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TO: Charlene Frizzera
Acting Administrator
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FROM: Daniel R. Levinson
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SUBJECT: Memorandum Report: "Medicaid and Medicare Home Health Payments for Skilled Nursing and Home Health Aide Services," OEI-07-06-00641

This memorandum report determined, in five States, the extent to which both Medicaid and Medicare may have made payments to home health providers for the same skilled nursing and home health aide services for the same beneficiary during 2005. A companion study, "Duplicate Medicaid and Medicare Home Health Payments: Medical Supplies and Therapeutic Services" (OEI-07-06-00640), examined Medicaid and Medicare payments for medical supplies and therapeutic services.

For 2005, we identified Medicaid payments amounting to $3.3 million for 68,765 service claims that may have been coverable by Medicare. We matched Medicaid home health claims with Medicare home health Prospective Payment System (PPS) episodes and reviewed beneficiaries' case records for a sample of claims to determine whether the Medicare payments were vulnerable to also being paid by Medicaid based on criteria established by State Medicaid programs and the "Medicare Benefit Policy Manual." Vulnerable Medicaid payments were defined by two criteria: (1) a paid Medicaid service had to fall within a paid Medicare episode of care and (2) a paid Medicaid service had to occur when fewer than 8 hours of services each day and fewer than 28 hours of services each week were provided.

Payment policies created vulnerabilities that may have led to Medicaid and Medicare paying for the same services. Medicaid paid nearly $2 million for skilled nursing and home health aide services that were vulnerable to also being paid by Medicare in four of the five States reviewed. Problems with coordination of care between providers and lack of clarity in the Medicare coverage policy regarding billing for unskilled and skilled nursing services also contributed to the vulnerabilities.

BACKGROUND

Medicaid and Medicare Payment of Home Health Services

States must offer home health services to Medicaid beneficiaries who meet the States' criteria for nursing home coverage.[1] Home health services may include skilled nursing, home health aide services, therapeutic services, and supplies. Medicaid programs in the five reviewed States paid a total of $3.3 million for 68,765 claims for skilled nursing and home health aide services that Medicare could also have covered for dually eligible beneficiaries.[2] Both Medicaid and Medicare may pay home health providers for the same types of home health services; however, both programs should not pay for the same skilled nursing and home health aide services for the same beneficiary during the same visit. Each program has specific payment structures and limitations on the services covered.[3] If services are not covered by Medicare, then Medicaid may pay for those services, up to the limits established by the State Medicaid agency.

Medicare Coverage of Home Health Services

To be covered as part of the Medicare home health benefit, services must be reasonable, medically necessary, and specified on a plan of care.[4] The beneficiary must be confined to the home, under the care of a physician, and in need of intermittent skilled services.[5] In addition, under the PPS coverage rules, skilled nursing and home health aide services must be part-time or intermittent, meaning that skilled nursing and home health aide services may be furnished any number of days each week as long as the combined hours do not exceed 8 hours each day and 28 hours each week. If beneficiaries require skilled nursing and home health aide services that exceed 8 hours each day or 28 hours each week, another payor (e.g., Medicaid) may pay for the services in excess of the Medicare limit.[6] Medicare rules also specify a few services that may not be covered as skilled nursing, such as administering eye drops, or that may be covered as skilled nursing services only in certain situations.[7]

Some skilled nursing and home health aide services in our study may not have met all Medicare coverage criteria. We could not determine which services met other Medicare coverage criteria without performing a medical review. Therefore, we refer to Medicaid payments that (1) overlap a Medicare payment and (2) occurred when fewer than 28 hours per week or fewer than 8 hours per day of skilled nursing and home health aide services were provided as vulnerable payments.

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[1] Social Security Act, § 1902(a)(10)(D), 42 CFR § 441.15.

[2] Dual eligibility occurs when an individual meets both Medicaid and Medicare eligibility requirements.

[3] Both Medicaid and Medicare cover only home health services ordered on a written plan of care for a specific beneficiary. 42 CFR § 440.70(a)(2); Centers for Medicare & Medicaid Services (CMS), "Medicare Benefit Policy Manual" [Internet Only Manual], Pub. No. 100-02, chapter 7, § 30.2.6. A plan of care is the medical treatment plan that contains all diagnoses, services, medications, and treatments to be provided.

[4] CMS, "Medicare Benefit Policy Manual" [Internet Only Manual], Pub. No. 100-02, chapter 7, §§ 20.1.1 and 20.1.2.

[5] 42 CFR § 409.42.

[6] Social Security Act, §§ 1861(m)(1) and 1861(m)(7)(B). Additionally, §1861(7)(B)(m) of the Social Security Act further defines intermittent skilled nursing care as care either provided or needed on fewer than 7 days each week or fewer than 8 hours each day for periods of 21 days or less.

[7] CMS, "Medicare Benefit Policy Manual" [Internet Only Manual], Pub. No. 100-02, chapter 7, § 40.1.2.4.

METHODOLOGY

State Selection

We examined 2005 Medicaid and Medicare claims for beneficiaries in five States: Florida, Maryland, North Carolina, Ohio, and Texas. We selected States based on their total 2004 fee-for-service home health expenditures, which ranged from $58,000 to $126 million.

Interviews With Agency Officials

We conducted structured interviews with State Medicaid agency staff in each of the selected States. During these interviews, we collected information and documentation regarding the home health services that each State provided through its Medicaid program. We contacted CMS and regional home health intermediary officials to verify Medicare policy before data collection and after data analysis to ensure our correct interpretation of existing policy.

Claims Data and Analysis

We matched final-action claims from the Medicaid Management Information Systems and the Medicare National Claims History file for all beneficiaries who had skilled nursing and home health aide service claims in 2005. This resulted in a universe of 68,765 overlapping skilled nursing and home health aide service claims.

From the universe of claims, we selected a random sample of 100 billed claims in three of the five States: Florida, North Carolina, and Ohio. Maryland's population had only nine claims and Texas's population had only five claims; all were included in the sample. We removed 28 Medicaid claims that had dates of services during denied Medicare episodes. We received complete case records for 96 percent (274/286) of the sampled claims. We reviewed case records for each sampled claim to determine how many hours of skilled nursing and home health aide services beneficiaries received by examining visit notes, plans of care, and agency staff logs. We identified vulnerable Medicaid payments only in instances in which there were fewer than 28 hours of services provided in each week and fewer than 8 hours of services provided on the dates of each of the sampled claims. Because of the lack of a standard definition for a week, all 7-day periods for each sampled claim had to meet these criteria for the sampled claim to be identified as a vulnerable payment.

Limitations

Because this study did not include a medical review of case records, we did not attempt to determine the medical necessity or medical appropriateness of any of the services provided or the extent to which the services were payable under a particular State Medicaid program or by Medicare. The methodology addressed solely whether Medicaid payments were made when fewer than 8 hours of skilled nursing and home health aide services on the dates of each of the sampled claims were provided and fewer than 28 hours of skilled nursing and home health aide services per week were provided.

Standards

This inspection was conducted in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency.

RESULT

Payment Policies Create Vulnerabilities That May Lead to Medicaid and Medicare Paying for the Same Services

The complexity of payment policies for services provided to beneficiaries may lead to Medicaid and Medicare paying for the same home health services. Payment systems should function efficiently with minimal intervention, but the claims information available to the Medicaid payors does not enable them to ensure the appropriateness of payments for services provided to dually eligible beneficiaries. States' inability to determine Medicare coverage of services, absent a medical review of the plan of care and corresponding home health visit records, further complicates efforts to ensure that Medicaid payments are appropriate.

Medicaid may have paid nearly $2 million for services paid by Medicare. Medicaid paid nearly $2 million for skilled nursing and home health aide services that were vulnerable to also being paid for by Medicare in four of the five States reviewed. (See Table 1.) These payments occurred when fewer than 28 hours of service a week were provided, which Medicare generally covers. Twenty-six percent of the vulnerable claims, or 17,538 claims, were for skilled nursing services amounting to $866,036 in 2005. The remaining 61 percent of vulnerable claims, or 41,939 claims, were for home health aide services amounting to $1,105,350.

Table 1: Vulnerable Medicaid Claims and Payments for Reviewed Services in 2005

State	Paid Medicaid Claims Within Medicare Episode	Projected Vulnerable Claims	Percentage of Vulnerable Claims	Projected Vulnerable Payments
Florida	48,821	47,760	98	$1,276,938
Maryland	9	9	100	$1,523
North Carolina	1,258	833	66	$85,094
Ohio	18,672	10,875	58	$607,831
Texas	5	0	0	$0
Total	**68,765**	**59,477**	**87**	**$1,971,386**

Source: Office of Inspector General analysis of claims data, 2008.

As a result of our request for case records, three home health agencies (HHA) that submitted claims selected in our sample returned payments for claims to their State Medicaid programs. These HHAs determined themselves that the Medicaid payments were inappropriate because Medicare had already paid for the services. State-specific point estimates and confidence intervals are found in the Appendix.

High rates of vulnerable payments occurred regardless of the number of HHAs that provided care. In 86 percent of reviewed case records involving two HHAs, the payments to the HHAs

that billed Medicaid were vulnerable. When multiple HHAs serve the same beneficiary during a Medicare PPS episode, they are required to share the PPS payment accordingly. However, our case record review demonstrated that this coordination often did not occur. For example, one HHA provided home health aide services and received the Medicare PPS payment while another HHA provided skilled nursing services and received Medicaid fee-for-service payments. Medicare PPS covers both home health aide and skilled nursing services; if the home health aide services met all Medicare coverage criteria, the Medicaid payment for these same services would have been duplicative. In 84 of the 96 reviewed case records that included only one HHA, the Medicaid payments were vulnerable. This may indicate lack of coordination of multiple services within a single HHA or misinterpretation of Medicare coverage policy. HHAs in these cases should be aware that they are receiving both Medicaid and Medicare payments for the exact same services.

Medicare coverage policy regarding skilled nursing services lacked clarity. In 27 percent of vulnerable Medicaid payments for skilled nursing services, at least one skilled service and one unskilled service were provided during the same visit. Some vulnerable payments may have resulted from misinterpretation of which skilled nursing services are covered by the PPS. CMS officials stated that if any PPS-covered skilled nursing service is provided during the course of a visit, then the entire visit is included in the PPS payment, including any unskilled services provided. Medicaid should not be billed for services covered by the PPS payments. For example, the CMS "Medicare Benefit Policy Manual," chapter 7, section 40.1.2.4(A)(2), explains that prefilling insulin syringes does not normally require the skills of a nurse. However, if this unskilled service was performed during the course of a nursing visit in which at least one skilled service was provided (e.g., wound care, skilled observation), the entire visit is included in the PPS payment. In this case, it would be inappropriate to seek separate payment from Medicaid for prefilling the insulin syringes. Other unskilled services identified that were provided by nurses during the course of a skilled visit included prefilling medication planners and administering eye drops. These services were billed to Medicaid despite not reaching the Medicare 8-hour threshold for skilled nursing services.

CONCLUSION

We found that the complexity of payment policies for services provided to dually eligible beneficiaries may lead to Medicaid and Medicare paying for the same home health services. Medicaid paid nearly $2 million for skilled nursing and home health aide services that were vulnerable to also being paid by Medicare in four of the five States reviewed. Problems with coordination of care between providers and lack of clarity in the Medicare coverage policy regarding billing for unskilled and skilled nursing services also contributed to the vulnerabilities.

The appropriateness of Medicaid payment for skilled nursing and home health aide services depends on several factors, including whether the services were covered by Medicare PPS and the total hours of services that a beneficiary received in certain time periods. Claims data do not contain sufficient information to determine the appropriateness of Medicare coverage, limiting States' abilities to prevent Medicaid payments for services covered by Medicare.

CMS could consider methods to better integrate Medicaid and Medicare claims processing to prevent duplicate payments without relying on medical review and provide greater clarity in the CMS "Medicare Benefit Policy Manual" to explain that unskilled services provided during a skilled nursing visit paid under the PPS are included in the PPS payment.

This report is being issued directly in final form because it contains no recommendations. If you have comments or questions about this report, please provide them within 60 days. Please refer to report number OEI-07-06-00641 in all correspondence.

APPENDIX

Table 2: Vulnerable Skilled Nursing and Home Health Aide Service Claims and Payments (Point Estimates and Confidence Intervals)

State	Description	Sample Size	Point Estimate	95-Percent Confidence Interval
Florida	Percentage of vulnerable claims	92	97.8%	92.4%–99.7%*
	Number of vulnerable claims	92	47,760	45,096–48,694
	Vulnerable Medicaid payments	92	$1,276,938	$1,128,221–$1,425,656
	Percentage of vulnerable payments involving multiple providers	79	97.4%	91.2%–99.7%*
	Percentage of vulnerable payments involving unskilled services during a skilled visit	33	21.2%	6.9%–35.5%
	Percentage of vulnerable skilled nursing claims	92	12.0%	5.2%–18.7%
	Number of vulnerable skilled nursing claims	92	5,837	2,543–9,132
	Vulnerable skilled nursing payments	92	$172,346	$60,757–$283,934
	Percentage of vulnerable home health aide claims	92	85.8%	78.6%–93.1%
	Number of vulnerable home health aide claims	92	41,922	38,385–45,459
	Vulnerable home health aide payments	92	$1,104,593	$947,188–$1,261,998
Maryland	Percentage of vulnerable skilled nursing claims	9	100.0%	Not Applicable
	Vulnerable skilled nursing payments	9	$1,523	Not Applicable
North Carolina	Percentage of vulnerable claims	77	66.2%	55.8%–76.7%
	Number of vulnerable claims	77	833	702–964
	Vulnerable Medicaid payments	77	$85,094	$68,573–$101,614
	Percentage of vulnerable payments involving multiple providers	31	19.4%	5.5%–33.2%
	Percentage of vulnerable payments involving unskilled services during a skilled visit	48	64.6%	51.0%–78.2%
	Percentage of vulnerable skilled nursing claims	77	64.9%	54.4%–75.5%
	Number of vulnerable skilled nursing claims	77	817	685–949
	Vulnerable skilled nursing payments	77	$84,337	$67,736–$100,937
	Percentage of vulnerable home health aide claims	77	1.3%	0%–7.0%*
	Number of vulnerable home health aide claims	Estimate cannot be made because of small sample size.		
	Vulnerable home health aide payments	Estimate cannot be made because of small sample size.		

Source: Office of Inspector General analysis of claims data, 2008.
* Confidence interval was calculated with an exact method based on the binomial distribution because of poor coverage properties of the standard method when almost no or all sample elements possess the characteristic of interest.

Table 2 Continued: Vulnerable Skilled Nursing and Home Health Aide Service Claims and Payments (Point Estimates and Confidence Intervals)

State	Description	Sample Size	Point Estimate	95-Percent Confidence Interval
Ohio	Percentage of vulnerable skilled nursing claims	91	58.2%	47.9%–68.6%
	Number of vulnerable skilled nursing claims	91	10,875	8,949–12,801
	Vulnerable skilled nursing payments	91	$607,831	$488,642–$727,020
	Percentage of vulnerable payments involving multiple providers	68	52.9%	40.8%–65.1%
	Percentage of vulnerable payments involving unskilled services during a skilled visit	49	32.7%	19.2%–46.1%
Texas	Percentage of vulnerable claims	5	0.0%	Not Applicable
	Vulnerable Medicaid payments	5	$0	Not Applicable
Overall Estimates	Percentage of vulnerable claims	274	86.5%	82.6%–89.6%
	Vulnerable Medicaid payments	274	$1,971,386	$1,801,015–$2,141,757
	Number of vulnerable claims	274	59,477	57,067–61,887
	Percentage of vulnerable payments involving multiple providers	178	85.6%	81.5%–89.8%
	Percentage of vulnerable payments involving unskilled services during a skilled visit	130	26.6%	16.6%–36.5%
	Percentage of vulnerable skilled nursing claims	274	25.5%	20.4%–31.4%
	Number of vulnerable skilled nursing claims	274	17,538	13,754–21,322
	Vulnerable skilled nursing payments	274	$866,036	$708,080–$1,023,992
	Percentage of vulnerable home health aide claims	274	61.0%	55.8%–66.0%
	Number of vulnerable home health aide claims	274	41,939	38,432–45,446
	Vulnerable home health aide payments	274	$1,105,350	$962,975–$1,247,725

Source: Office of Inspector General analysis of claims data, 2008.

* Confidence interval was calculated with an exact method based on the binomial distribution because of poor coverage properties of the standard method when almost all sample elements possess the characteristic of interest.