State of New Jersey

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

OFFICE OF THE STATE COMPTROLLER
MEDICAID FRAUD DIVISION
P.O. BOX 025
TRENTON, NJ 08625-0025
(609) 826-4700

PHILIP JAMES DEGNAN
State Comptroller

JOSH LICHTBLAU
Director

November 20, 2018

BY CERTIFIED AND ELECTRONIC MAIL

Mr. Stephen Haupt
Chief Executive Officer
Ammon Analytical Laboratory, LLC
35 East Blancke Street
Linden, NJ 07036

RE: Final Audit Report – Ammon Analytical Laboratory, LLC

Dear Mr. Haupt:

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 (OSC) completed its review of a statistically selected universe of Medicaid claims submitted by Ammon Analytical Laboratory, LLC (Ammon), an independent clinical laboratory. For this audit, there were two operative periods of review. For OSC's analysis of presumptive and definitive drug testing, OSC utilized a review period of May 1, 2016 through September 30, 2017, and for specimen validity testing, a review period of January 1, 2015 through December 31, 2017. OSC hereby provides you with this Final Audit Report.

Executive Summary

OSC conducted an audit to determine whether Ammon appropriately billed for drug tests in accordance with applicable state and federal laws and regulations. OSC statistically selected 100 claims for presumptive and definitive drug testing codes billed on the same date of service for the same beneficiary. OSC found that 66 of the 100 sample claims failed to comply with the following regulations: *N.J.A.C.* 10:49-9.8, *N.J.A.C.* 10:61-1.6, and *N.J.A.C.* 10:49-5.5. The 66 of 100 sample claims had 76 exceptions, totaling $4,127.03. Specifically, OSC found that Ammon: a) failed to maintain requisitions with a physician signature for 8 test requisitions; b) failed to ensure the beneficiary's gender was included on 11 test requisitions; c) billed for definitive drug tests which were not ordered by the physician or conducted by Ammon for 2 claims; d) failed to maintain

documentation to support the billing of definitive drug testing for 3 claims; and e) billed definitive drug tests for a greater level of service than ordered by the physician for 52 claims.

For purposes of ascertaining a final recovery amount for the presumptive and definitive drug tests, the dollars in error for claims that failed to comply with applicable state and federal regulations were extrapolated to the total population of claims from which the sample claims were drawn, which in this case was 69,629 claims with a total Medicaid reimbursement amount of $10,254,387. By extrapolating to this universe of claims/reimbursed amount, OSC has determined that the total amount of improper claims for presumptive and definitive drug tests is $2,270,754.

OSC also found that Ammon violated *N.J.A.C.* 10:49-9.8 by failing to adhere to the American Medical Association's (AMA) Current Procedural Terminology (CPT) guidelines, the AMA's Healthcare Common Procedure Coding System (HCPCS) guidelines, and the Centers for Medicare & Medicaid Services National Correct Coding Initiative Policy Manual for Medicaid Services (Medicaid NCCI) by separately billing for (i.e., unbundling) specimen validity tests which were performed in conjunction with presumptive and/or definitive drug tests for the same beneficiary on the same date of service. As a result of Ammon's unbundling of 224,960 specimen validity tests, OSC seeks reimbursement of $751,942 in improper Medicaid reimbursements that Ammon received for all of these validity test claims.

Overall, OSC seeks reimbursement of overpayments totaling $3,022,696, which is comprised of $2,270,754 relating to presumptive and definitive tests, and $751,942 relating to validity tests.

Background

Ammon is located in Linden, New Jersey and was founded in 1998. Ammon has participated in the New Jersey Medicaid program since February 1999. According to its website, Ammon is an "industry-leading, College of American Pathologists accredited, full-service toxicology lab." Ammon provides services such as urine testing for drug and alcohol abuse, blood collection, oral fluid testing for drug abuse, and testing for specific metabolites (byproducts of a drug).

OSC identified Ammon as one of the highest paid Medicaid providers of independent clinical laboratory services. The top procedure codes that Ammon billed Medicaid included presumptive and definitive drug tests, as well as specimen validity tests. Presumptive procedures are used to identify the possible use or non-use of a drug or drug class, whereas definitive procedures specifically identify drugs or metabolites. Specimen validity tests are conducted to ensure that a specimen sample is unaltered and usable for testing.

Objective

The objective of this audit was to evaluate claims for services in which Ammon billed and was reimbursed to determine whether Ammon complied with Medicaid requirements under applicable state and federal laws and regulations.

Scope

The audit period of review for presumptive and definitive drug testing was May 1, 2016 through September 30, 2017, and the audit period of review for specimen validity testing was January 1, 2015 through December 31, 2017. This audit was conducted pursuant to OSC's authority as set forth in *N.J.S.A.* 52:15C-23 and the *Medicaid Program Integrity and Protection Act*, *N.J.S.A.* 30:4D-53 *et seq*.

Audit Methodology

OSC's audit methodology consisted of the following:

- Reviewed Ammon's records to determine whether proper documentation existed to substantiate the claims and to ensure claims have been properly billed and reimbursed.

- Reviewed a statistically valid random sample comprised of 100 claims for presumptive and definitive drug tests performed on the same date of service for the same beneficiary totaling $17,379. OSC selected these claims from a population of 69,629 claims totaling $10,254,387 that Ammon billed under HCPCS codes G0479 to G0483 and CPT code 80307 for presumptive and definitive drug testing. (See Exhibit A for the HCPCS and CPT code descriptors).

- Reviewed claims for specimen validity tests performed in conjunction with a presumptive and/or definitive drug test for the same beneficiary on the same date of service that Ammon billed separately and received payment under CPT codes 83986, 84315, 82570, and 84311. (See Exhibit B for these CPT code descriptors).

Audit Findings

A. Billing Irregularities for Presumptive and Definitive Testing

OSC requested that Ammon provide test requisitions for the statistically selected random sample of 100 claims of presumptive and definitive drug testing codes billed on the same date of service for the same beneficiary. Based on OSC's review, Ammon improperly received a total Medicaid reimbursement of $4,127.03 for 66 of the 100 sample claims. These 66 claims resulted in 76 exceptions, which are delineated in an attached spreadsheet. (See Exhibit C). A breakdown by type of exception is detailed below.

Insufficient Documentation

OSC's review found that test requisitions for 8 of the 100 sample claims failed to include the signature of the physician or other licensed practitioner who requested the services.

Pursuant to *N.J.A.C.* 10:61-1.6(a), orders for clinical laboratory services shall be in the form of an explicit order personally signed by the physician or other licensed practitioner requesting the services.

OSC's review also found that test requisitions for 11 of the 100 sample claims did not indicate the gender of the beneficiary.

Pursuant to *N.J.A.C.* 10:61-1.6(d):

> The laboratory must ensure that all orders . . . contain the following information:
>
> 1. The name and address or other suitable identifiers of the authorized person requesting the test and, if appropriate, the individual responsible for using the test results, or the name and address of the laboratory submitting the specimen, including, as applicable, a contact person to enable the reporting of imminently life-threatening laboratory results or panic or alert values;
> 2. The patient's name or unique patient identifier;
> 3. The sex and the age (or date of birth) of the patient (emphasis added);
> 4. The test(s) to be performed;
> 5. The source of the specimen, when appropriate; and
> 6. The date and, if appropriate, time of specimen collection.

OSC's review found that test requisitions for 2 of the 100 sample claims did not indicate that a definitive drug test was ordered by a physician. In addition, a review of the test results confirmed that the definitive drug tests had not been conducted. Nevertheless, Ammon billed and was reimbursed by Medicaid for these tests.

Pursuant to *N.J.A.C.* 10:49-9.8(a), providers must certify that the "information furnished on the claim is true, accurate, and complete." In addition, pursuant to *N.J.A.C.* 10:49-9.8(b), providers shall keep such records as are necessary to disclose fully the extent of services provided for a minimum period of five years from the date the service was rendered.

OSC's review also found that for 3 of the 100 sample claims Ammon failed to maintain documentation to support the billing of a definitive drug test. These requisitions did not specify that a physician ordered a definitive test. In two of the three cases, the requisitions listed a profile code instead of the actual tests ordered. According to Ammon, each client was assigned a unique profile code(s) which represented the tests

ordered by the physician. Ammon was unable, however, to provide documentation that the ordering physician approved the tests that comprised the unique profile code. In the remaining case, the manual requisition listed the drug classes to be tested. However, the requisition did not indicate that definitive testing was ordered.

Pursuant to *N.J.A.C.* 10:61-1.6(d)4, laboratories must ensure that all orders contain the tests to be performed. Moreover, pursuant to *N.J.A.C.* 10:49-9.8(a), providers must certify that the "information furnished on the claim is true, accurate, and complete." Similarly, pursuant to *N.J.A.C.* 10:49-9.8(b), providers are required to keep such records as are necessary to disclose fully the extent of services provided for a minimum period of five years from the date the service was rendered. Finally, under *N.J.A.C.* 10:61-1.6(a), all orders for clinical laboratory services shall be in the form of an explicit order and written orders shall contain the specific clinical laboratory tests requested.

Improper Definitive Procedure Code Billing

OSC found that for 52 of the 100 sample claims, Ammon billed and was paid for a greater level of service for definitive drug testing than ordered by the physician. The definitive codes specifically identify which drugs or metabolites should be tested within different drug classes. These classes are grouped into four levels for claim and payment purposes, with lower levels resulting in lower payment reimbursements than higher levels. The lowest level of definitive testing covers 1 to 7 drug classes; the next level tests for 8 to 14 drug classes; the next level tests for 15 to 21 drug classes; and, the final level tests for 22 or more drug classes. OSC found that Ammon billed and was reimbursed for higher level tests than were actually ordered by the physician. In calculating the amount of overpayment attributed to this deficiency, OSC down coded these claims to conform to the level of definitive drug testing that was actually ordered. OSC then used the corresponding Medicaid reimbursement rate for the down coded level of testing to determine the amount that Ammon should have been paid by Medicaid.

Pursuant to *N.J.A.C.* 10:49-5.5(a)13, Medicaid will not cover services billed for which the corresponding records do not adequately and legibly reflect the requirements of the procedure code utilized by the billing provider. In accordance with *N.J.A.C.* 10:49-5.5(a)13(i), final payment shall be made in accordance with a review of those services actually documented in the provider's health care record.

B. Improper Billing of Specimen Validity Testing

A validity test performed in conjunction with a presumptive/definitive test cannot be billed separately. OSC found that Ammon improperly submitted claims for specimen validity testing separately from claims submitted for presumptive and definitive drug tests for the same beneficiary on the same date of service. This practice, referred to as "unbundling claims," is improper. In total, Ammon unbundled 224,960 specimen validity claims for which it was paid $751,942. Therefore, OSC seeks reimbursement of $751,942 from Ammon for the claims that failed to comply with AMA and Medicaid NCCI guidelines. See Table I below for a breakdown by year.

Table I

	Number of Claims Paid	Total Dollars Paid
2015	106,058	$ 342,600
2016	113,451	$ 389,752
2017	5,451	$ 19,590
Total	**224,960**	**$ 751,942**

Pursuant to the 2016 and 2017 HCPCS and CPT guidelines, presumptive and definitive drug tests include sample validation or specimen validity testing. Additionally, the Medicaid NCCI, which promotes correct coding methodologies and reduces improper coding that may result in inappropriate payments of Medicaid claims, further states that specimen validity testing is not separately billable from urine drug tests. The 2015, 2016, and 2017 NCCI Policy Manual Chapter X(e) for Medicaid Services states:

> Providers performing validity testing on urine specimens utilized for drug testing should not separately bill the validity testing. For example, if a laboratory performs a urinary pH, specific gravity, creatinine, nitrates, oxidants, or other tests to confirm that a urine specimen is not adulterated, this testing is not separately billed.

C. Use of Profile Codes on Requisitions May Not Support Services Provided

During its audit, OSC made several observations related to Ammon's use of profile codes for the purposes of ordering drug tests. Ammon advised OSC that the profile codes are determined and assigned when services for a new client provider begin. According to Ammon, a new provider completes a test panel and/or account set-up form and/or service agreement, jointly with Ammon, in which they indicate specific drug classes that will be requested for testing. It is these documents, as described by Ammon, which are used to create a unique profile code for the provider. These codes, according to Ammon, are used by the ordering physician on the test requisition in place of a list of specific drug tests. The codes are populated by Ammon's web portal onto the electronic requisitions used by the provider to order drug tests.

Despite the above-mentioned process, as conveyed by Ammon, OSC found that in some cases, test panels/account set-up forms or service agreements between Ammon and its providers either did not provide an effective date and were otherwise undated, or were not fully executed in that one or both parties had not signed the documents. The documentation does not indicate the providers' agreement of specific drugs to be tested, changes that may occur in the types of drug tests ordered, or the effective date to begin testing for those specific drugs. Furthermore, in the cases where such documents did exist, the tests selected by the physician did not always match the tests being performed by Ammon pursuant to the profile code. It is evident from OSC's review that in some cases the profile code represented different tests to Ammon and its providers. Ultimately,

Ammon is responsible for maintaining documentation to support its claims for drug testing. *N.J.A.C.* 10:49-9.8. In the excepted cases, Ammon failed to produce any documentation that its providers had explicitly ordered definitive tests, contrary to *N.J.A.C.* 10:61-1.6. It is also worth noting that, given the individualized needs of each beneficiary, it is difficult to understand why all tests ordered by an entity would be identical, "one-size-fits-all." OSC's review showed that the tests performed by Ammon pursuant to the profile code included the same tests for each provider's patients with little, if any, variance. Standing orders must be patient specific and not blanket requests from the physician. *N.J.A.C.* 10:61-1.6.

During OSC's audit, it also found one instance of Ammon unilaterally adding drug classes to a provider's profile code. Ammon's action would undoubtedly lead to additional tests. OSC is also aware that Ammon advised this provider that the tests would be added as a courtesy, at no additional cost to the provider. OSC notes, however, while there may be no additional cost to providers, the Medicaid program may incur additional costs for these drug tests.

Although OSC's audit is not seeking a monetary recovery based on Ammon's use of profile codes alone, but rather because of Ammon's failure to adhere to applicable regulations, OSC raises these issues in order to point out that this practice does not appear to promote the most effective use of Medicaid funds. In doing so, OSC recognizes that it is the physician or other licensed practitioner, not Ammon, who is charged with ordering tests. Ammon's duty is to perform those tests ordered by the physician. *N.J.A.C.* 10:61-1.6. As the party that performs these tests, however, Ammon does bear some degree of responsibility for this practice. Indeed, the regulations provide that "the medical necessity for the services must be apparent and the quality of care must be acceptable as determined upon review by an appropriate and qualified health professional consultant." *N.J.A.C.* 10:49-5.5(a)(13)(i).

The use of profile codes in the manner described above may contribute to inappropriate and/or unnecessary testing which could increase costs to the Medicaid program. Ammon should review its practices to determine if the continued use of profile codes in the manner described above is appropriate.

Summary of Overpayments

Based on its review, OSC determined that Ammon improperly billed and received payment for 66 of 100 sample claims for presumptive and definitive drug tests during the period May 1, 2016 through September 30, 2017. Ammon received a total of $4,127.03 in Medicaid reimbursement for these 66 sample claims. For purposes of ascertaining a final recovery amount for presumptive and definitive drug tests, the dollars in error for claims that failed to comply with state and federal regulations were extrapolated to the total population from which the sample claims were drawn, which in this case was 69,629 claims with a total payment of $10,254,387. By extrapolating to this universe of claims/reimbursed amount, OSC has determined that the total amount of improper claims for presumptive and definitive drug tests is $2,270,754.

Additionally, OSC identified 224,960 Medicaid claims submitted by Ammon totaling $751,942 for specimen validity testing under CPT codes 83986, 84315, 82570, and 84311 that were unbundled and billed separately from January 1, 2015 to December 31, 2017. Ammon improperly unbundled specimen validity codes from presumptive and definitive drug tests that should have been bundled together. As a result, Ammon improperly submitted claims for services and was overpaid a total of $751,942, for which OSC seeks reimbursement.

Overall, OSC seeks reimbursement of $3,022,696, which is comprised of $2,270,754 relating to presumptive and definitive tests, and $751,942 relating to validity tests.

Recommendations

1. Ammon shall reimburse the Medicaid program $3,022,696.

2. Ammon must ensure that all orders for clinical laboratory services and all records and documentation maintained by Ammon comply with applicable statutes and regulations, including the regulations cited above.

3. Ammon must maintain the necessary documentation to ensure that profile codes assigned to providers include the requested drug tests and only those drug tests ordered by the physician or other licensed practitioner requesting the services, and the effective date of drug tests ordered. Any and all changes to the tests included within a profile code must be contemporaneously documented.

4. All test orders including tests listed under profile codes must clearly indicate the specific drugs or class of drugs as defined by the AMA.

5. All claims for drug tests should adhere to the AMA or other applicable guidelines.

6. Ammon must immediately discontinue its practice of separately submitting claims for specimen validity testing to confirm that a urine specimen is unadulterated from claims submitted for presumptive and definitive drug tests.

7. Ammon must provide training to its staff to foster compliance with Medicaid requirements under applicable state and federal laws and regulations.

8. Ammon must provide OSC with a Corrective Action Plan indicating the steps it will take to implement procedures to correct the deficiencies identified in this report.

Auditee Response

In a written response, Mr. Michael Plick, Ammon's Senior Vice President of Payer Relations and Chief Compliance Officer, agreed with the audit findings and provided a Corrective Action Plan to address the recommendations above. Mr. Plick also described the specific steps Ammon has taken or will take to implement the recommendations made

in this audit report. The full text of the Corrective Action Plan submitted by Mr. Plick is included as an Appendix to this report.

OSC Comments

OSC notes that Ammon is in complete agreement with the audit's findings and recommendations. Accordingly, OSC requests that Ammon reimburse the Medicaid program $3,022,696 and that it implement the necessary measures to correct the findings identified in the audit. Given Ammon's agreement with the findings in this audit and its stated intention to implement corrective actions, OSC believes that no further action is necessary with respect to this audit.

Thank you for your attention to this matter.

Sincerely,

PHILIP JAMES DEGNAN
STATE COMPTROLLER

By: _____
Josh Lichtblau, Director
Medicaid Fraud Division

Attachments:

1. Exhibit A – HCPCS and CPT Code Descriptors for Presumptive and Definitive Drug Testing
2. Exhibit B – CPT Code Descriptors for Specimen Validity Testing
3. Exhibit C – Summary of Noncompliant Presumptive and Definitive Testing
4. Appendix – Ammon's Corrective Action Plan

cc: Michael Plick, SVP of Payer Relations & Chief Compliance Officer
Kay Ehrenkrantz, Deputy Director (OSC – Medicaid Fraud Division)
Don Catinello, Supervising Regulatory Officer (OSC – Medicaid Fraud Division)
Glenn Geib, Recovery Supervisor (OSC – Medicaid Fraud Division)

AMA HCPCS Code Descriptions - Presumptive

Code	Code Descriptor
G0479	Drug test(s), presumptive, any number of drug classes; any number of devices or procedures by instrumented chemistry analyzers utilizing immunoassay, enzyme assay, TOF, MALDI, LDTD, DESI, DART, GHPC, GC mass spectrometry), includes sample validation when performed, per date of service

AMA CPT Code Descriptions - Presumptive

Code	Code Descriptor
80307	Drug test(s), presumptive, any number of drug classes, any number of devices or procedures; by instrument chemistry analyzers (eg, utilizing immunoassay [eg, EIA, ELISA, EMIT, FPIA, IA, KIMS, RIA]), chromatography (eg, GC, HPLC), and mass spectrometry either with or without chromatography, (eg, DART, DESI, GC-MS, GC-MS/MS, LC-MS, LC-MS/MS, LDTD, MALDI, TOF) includes sample validation when performed, per date of service

AMA HCPCS Code Descriptions - Definitive

Code	Code Descriptor
G0480	Drug test(s), definitive, utilizing drug identification methods able to identify individual drugs and distinguish between structural isomers (but not necessarily stereoisomers), including, but not limited to GC/MS (any type, single or tandem) and LC/MS (any type, single or tandem and excluding immunoassays (e.g., IA, EIA, ELISA, EMIT, FPIA) and enzymatic methods (e.g., alcohol dehydrogenase)); qualitative or quantitative, all source(s), includes specimen validity testing, per day, 1-7 drug class(es), including metabolite(s) if performed
G0481	Drug test(s), definitive, utilizing drug identification methods able to identify individual drugs and distinguish between structural isomers (but not necessarily stereoisomers), including, but not limited to GC/MS (any type, single or tandem) and LC/MS (any type, single or tandem and excluding immunoassays (e.g., IA, EIA, ELISA, EMIT, FPIA) and enzymatic methods (e.g., alcohol dehydrogenase)); qualitative or quantitative, all source(s), includes specimen validity testing, per day, 8-14 drug class(es), including metabolite(s) if performed
G0482	Drug test(s), definitive, utilizing drug identification methods able to identify individual drugs and distinguish between structural isomers (but not necessarily stereoisomers), including, but not limited to GC/MS (any type, single or tandem) and LC/MS (any type, single or tandem and excluding immunoassays (e.g., IA, EIA, ELISA, EMIT, FPIA) and enzymatic methods (e.g., alcohol dehydrogenase)); qualitative or quantitative, all source(s), includes specimen validity testing, per day, 15-21 drug class(es), including metabolite(s) if performed
G0483	Drug test(s), definitive, utilizing drug identification methods able to identify individual drugs and distinguish between structural isomers (but not necessarily stereoisomers), including, but not limited to GC/MS (any type, single or tandem) and LC/MS (any type, single or tandem and excluding immunoassays (e.g., IA, EIA, ELISA, EMIT, FPIA) and enzymatic methods (e.g., alcohol dehydrogenase)); qualitative or quantitative, all source(s), includes specimen validity testing, per day, 22 or more drug class(es), including metabolite(s) if performed

AMA CPT Code Descriptions

Code	Code Descriptor
83986	pH; body fluid, not otherwise specified
84315	Specific gravity (except urine)
82570	Creatinine; other source
84311	Spectrophotometry, analyte not elsewhere specified

Ammon Analytical Laboratory, LLC
Final Audit Report

Exhibit C

Sample Number	Claim Service Date						Audit Findings		*Insufficient Documentation				** Incorrect Definitive Procedure Code Billed		Total Over Payment
	Claim Service Date	Presumptive Procedure Code Billed	Presumptive Claim Payment Amount	Definitive Procedure Code Billed	Definitive Claim Payment Amount	Total Presumptive and Definitive Claim Payment Amount	1. Insufficient Documentation *	2. Incorrect Definitive Procedure Code Billed **	1a. Missing Physician Signature on Manual Requisition	1b. Gender Not Listed on Requisition	1c. Lack of Documentation to Support Definitive Test Performed by Laboratory	1d. Lack of Documentation to Support Definitive Test Ordered by Physician	2a. Correct Definitive Procedure Code	2b. Claim Payment Amount Per Audit	
1	8/3/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X		X	X					$ 127.35
7	7/25/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X			X					$ 127.35
8	8/18/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X					X			$ 63.95
9	11/7/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X		X			X			$ 127.35
25	8/2/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X		X	X					$ 127.35
26	7/22/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X					X			$ 63.95
28	6/27/2016	G0479	$ 63.40	G0480	$ 63.95	$ 127.35	X		X	X					$ 127.35
34	7/25/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
35	8/15/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
36	7/15/2017	80307	$ 86.28	G0481	$ 98.39	$ 184.67		X					G0480	$ 94.12	$ 4.27
37	8/11/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
38	9/15/2016	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 63.95	$ 34.44
39	8/9/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
40	6/23/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79	X	X	X				G0480	$ 94.12	$ 161.79
41	7/21/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
42	8/30/2016	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 63.95	$ 34.44
43	8/17/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
46	6/19/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
47	5/25/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
48	7/24/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
50	1/20/2017	G0479	$ 63.40	G0480	$ 94.12	$ 157.52	X		X	X					$ 157.52
51	8/28/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
52	9/12/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07	X				X				$ 128.79
53	8/30/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
54	9/11/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
56	6/29/2017	G0479	$ 63.40	G0483	$ 172.18	$ 235.58		X					G0480	$ 94.12	$ 78.06
57	5/1/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
60	8/27/2016	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 63.95	$ 34.44
61	8/11/2017	80307	$ 86.28	G0483	$ 203.10	$ 289.38		X					G0480	$ 94.12	$ 108.98
62	8/14/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
63	7/13/2017	80307	$ 86.28	G0481	$ 98.39	$ 184.67		X					G0480	$ 94.12	$ 4.27
65	9/5/2017	80307	$ 86.28	G0480	$ 94.12	$ 180.40	X			X					$ 180.40
66	4/27/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
67	6/16/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
68	7/13/2017	80307	$ 86.28	G0481	$ 98.39	$ 184.67		X					G0480	$ 94.12	$ 4.27
69	8/11/2017	80307	$ 86.28	G0483	$ 203.10	$ 289.38		X					G0480	$ 94.12	$ 108.98
70	7/12/2017	80307	$ 86.28	G0480	$ 63.95	$ 150.23	X			X					$ 150.23
71	8/17/2017	80307	$ 86.28	G0482	$ 163.47	$ 249.75		X					G0480	$ 94.12	$ 69.35
72	10/8/2016	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 63.95	$ 34.44

Sample Number	Claim Service Date						Audit Findings		*Insufficient Documentation				** Incorrect Definitive Procedure Code Billed		Total Over Payment
	Claim Service Date	Presumptive Procedure Code Billed	Presumptive Claim Payment Amount	Definitive Procedure Code Billed	Definitive Claim Payment Amount	Total Presumptive and Definitive Claim Payment Amount	1. Insufficient Documentation *	2. Incorrect Definitive Procedure Code Billed **	1a. Missing Physician Signature on Manual Requisition	1b. Gender Not Listed on Requisition	1c. Lack of Documentation to Support Definitive Test Performed by Laboratory	1d. Lack of Documentation to Support Definitive Test Ordered by Physician	2a. Correct Definitive Procedure Code	2b. Claim Payment Amount Per Audit	
74	5/1/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
75	2/16/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79	X	X	X	X			G0480	$ 94.12	$ 161.79
76	10/20/2016	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 63.95	$ 34.44
77	8/23/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
78	7/28/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07	X				X				$ 128.79
79	7/17/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
80	5/27/2016	G0479	$ 50.00	G0481	$ 98.39	$ 148.39	X	X	X	X			G0480	$ 63.95	$ 148.39
81	7/12/2017	80307	$ 86.28	G0483	$ 172.18	$ 258.46		X					G0480	$ 94.12	$ 78.06
82	6/13/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
83	4/30/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
84	8/30/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
85	4/28/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
86	7/13/2017	80307	$ 86.28	G0481	$ 98.39	$ 184.67		X					G0480	$ 94.12	$ 4.27
87	4/13/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
88	6/22/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
89	7/14/2017	80307	$ 86.28	G0481	$ 98.39	$ 184.67		X					G0480	$ 94.12	$ 4.27
90	7/6/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
91	4/13/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
92	7/7/2017	G0479	$ 63.40	G0481	$ 98.39	$ 161.79		X					G0480	$ 94.12	$ 4.27
93	7/27/2017	80307	$ 86.28	G0480	$ 94.12	$ 180.40	X			X					$ 180.40
94	9/9/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
95	4/27/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
96	8/14/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
97	5/15/2017	G0479	$ 63.40	G0482	$ 132.82	$ 196.22		X					G0480	$ 94.12	$ 38.70
98	8/28/2017	80307	$ 86.28	G0483	$ 203.10	$ 289.38		X					G0480	$ 94.12	$ 108.98
99	7/12/2017	80307	$ 86.28	G0480	$ 63.95	$ 150.23	X			X					$ 150.23
100	7/31/2017	80307	$ 86.28	G0481	$ 128.79	$ 215.07		X					G0480	$ 94.12	$ 34.67
							17	**52**	**8**	**11**	**2**	**3**			
														Total Over Payment	**$ 4,127.03**
														Total Failed	**66**

Universe Dollars	Universe Claims	Sample Dollars	Sample Claims
$ 10,254,387.15	**69,629**	**$ 17,379.03**	**100**

Ammon Analytical Laboratories LLC Corrective Action Plan

Scope

For over 20 years, Ammon Analytical Laboratories LLC has been driven by a continual focus on adhering to the highest standards of compliance in every test we provide on behalf of our healthcare partners and addiction treatment providers. Our longevity and focus on providing accurate and reliable testing services has enabled us to service some of the state's largest behavioral treatment facilities and directly support the communities being ravaged by the opioid crisis.

Unfortunately, we were recently made aware of deficiencies in our documentation and billing processes that resulted in an overpayment by the State of New Jersey's Medicaid Office. We appreciate the findings of this report as they will ensure that moving forward, we are able to adhere to our long-held commitment to compliance in every aspect of our business.

Prior to and since learning of the audit findings, Ammon Analytical Laboratories LLC has taken steps to improve our processes and policies, correct deficiencies in staff training, and reimburse the state for every dollar that was overpaid to our company. Ammon Analytical Laboratories LLC hired a Chief Compliance Officer and new Billing Director in July of 2017, as well as an independent consultant to review ordering and billing processes. Ammon Analytical Laboratories LLC also continues to add resources and staff trainings to our Compliance and Billing Departments to reflect the company's ongoing compliance needs. Moving forward, we have instituted ongoing measures to ensure that we are able to meet continually evolving state and federal regulations and rules to deliver accurate, compliant and reliable testing services to each of our clients.

Corrective Action Plan

Recommendation	Finding	Name of Person Responsible for Corrective Action	Corrective Action	Timeframe for Implementation	Follow Up and Monitoring Ongoing Compliance
Ammon must pay Medicaid $3,022,696	Ammon received an overpayment of $3,022,696	Evan Haupt, President	Ammon will repay the state Medicaid office $3,022,696.	Payment terms will be finalized upon completion of audit process.	Currently, Ammon has hired an outside billing consultant to review and audit our existing billing practices. In addition, Ammon will implement internal audits as

					part of the ongoing compliance program. If Ammon is made aware of an overpayment scenario, Ammon will self-report.
Ammon must ensure all orders for Clinical Laboratory services and all records and documentation maintained by Ammon comply with applicable statutes and regulations, including the regulations cited above.	Ammon failed to verify all information on requisitions required by Medicaid Guidelines (i.e. DOB, Sex)	Alejandro Amador, COO/ Alice Taipina	Ammon has implemented a new missing information procedure. In the event of missing information accounts are notified the day of by the Key Account Manager. If a response is not received, the Key Account Managers follow up at the account with a form to get all missing information. If missing information is still unable to be secured, Ammon will not conduct any testing for that client until the information has been secured.	Implemented 09/03/18 Standard Laboratory Missing Information Procedure	Records are constantly checked by customer service coordinators. Customer service coordinators will also undergo on-going training in line with applicable statues and regulations.

Ammon must maintain the necessary documentation to ensure that profile codes assigned to providers include the requested drugs tests and only those drug tests ordered by the physicians or other licensed practitioner requesting the services, and the effective date of drug test ordered. Any of all changes to the tests included within a profile code must be contemporaneously documented.	Due to deficiencies in the account management process, Ammon failed to update requisition panel description and failed to provide documentation of panel change request after the account requested a change.	Alejandro Amador, COO/Michael Plick, CCO	Ammon has overhauled our client management system and policies. We have created new contracts, new account set up forms and trained staff in compliant account management. Ammon is updating all contracts with existing accounts, verifying panels and components, and verifying provider information for all existing accounts.	Implemented 08/09/18 New Contract 08/24/18 New Account Set Up Form 08/21/18 Trained Sales Staff on New Forms and Requirements 01/31/2019 New paperwork in place for all legacy accounts	All new account panels are immediately reviewed by our internal laboratory team and client onboarding specialists. All new account panels are reviewed internally immediately. Existing requisitions are reviewed on a monthly basis by customer service coordinators and client onboarding specialists. Ammon will also regularly train all customer service coordinators and client onboarding specialists on updated regulations and procedures.
All test orders including tests listed under profile codes must clearly indicate the specific drugs or class of drugs as defined by the AMA	Ammon failed to accurately align drug class definitions with AMA guidelines.	Alejandro Amador, COO/ Alice Taipina	New panel descriptions will accompany requisitions to accurately reflect all AMA drug classes included in the test request.	Implemented on 8/15/18. Requisitions being updated as print request are processed.	New panel requests are verified by laboratory, customer service, and account managers. All laboratory, customer service

					and account managers are also undergoing regular training on updated drug classes and AMA regulations.
All claims for drug tests should adhere to the AMA or other applicable guidelines.	Ammon failed to accurately describe the testing methodology on the requisition forms.	Alejandro Amador, COO/ Alice Taipina	Ammon has updated the language in requisitions, contract and communications to better explain the testing methodology and components utilized in each test requested by our clients.	Implemented on 8/15/18. Requisitions being updated as print request are processed.	As testing continues to evolve and processes change, Ammon will update all forms and contracts to ensure compliance. All new panel requests will be created by the laboratory team and QA will be performed by customer service, and the sales rep or key account manager will verify the panel.
Ammon must immediately discontinue its practice of separately submitting claims for Specimen Validity Testing	Changes in the Medicaid reimbursement guidelines meant that SVT became unbillable in 2015. However, the Medicaid fee schedule had a fee listed for the	Alexis Jones, AVP of Clinical Billing	Ammon stopped billing SVT in November 2017 and updated all software and billing procedures to reflect new procedure.	Implemented November, 2017	Ammon's expanded compliance department will enable the company to biannually conduct a complete regulations

	SVT codes through 2107. Ammon failed to immediately update billing processes accordingly and inadvertently continued to bill for SVT.				compliance overview and more quickly respond to changes in state and federal Medicaid regulations and processes.
Ammon must provide training to its staff to foster compliance with Medicaid requirements under applicable state and federal laws and regulations.	A substantially increased workload prompted by the opioid crisis, caused Ammon to fail to adequately train personnel on updated Medicaid Requirements.	Alice Taipina/Penelope Jordan/ Alejandro Amador, COO	Ammon will train all front facing staff on Medicaid requirements. Ammon will train analytical staff on Medicaid requirements. Ammon is working on updating the collection manual to include Medicaid regulations and requirements.	08/21/18 Trained Sales Staff on New Forms and Requirements 08/22/18 Analytical Staff trained on information requirements for Medicaid (Added MSEX, MDOB to test lists to track missing information) 01/31/2019 Updated Collection Manual and Collection staff trained.	As Medicaid requirements continue to evolve to reflect best practices, Ammon will require all staff to attend Medicaid trainings in line with their job responsibilities. Ammon will also institute monthly internal staff trainings on new or revised Medicaid billing procedures.

The Corrective Action Plan presented by Ammon Analytical Laboratories represents our company's renewed focus on adhering to the highest compliance standards in every test that we perform. As we move forward with the implementation of our Corrective Action Plan, we will continue to look for additional opportunities to better align our procedures and processes with any updates or changes to the State of New Jersey's Medicaid regulations and rules to ensure compliance and better serve the addiction treatment community and our partners.