

IDENTIFICATION OF BEHAVIORAL HEALTH SERVICE  
PROVIDERS

LOUISIANA DEPARTMENT OF HEALTH



MEDICAID AUDIT UNIT  
ISSUED MAY 15, 2019

**LOUISIANA LEGISLATIVE AUDITOR  
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AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

May 15, 2019

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Taylor F. Barras,  
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report details the compliance of the Louisiana Department of Health (LDH), behavioral health providers, and managed care organizations with certain provisions of R.S. 40:2162, which requires that an individual National Provider Identification number be assigned to each claim as the attending service provider for psychosocial rehabilitation (PSR) and community psychiatric support and treatment (CPST) services provided on or after January 1, 2019.

We found that 114,963 (40.2 percent) of the 286,307 Medicaid claims submitted and paid for PSR and CPST services provided between January 1, 2019, and March 31, 2019, did not include the National Provider Identification (NPI) number of the individual who provided the service. These claims represent \$10,504,923 (40.4 percent) of the \$26,023,323 paid for PSR and CPST services over the same time period.

Before January 1, 2019, individuals providing PSR and CPST services were not required to be listed on claims or to have an NPI. As a result, behavioral health providers could list a business NPI as the service provider and did not have to identify the individual who provided the services. This makes it more difficult for LDH, the managed care organizations, and the Attorney General's Medicaid Fraud Control Unit to monitor the Medicaid program. Between January 1, 2012, and December 31, 2018, business NPIs identified as the service provider received approximately \$1.2 billion (88.2 percent) of \$1.4 billion in claims paid for PSR and CPST services.

The report contains our findings, conclusions, and recommendations. Appendix A contains LDH's response to this report, and Appendix B lists previously issued Medicaid Audit Unit reports. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of LDH for their assistance during this audit.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/aa  
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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Identification of Behavioral Health Service Providers Louisiana Department of Health

May 2019

Audit Control #82190004

### Introduction

We evaluated whether behavioral health providers who provide psychosocial rehabilitation (PSR) and community psychiatric support and treatment (CPST) services are listing the National Provider Identification (NPI) number of the individual providing the services on Medicaid claims, as required in state law.<sup>1</sup> Effective January 1, 2019, in order to be eligible to receive payment for services rendered, behavioral health providers are required to include both the businesses' NPI number and the NPI number of the specific individual rendering the PSR or CPST services on all Medicaid claims with dates of service occurring on or after January 1, 2019. From January 1, 2012 through December 31, 2018, which was prior to the law being in place, business NPIs were identified as the service provider for approximately \$1.2 billion (88.2%) of \$1.4 billion in claims paid for PSR and CPST services.

**Psychosocial rehabilitation services** are psycho-educational services provided to individuals with mental illness in order to assist with skill building, restoration, and rehabilitation, designed to assist the individual with compensating for or eliminating functional deficits and interpersonal or environmental barriers associated with mental illness.

**Community psychiatric support and treatment services** are services associated with assisting individuals with skill building to restore stability, support functional gains, and adapt to community living, designed to focus on reducing the disability from mental illness, restoring functional skills of daily living, and building natural supports and solution-oriented interventions.

PSR and CPST services are difficult to monitor because 51% of the services are required to be provided in the community where the individual receiving the services works, attends school, or socializes rather than in an office setting. Identifying who specifically provided the services is important in order to identify improper payments and potential fraud. The Attorney General's Medicaid Fraud Control Unit (MFCU) and the program integrity staff within the five Managed Care Organizations (MCOs) have reported an increase in the number of fraud cases involving PSR and CPST services, including providers billing for services that were never provided and services that were provided by unqualified staff. In February 2019, 34 (79.1%) of the 43 fraud referrals and notices sent by the MCOs to the MFCU were for behavioral health providers. In addition, a previous Legislative Auditor's report on LDH's Program Integrity Section<sup>2</sup> identified instances of high-risk billing patterns by behavioral health providers. In the course of an ongoing audit of improper payments within the Medicaid Behavioral Health Program, we identified issues regarding compliance with state law. We evaluated compliance with certain provisions of this state law because compliance with this law is critical for LDH,

<sup>1</sup> R.S. 40:2162 (C)(3) and R.S. 40:2162 (D)(1).

<sup>2</sup> [https://www.la.gov/PublicReports.nsf/6E4D98020230D0378625835A007DE7EA/\\$FILE/0001AE34.pdf](https://www.la.gov/PublicReports.nsf/6E4D98020230D0378625835A007DE7EA/$FILE/0001AE34.pdf)

MCOs, and MFCU to monitor and manage the Medicaid program. Our results are discussed in the remainder of the report.

## Results

**We found that 114,963 (40.2%) of the 286,307 Medicaid claims paid by MCOs and submitted as encounters<sup>3</sup> to LDH for PSR and CPST services provided from January 1, 2019, through March 31, 2019,<sup>4</sup> did not include the NPI<sup>5</sup> of the individual who provided the service, as required by R.S. 40:2162.<sup>6</sup> These claims represent \$10,504,923 (40.4%) of the \$26,023,323 paid by MCOs for PSR and CPST services over that time period.** Prior to January 1, 2019, individuals rendering PSR and CPST services were not required to be listed on claims or to have an NPI. Because of this, behavioral health providers billing for these services could list a business NPI as the service provider and were not required to identify the individual that provided the services. This hinders the ability of LDH, the MCOs, and MFCU to appropriately manage and monitor the Medicaid program.

Being able to use data to identify who actually provided the service is crucial, as it allows the agencies listed above who are charged with ensuring the integrity of the Medicaid program to identify outliers by analyzing all PSR and CPST claims and encounters, such as providers who are working an abnormally high number of hours in a day. However, these agencies are not able to comprehensively manage and monitor the program through the use of data if behavioral health providers are not identifying the actual individual rendering the service as required in state law. Exhibit 1 shows the cost of claims paid by MCOs to providers who submitted claims for services provided from January 1, 2019, through March 31, 2019, that did not identify the individual who provided the service.

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<sup>3</sup> An encounter is a distinct set of healthcare services provided to a Medicaid member enrolled with an MCO on the date that the services were delivered. It is a claim paid for by the MCO but submitted to LDH.

<sup>4</sup> Providers have 365 days to bill for services rendered, so these numbers represent a subset of the overall claims that will eventually comprise this period. However, the claims that are currently included in this timeframe were paid by the MCOs and accepted by LDH.

<sup>5</sup> We used the Centers for Medicare and Medicaid Services NPI database, which is a publicly-available database that identifies individual and business NPIs.

<sup>6</sup> As of April 23, 2019.

<b>Exhibit 1</b>			
<b>PSR and CPST Total Paid Claims by MCO*</b>			
<b>January 1, 2019 through March 31, 2019</b>			
<b>MCO</b>	<b>Claims (\$) where Business Identified as the Service Provider</b>	<b>Total Paid Claims (\$)</b>	<b>% of Total</b>
Healthy Blue	\$7,798,980	\$7,933,832	98.3%
AmeriHealth Caritas	1,437,724	1,501,540	95.7
Aetna	860,009	1,134,748	75.8
Louisiana Healthcare Connections	223,837	7,277,868	3.1
United Healthcare	184,374	8,175,337	2.3
<b>Total</b>	<b>\$10,504,923**</b>	<b>\$26,023,323**</b>	<b>40.4%</b>
*As of April 23, 2019.			
**The totals may not equal the sum of MCO claims due to rounding.			
<b>Source:</b> Prepared by legislative auditor's staff using Medicaid claim and encounter data.			

State law requires that these claims not be reimbursed by the Medicaid program, and it allows the MCOs to seek recoupment of payments from behavioral health providers who render Medicaid services in violation of state law.<sup>7</sup> In addition, LDH amended its contract with each MCO in June 2018 to require the MCOs to establish controls to deny claims that do not identify the individual servicing provider. LDH also published guidance in November 2018 and held various meetings to inform them of how to comply with this state law. However, LDH did not ensure that the MCOs established controls to prevent these claims from being paid, and LDH did not establish its own controls to prevent acceptance of these encounters from the MCOs.

Legislative auditors presented this issue to LDH on March 29, 2019, after which LDH took steps to require the MCOs to correct the identified issue. Specifically, LDH sent letters to the five MCOs on April 16, 2019, requiring the MCOs to correct the encounters that were improperly submitted to LDH. In addition, LDH required the MCOs to void payments made to providers for the improperly submitted claims. The deadline for submission of these corrections was April 23, 2019, with the MCOs liable for a fine of \$5,000 per day retroactive to January 1, 2019, if the correction did not take place. As of May 3, 2019, all MCOs had submitted corrected encounters to LDH for review.

**Recommendation 1:** LDH should establish edit checks to ensure that PSR and CPST encounters meet requirements outlined in state law.

**Summary of Management's Response:** LDH agreed with this recommendation and stated that it is developing an edit to deny encounters where the rendering (servicing) NPI does not represent an individual.

**Recommendation 2:** LDH should ensure that the MCOs establish edit checks to ensure that PSR and CPST claims meet requirements outlined in state law.

<sup>7</sup> R.S. 40:5162 (H)(1).

**Summary of Management's Response:** LDH agreed with this recommendation and stated that it has confirmed that all MCOs have established edit checks. In addition, LDH stated that the majority of incorrectly submitted encounters were due to technical issues and that only approximately five percent of encounters have remaining issues.

## **APPENDIX A: MANAGEMENT'S RESPONSE**





**State of Louisiana**  
Louisiana Department of Health  
Office of Management and Finance

May 9, 2019

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Identification of Behavioral Health Service Providers

Dear Mr. Purpera:

Thank you for the opportunity to respond to the findings of your Medicaid Audit Unit report on the Identification of Behavioral Health Service Providers. The Bureau of Health Services Financing, which is responsible for the administration of the Medicaid program in Louisiana, and the Office of Behavioral Health are committed to ensuring the integrity of the Medicaid program.

We have reviewed the findings and provide the following response to the recommendations documented in the report.

**Recommendation 1:** LDH should establish edit checks to ensure that PSR and CPST encounters meet requirements outlined in state law.

**LDH Response:** LDH agrees with this recommendation and is developing an edit to deny encounters where the rendering NPI does not represent an individual. As outlined in La. R.S. 40:2162 (D)(1), the individual rendering the PSR or CPST service for the provider agency must have an individual NPI number, which must be included on each claim. Claims are submitted to the MCO in which the recipient is enrolled, and the MCO submits to LDH a record of the claim, referred to as an encounter. Establishment of an edit to deny encounters where the rendering NPI is absent or duplicative of the agency NPI will help ensure that PSR and CPST encounters meet requirements outlined in state law.

**Recommendation 2:** LDH should ensure that the MCOs establish edit checks to ensure that PSR and CPST claims meet the requirements outlined in state law.

Mr. Daryl G. Purpera

May 9, 2019

Page 2

**LDH Response:** LDH agrees with this recommendation and has confirmed that all MCOs have established edit checks to ensure that PSR and CPST claims meet statutory requirements. Evidence suggests that the findings in the LLA report are largely reflective of technical issues in the process used to transform MCO claims into encounters and are not necessarily an indication that claims have been incorrectly processed and paid. LDH has worked with the MCOs to resolve technical issues that resulted in the individual rendering NPI not being reflected in encounter data. Currently, only about five percent (5%) of PSR and CPST encounters, representing payments of about \$2.8 million, have remaining issues with rendering provider NPIs. LDH is actively working with MCOs to resolve the remaining technical issues to correct these encounters.

You may contact Michael Boutte, Medicaid Deputy Director, at (225) 342-0327 or via e-mail at [Michael.Boutte@la.gov](mailto:Michael.Boutte@la.gov) with any questions about this matter.

Sincerely,



Cindy Rives

Undersecretary

CR/cv

## APPENDIX B: SCOPE AND METHODOLOGY

We conducted this analysis under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This purpose of this analysis was to determine compliance by LDH, MCOs, and providers with certain provisions of R.S. 40:2162, which requires that an individual National Provider Identification (NPI) number be assigned to each claim as the attending service provider for psychosocial rehabilitation and community psychiatric support and treatment services provided on or after January 1, 2019.

The scope of our audit was less than that required by *Government Auditing Standards*. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this analysis we performed the following steps:

- Researched relevant federal and state laws, regulations, policy, and guidance regarding R.S. 40:2162.
- Obtained information from LDH on steps taken to comply with R.S. 40:2162.
- Downloaded the NPI database, which identifies individual and business NPIs, from the Centers for Medicare and Medicaid Services website.
- Analyzed Medicaid claims and encounter data to determine compliance with R.S. 40:2162.



## APPENDIX C: LIST OF PREVIOUS MAU REPORTS

Issue Date	Title
May 1, 2019	<i>Update on Wage Verification Process of the Medicaid Expansion Population</i>
April 17, 2019	<i>Medicaid Recipient Report No. 1</i>
December 12, 2018	<i>Medicaid Eligibility: Modified Adjusted Gross Income Determination Process</i>
November 8, 2018	<i>Medicaid Eligibility: Wage Verification Process of the Expansion Population</i>
October 31, 2018	<i>Identification of Incarcerated Medicaid Recipients</i>
June 20, 2018	<i>Reliability of Medicaid Provider Data</i>
May 2, 2018	<i>Strengthening of the Medicaid Eligibility Determination Process</i>
November 29, 2017	<i>Improper Payments for Deceased Medicaid Recipients</i>
October 4, 2017	<i>Monitoring of Medicaid Claims Using All-Inclusive Code (T1015)</i>
September 6, 2017	<i>Improper Payments in the Medicaid Laboratory Program</i>
July 12, 2017	<i>Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community-Based Services</i>
March 29, 2017	<i>Duplicate Payments for Medicaid Recipients with Multiple Identification Numbers</i>
March 22, 2017	<i>Program Rule Violations in the Medicaid Dental Program</i>
October 26, 2016	<i>Medicaid Recipient Eligibility – Managed Care and Louisiana Residency</i>
<p><b>Source:</b> MAU reports can be found on the LLA’s website under “Reports and Data” using the “Audit Reports by Type” button. By selecting the “Medicaid” button, all MAU reports issues by LLA will be displayed.  <a href="https://www.la.la.gov/reports-data/audit/audit-type/index.shtml?key=Medicaid">https://www.la.la.gov/reports-data/audit/audit-type/index.shtml?key=Medicaid</a></p>	