented properly, and that services were authorized.”

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

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**MFD Response**

MFD appreciates that Adultcare has agreed to reimburse the Medicaid program \$8,399.50 for duplicate payments that were billed for the same services and paid as a FFS and as an ENC claim. Although Adultcare's attorney advised MFD that there were no further billing errors and revised billing procedures were put in place, a formal Corrective Action Plan was not provided to address how Adultcare would implement each recommendation. Accordingly, MFD suggests that Adultcare implement specific policies and procedures to address Recommendations 2 and 3.

Sincerely,

OFFICE OF THE STATE COMPTROLLER  
Medicaid Fraud Division

By:   
Josh Lichtblau, Director

JL/mmm

Enc.

cc: Kay Ehrenkrantz, Deputy Director  
Michael McCoy, Manager of Fiscal Integrity  
Michael Morgese, Audit Supervisor  
Glenn Geib, Recovery Supervisor



**ADDENDUM**

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November 21, 2016

**SENT VIA FEDERAL EXPRESS**

Mr. Michael N. Morjese  
Audit Supervisor  
Medicaid Fraud Division  
Office of the State Comptroller  
20 W. State Street, 4th Floor  
Trenton, NJ 08625

**RE:     Adultcare, Inc. (MFD-2015-00936)**

Dear Mr. Morjese:

This firm represents Adultcare, Inc., a medical day care center located in Union City, New Jersey. We are writing in response to your Draft Audit Report dated November 14, 2016, and your request for repayment of reimbursement in the amount of \$8,399.50 paid to Adultcare for 107 claims between the period of July 1, 2011, through August 4, 2016.

I am confirming that Adultcare has reconciled its billing records for the audit period, and my client has confirmed the 107 billing errors that were identified through your recent claims review did occur. While we were not aware of these errors until this time, the cases you found were limited to a few months during 2011 when adult medical day care centers were transitioning from the Medicaid fee for service system to managed care/MCO payments.

To put this into context, Adultcare, like most adult medical day care centers, were not getting paid by either Molina for (Medicaid fee for service claims), or by the Medicaid Managed Care Organizations ("MCO's") for several months after the transition date of July 1, 2011. AMDC's in general received little or conflicting instructions on how or who to bill for services after July 1<sup>st</sup>, and beneficiaries were just being enrolled in MCO's and waiting for Prior Authorizations.

As such, at least for these 107 days of service, claims may have been filed by Adultcare to both Molina and to the new Medicaid MCO out of confusion and in order to get paid timely so that they could continue to meet payroll and other expenses. It was assumed that one or the other of the payers would reconcile the claims electronically and only the correct payer would reimburse the facility for services rendered.

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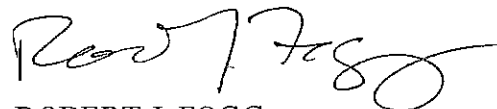
From our records, consistent with your review, Adultcare ended this practice as soon as the Medicaid MCO's began paying claims, no later than October 2011. Adultcare was never contacted either by DMHAS or the HMO's at that time about duplicate payments, and many have been previously reconciled properly. However, for these 107 days of service, it appears that neither the payers, Adultcare's billers or accountants identified the errors given the limited number of claims involved.

Per your recommendations, Adultcare agrees to send a check to your office to reimburse the Office of the Comptroller for these billing errors in the amount of \$8399.50 in full satisfaction of these claims. This is of course subject to it being confirmed that Adultcare is not admitting that it engaged in any actions that were intentional, and subject to our review of any final settlement agreement you will send.

As noted, Adultcare has reconciled its accounts and has not identified any further billing errors from this period. Adultcare has also revised its billing procedures since 2011 to ensure that all claims filed are verified by at least two parties that the client was present, received five hours of service, that services were documented properly, and that the services were authorized.

If you have any questions concerning this, please let me know, but we would request that you confirm that this has resolved this specific matter to your office's satisfaction.

Sincerely,



ROBERT J. FOGG

RJF/

cc: Ms. Carolyn Zakrevsky (via e-mail)  
Ms. Iris Negrón (via e-mail)