

CIN: A-04-96-01147

APR 4 1997

REGION IV  
P.O. BOX 2047  
ATLANTA, GEORGIA 30301

Ms. Susan Berry  
Long Term Care Program Director  
New York State Department of Health  
OHSM 6th Floor  
145 Huguenop Street  
New Rochelle, New York 10801

Dear Ms. Berry:

The enclosed report and recommendations for adjustment of charges provides the results of the Operation Restore Trust (ORT) Skilled Nursing Facility review conducted at Parker Jewish Geriatric Institute (Medicare provider number 335132), a skilled nursing facility (SNF) located in New Hyde Park, New York. The primary objective of the review was to evaluate the medical necessity of the care and services provided and the reasonableness of the charges and reimbursements made during the period from January 1995 through March 1996.

The ORT reviewers questioned \$140,188 of the \$743,025 in charges for 40 beneficiaries in our sample. This amount is comprised of \$77,575 of charges which the SNF could not produce adequate supporting documentation and \$62,613 for services which were not reasonable or medically necessary. Therefore, we are recommending an adjustment of the above charges. In addition, we request that a detailed review of all rehabilitative therapies and physician orders for these therapies be conducted by the Fiscal Intermediary and State agency in order to recoup overpayments made to the SNF and to implement corrective action by the facility.

Following your review of this report, please prepare and submit to the Health Care Financing Administration (HCFA) action official named below, a plan of corrective licensure or certification related actions. The actions would include, but may not be limited to, addressing the HCFA certification guidelines relating to undocumented and medically unnecessary services. This plan should be submitted within 30 days from the date of this letter.

If you have any questions, please call Roy Wainscott at (404) 331-2446. To facilitate identification, please refer to Common Identification Number (CIN) A-04-96-01147 in all correspondence relating to this report.

Sincerely yours,



Charles J. Curtis  
Regional Inspector General  
for Audit Services, Region IV

Enclosure

P.O. Box 11747  
Birmingham, Alabama 35202-1747

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51 SW First Avenue  
Miami, Florida 33130

Room 2052  
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Tallahassee, Florida 32301

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4407 Bland Road  
Raleigh, North Carolina 27609

Page 2 - Ms. Susan Berry

Health Care Financing Administration  
Action Official

Saverio DeRossa  
Associate Regional Administrator  
for Medicare, Region II  
26 Federal Plaza, Room 3800  
New York, New York 10278

APR 4 1997

REGION IV  
P.O. BOX 2047  
ATLANTA, GEORGIA 30301

CIN: A-04-96-01147

Mr. Steve Hartman, Director  
Part A Audit and Reimbursement  
Empire Blue Cross  
400 Salina Street  
Syracuse, New York 13202

Dear Mr. Hartman:

The enclosed report and recommendations for adjustment of charges provides the results of the Operation Restore Trust (ORT) Skilled Nursing Facility review conducted at Parker Jewish Geriatric Institute (Medicare provider number 335132), a skilled nursing facility (SNF) located in New Hyde Park, New York. The primary objective of the review was to evaluate the medical necessity of the care and services provided and the reasonableness of the charges and reimbursements made during the period from January 1995 through March 1996.

The ORT reviewers questioned \$140,188 of the \$743,025 in charges for 40 beneficiaries in our sample. This amount is comprised of \$77,575 for which the SNF could not produce documentation, \$62,613 for services which were not reasonable or medically necessary. Therefore, we are recommending an adjustment of the above charges. In addition, we request that a detailed review of all rehabilitative therapies and physician orders for these therapies be conducted by the Fiscal Intermediary and State agency in order to recoup overpayments made to the SNF and to implement corrective action by the facility.

Following your review of this report, please prepare and submit to the Health Care Financing Administration action official listed below, a plan of corrective action to implement the recommendations made in the report. This plan should be submitted within 30 days from the date of this letter.

If you have any questions, please call Roy Wainscott at (404) 331-2446. To facilitate identification, please refer to Common Identification Number (CIN) A-04-96-01147 in all correspondence relating to this report.

Sincerely yours,



Charles J. Curtis  
Regional Inspector General  
for Audit Services, Region IV

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Saverio DeRossa  
Associate Regional Administrator  
for Medicare, Region II  
26 Federal Plaza, Room 3800  
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New York, New York 10278

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**AUDIT OF  
PARKER JEWISH GERIATRIC  
INSTITUTE  
SKILLED NURSING FACILITY  
NEW HYDE PARK, NEW YORK**



**JUNE GIBBS BROWN  
Inspector General**

**APRIL 1997  
A-04-96-01147**

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## I. EXECUTIVE SUMMARY

This report provides the results of the Operation Restore Trust (ORT) audit of the Parker Jewish Geriatric Center a Skilled Nursing Facility (SNF) at New Hyde Park, New York. The objective of the review was to determine whether charges billed to the Medicare Fiscal Intermediary (Intermediary) were allowable.

We determined that \$140,188 of charges were unallowable because the SNF did not have an effective system of administrative internal controls.

For the services to be allowable, they must be:

- o considered a specific and effective treatment for the patient's condition;
- o prescribed under the assumption that the patient's condition will improve significantly in a reasonable period of time based on the assessment made by the physician;
- o reasonable in amount, frequency, and duration; and
- o fully supported by the patient medical records.

The unannounced audit was conducted by a team comprised of two Office of Inspector General (OIG), Office of Audit Services auditors, a Health Care Financing Administration (HCFA) nurse consultant and a State of New York nurse surveyor.

The team determined the allowability of amounts charged for services provided to a sample of 40 beneficiaries during the period January 1995 through March 1996. Based on the audit results, we questioned \$140,188 of \$743,025 in Medicare charges reported by the Parker Jewish Geriatric Center (the SNF). The charges did not meet Medicare reimbursement guidelines stated above for 18 of 40 beneficiaries in our sample. The amount questioned consists of \$77,575 of charges for which the SNF could not produce adequate supporting documentation and \$62,613 for services which were not reasonable or medically necessary. (See Appendix A)

We are recommending that the Intermediary:

- o remove \$140,188 of charges from the SNF's Medicare Cost Report; and
- o direct the provider to implement a Corporate Compliance Policy which includes effective administrative internal controls that ensure future compliance with pre-admission, level-of-care, billing, and supporting documentation criteria.

## II. BACKGROUND

The President and the Secretary of the Department of Health and Human Services initiated Operation Restore Trust (ORT). This innovative, collaborative project was designed to address growing concerns over rising health care costs. A review of departmental records indicate that over the last 10 years, the following segments of the health care industry have experienced a surge in health care abuse and fraud:

- o home health agencies
- o nursing homes
- o durable medical equipment

Departmental records further disclosed the States of California, Florida, Illinois, New York and Texas receive annually over 40 percent of all Medicare and Medicaid funds paid to the above health care segments. As a result, these States and the above health care segments were chosen as targets of the ORT 23-month pilot project.

Within the Department of Health and Human Services; the ORT project has been a joint effort by HCFA, the OIG and the Administration on Aging. These components are focusing attention on program vulnerabilities identified through investigations and audits.

The HCFA's Bureau of Data Management and Strategies (BDMS) has identified certain SNFs in the targeted ORT States as aberrant according to their billings. The method used to identify these providers was to evaluate the universe of SNF admissions in each State during Calendar Year 1994. Data for all SNF claims was summarized first by beneficiary and then by SNF. Key beneficiary statistics included total claims per beneficiary; allowed dollars per stay; line items or services per number of beneficiaries, average dollars and claims per stay and average dollars per day. The BDMS generated a listing of the facilities with high reimbursement amounts per day and per stay. The final listing of SNF providers were manually scanned and the SNF with the highest reimbursement within each of the five targeted States was selected for review. In New York, the Parker Jewish Geriatric Center was the SNF chosen for audit.

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## III. SCOPE OF REVIEW

The audit was conducted by a team comprised of one nurse surveyor from the State Agency, a nurse consultant from the Regional HCFA, and two auditors from the OIG Office of Audit Services. Individual team members are listed in Appendix B.

The Parker Jewish Geriatric Center at New Hyde, New York was selected for audit based upon its high therapy costs, high average length of stay by residents, high cost per stay, and high cost per day.



The objective of the review was to identify, and quantify charges associated with, unnecessary care (over-utilization) and to identify any abusive practices. We determined the allowability of SNF-reported charges for the following services:

- o Room and Board
- o Physical Therapy
- o Occupation Therapy
- o Speech Therapy
- o Respiratory Therapy
- o X-rays
- o Drugs
- o Laboratory Services

We reviewed documentation relating to Medicare-funded services provided 40 residents of the facility during the January 1995 through March 1996 audit period. Our review included an analysis of charges made to Medicare for services provided to the beneficiaries at the facility. We also reviewed the financial agreements related to the Medicare reimbursement of these services.

The HCFA and State Agency nurses identified services which were: (i) not reasonable or medically necessary, (ii) not supported in the medical records, or (iii) provided residents who did not meet the pre-admission criteria for posthospital SNF care. The auditors quantified the charges associated with the questioned services. Field work was performed during the period October 3-18, 1996.

The audit was performed in accordance with generally accepted government auditing standards. The internal control review was limited to testing the adequacy of the SNF's documentation of billed charges.

#### IV. FINDINGS AND RECOMMENDATIONS

Our review disclosed that \$140,188 of \$743,025 in reported Medicare charges for the 40 beneficiaries in our sample did not meet Medicare reimbursement guidelines established by HCFA. Because the SNF had not established an effective system of administrative internal controls; charges were reported for services that were not medically necessary (\$62,613) and undocumented (\$77,575). The specific services that comprise these amounts are illustrated in Appendix A. The details of our findings and applicable recommendations follow.

## UNDOCUMENTED SERVICES

Our review showed that \$77,575 of charges were claimed for reimbursement without the required supporting documentation. The SNFM Section 545.1. requires the SNF to maintain documentation necessary to support its reported charges; e.g., UB-92 billing statements and any other billing forms, supporting documents and forms, charge slips, daily patient census records and other business and accounting records applicable to specific claims.

We reviewed the medical records for 40 beneficiaries to determine whether there was supporting documentation for the services claimed. Our review showed that \$77,575 of the \$743,025 in charges claimed for these beneficiaries, was not supported as required by HCFA.

Had the SNF had an effective system of administrative internal controls it could have prevented claims being made for services which were not documented.

We are recommending that the Intermediary:

- o remove the \$77,575 of questioned charges from the SNF's Medicare cost report.
- o instruct the SNF to initiate a Corporate Compliance Policy that includes administrative internal controls to preclude claiming reimbursement for services not documented.

## MEDICAL NECESSITY

Our review disclosed that the SNF claimed reimbursement for \$62,613 of services that were determined to not be reasonable or necessary. The Skilled Nursing Facility Manual (SNFM) Section 280.1 provides that items and services which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member are not covered.

We reviewed the medical records for 40 beneficiaries to determine whether the services were reasonable and necessary. Our review showed that \$62,613 of the \$743,025 in charges claimed for these beneficiaries, was either not reasonable or necessary.

For example, we found:

- o A 81 year old female that was diagnosis with arteriosclerotic heart disease was given physical and occupational therapy that was not medically necessary because of her admitting condition no improvement was noted after 2 weeks of therapy services.

- o The patient who was receiving speech therapy was able to chew and swallow her food with no clinical signs of difficulty.

Had the SNF had an effective system of administrative internal controls it could have prevented claims being made for services which were not reasonable or necessary.

We recommend that the Intermediary:

- o remove the \$62,613 of questioned charges from the SNF's Medicare cost report.
- o instruct the SNF to initiate a Corporate Compliance Policy that includes administrative internal controls to preclude claiming reimbursement for services that are not reasonable or necessary.

APPENDIX A

OPERATION RESTORE TRUST (ORT)  
 REVIEW OF PARKER JEWISH GERIATRIC INSTITUTE  
 NEW HYDE PARK, NEW YORK

CIN: A-04-96-01147  
 PROVIDER NUMBER # 335132

RECOMMENDED ADJUSTMENT OF CHARGES

SERVICE	TOTAL QUESTIONED	UNSUPPORTED	NOT MEDICALLY NECESSARY
Room & Board	\$-0-	\$-0-	\$-0-
Physical Therapy	\$76,315	\$63,850	\$12,465
Occupational Therapy	\$33,153	\$495	\$32,658
Speech Therapy	\$30,720	\$13,230	\$17,490
<b>TOTAL</b>	<b>\$140,188</b>	<b>\$77,575</b>	<b>\$62,613</b>

OPERATION RESTORE TRUST (ORT)  
REVIEW OF PARKER JEWISH GERIATRIC INSTITUTE  
NEW HYDE PARK, NEW YORK

MAJOR CONTRIBUTORS TO THIS REPORT

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