

A Performance Audit of Medicaid's Coverage and
Reimbursement Code Lookup Tool Change Controls



Report Number 2014-14

December 4, 2014



STATE OF UTAH

LEE WYCKOFF
Inspector General

Utah Office of Inspector General

Date: December 4, 2014

To: Utah Department of Health

Please see the attached report, **A Performance Audit of Medicaid's Coverage and Reimbursement Policy Lookup Tool Change Controls** (Report 2014-14). The Executive Summary includes the background, objectives, and findings. The Introduction explains the objectives and scope of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Wyckoff".

Lee Wyckoff, CPA, CISA, CFE
Inspector General
Utah Office of Inspector General

cc: David Patton, Michael Hales, Shari Watkins, Gail Rapp, John Curless, Darin Dennis, Travis Lansing

TABLE OF CONTENTS

Executive Summary1

Introduction.....2

 Background2

 Scope and Objectives.....3

 Methodology3

Finding 1: The Lookup Tool cover page incorrectly delegates authority to the Medicaid Provider Manuals despite the absence of CPT level criteria, limits, terms and conditions in the Manuals.....5

 Recommendations.....6

Finding 2: Medicaid performed policy updates retroactively during CY 2013 on approximately 500 CPTs; less than 20% were reported in the Medicaid Information Bulletins7

 Recommendation8

Finding 3: Lookup Tool Special Notes lack formalized standards to assure completeness.....9

 Recommendation9

Finding 4: Lookup Tool code access controls need updating10

 Recommendations.....10

Appendix: Copy of Coverage and Reimbursement Code Lookup cover page on website.....11

Management Response12

Evaluation of Management Response.....16

Contact and Staff Acknowledgement17

EXECUTIVE SUMMARY

Medicaid launched the Coverage and Reimbursement Code Lookup tool (Lookup Tool) in January 2012 to provide an online reference for providers to view CPT coverage and reimbursement terms and conditions at the CPT level. Medicaid personnel also use the Lookup Tool. For example, the prior authorization group uses the Lookup when verifying which CPTs require prior authorization.

Audit Objectives:

1. Determine whether Lookup Tool coverage information is expandable to additional Medicaid programs.
2. Determine whether Lookup Tool code was adequately controlled pre and post implementation.
3. Determine whether Medicaid adequately controlled policy updates to assure accuracy, completeness, and management authorization of changes to the MMIS Reference File and the Lookup Tool.

Audit Findings:

1. The Lookup Tool cover page incorrectly delegates authority to the Medicaid Provider Manuals despite the absence of CPT level criteria, limits, terms and conditions in the Manuals.

The Lookup Tool cover page states, "For the most current information regarding covered items or rates, please consult the Medicaid Provider Manuals or contact us." However, most provider manuals state: "Effective January 1, 2013, procedure codes with accompanying criteria and limitations have been removed from the provider manual and are found on the Coverage and Reimbursement Lookup Tool on the Medicaid website at: www.health.utah.gov/medicaid." The cover page lacks precise wording for programs excluded versus partially excluded; does not refer to rural provider and other price enhancements that supersede the stated prices or price rates.

2. Medicaid performed policy updates retroactively during CY 2013 on approximately 500 CPTs; less than 20% were reported in the Medicaid Information Bulletins.

During CY 2013 Medicaid posted Policy updates for approximately 500 CPT codes after the effective start dates. The design causes all instances of retroactive policy updates to display the same as policy posted on or by the effective start date. Medicaid announced less than 20% of the retroactive changes in the Medicaid Information Bulletins. Most of the retroactive policy changes added services, which, unannounced can result in lack of parity in the Medicaid population.

3. Lookup Tool Special Notes lack formalized standards to assure completeness.

Medicaid did not formalize or document a definition of the types of information needed in the Special Notes, or the types of information helpful to providers. Many of the Special Notes on the 10% of active CPTs displaying Special Notes did not process using the current workflow tool, and indicate grammar errors, writing errors, or information inconsistent with the table.

4. Lookup Tool code access controls need updating.

Twelve people have access to the Lookup Tool code. This condition causes unnecessary risk of unauthorized, accidental or malicious changes to the Lookup Tool code. To limit risk, Medicaid should limit access to the Lookup Tool code to one programmer plus appropriate backup personnel, and separate the duties of code maintenance / modification, test and acceptance, and production on the live website.

INTRODUCTION

BACKGROUND

Medicaid developed the Coverage and Reimbursement Code Lookup Tool (Lookup Tool) web-interface as an online reference to provide CPT specific terms and conditions.

The Medicaid Information Bulletin (MIB) published in January 2012 contained the following announcement: “Beginning January 1, 2012, Utah Medicaid will provide coverage and reimbursement information for HCPCS and CPT codes through a new web-based lookup tool. The tool will allow providers to search for coverage and reimbursement information by procedure code, date of service, and provider type. With the introduction of this new website, the coverage information in the provider manuals will be removed; however, the provider policy manuals will still be a reference for criteria, comments, and instructions, including unit limits. The website is:

<http://health.utah.gov/medicaid/stplan/lookup/CoverageLookup.php>”

Most provider manuals state: “Effective January 1, 2013, procedure codes with accompanying criteria and limitations have been removed from the provider manual and are found on the Coverage and Reimbursement Lookup Tool on the Medicaid website at: www.health.utah.gov/medicaid.”

Lookup Tool Design and Update

Table Section

Policy terms and conditions display to a table and to a Special Note (see next section) above the table. The Lookup Tool views sections of the Division of Medicaid Healthcare Financing Data Warehouse updated weekly from the MMIS Reference File. The Reference File is key to claims adjudication and this design helps assure the Lookup Tool agrees with the claims adjudication process. Each weekend, updates to the Reference File flow to the Data Warehouse and as a result, the Lookup Tool displays updates with up to a week delay. The Lookup Tool displays Medicaid policy in a provider friendly format also used by Medicaid employees not familiar with the Reference File codes.

Medicaid program managers enter policy updates to the HCPCS workflow tool where Medicaid managers can view, edit or approve each update prior to Reference File posting. To enter the updates to the Reference File, Medicaid manually signs on to the Reference File and then activates the workflow tool to enter the updates.

Special Note Section

The Special Note displays a narrative description of CPT specific criteria, quantity limits, pre-requisites for use, as well as useful other information and guidelines. The Special Note appears above the table section and reports information, criteria and pre-requisites additional to items contained in the Reference File.

Medicaid deployed an MS Access Database application, the Notes Database, during late calendar year 2013 as a workflow tool to assist in the approval and upload of Special Notes to the Data Warehouse

for Lookup Tool viewing. The Lookup Tool displays approximately 12,500 covered CPT codes, of which 10%, include Special Notes.¹

Medicaid HCPCS Workflow Tool

Medicaid uses a workflow tool that provides a central base for review, edit and approval of policy changes at the CPT level prior to automated entry to the MMIS Reference File. Medicaid plans to replace the current workflow tool with an application under development in the MMCS system.

SCOPE AND OBJECTIVES

Scope: The scope of the audit was July 2011 through August 2014. The Lookup Tool, developed internally, implemented in January 2012. The scope included the MMIS Reference File and the supporting processes leading up to policy changes, and software changes to Lookup Tool.

The audit included review of policy changes recorded in Medicaid's workflow tool for CY2013. The audit categorized the policy changes by type, dates posted and dates effective.

The audit did *not* include evaluation of the various reasons or causes for the policy changes or whether changes can be more proactive and fewer retroactive.

The audit did *not* include policy changes posted without using the HCPCS workflow tool, for example mass updates and manual entry.

Objectives:

1. Determine whether Lookup Tool coverage information is expandable to additional Medicaid programs.
2. Determine whether Lookup Tool code was adequately controlled pre and post implementation.
3. Determine whether Medicaid adequately controlled policy updates to assure accuracy, completeness, and management authorization of changes to the MMIS Reference File and the Lookup Tool.

METHODOLOGY

1. To determine whether the Lookup Tool coverage information is expandable to additional Medicaid programs, Utah OIG conducted interviews, reviewed Management's goals, objectives and MIB announcements as compared to the Lookup Tool's current features.
2. To determine whether Lookup Tool code development was adequately controlled pre and post implementation the Utah OIG:
 - a. conducted interviews,
 - b. reviewed the controls documentation during development and acceptance testing; and,
 - c. reviewed access privileges and the current process of code updates.

¹ Based on a 6/02/14 fee schedule; download, sorted and then analyzed. The date chosen was the most current at the time of the analyses.

3. To determine whether Medicaid adequately controlled policy-updates to the MMIS Reference File and the Lookup Tool, the Utah OIG:
 - a. reviewed policy updates documented in the HCPCS workflow tool and the recently implemented Notes Database,
 - b. compared the policy updates to the MIB announcements,
 - c. analyzed the policy updates for elements affecting quality,
 - d. obtained a data file of Special Notes on active CPTs and reviewed for accuracy, consistency, and management authorization, but not for completeness; and,
 - e. reviewed access privileges to systems supporting the policy update process.

FINDING 1

The Lookup Tool cover page incorrectly delegates authority to the Medicaid Provider Manuals despite the absence of CPT code level criteria, limits, terms and conditions in the Manuals.

The cover page of the Lookup Tool should accurately describe the Lookup Tool's applicability at the CPT level, clearly and precisely without ambiguity.

Utah Administrative Code R414-1 lists the Lookup Tool as a separate reference; and as such, it stands as the reference source for CPT level terms and conditions for coverage and reimbursement.

The Lookup Tool cover page states, "For the most current information regarding covered items or rates, please consult the Medicaid Provider Manuals or contact us." However, most provider manuals state: "Effective January 1, 2013, procedure codes with accompanying criteria and limitations have been removed from the provider manual and are found on the Coverage and Reimbursement Lookup Tool on the Medicaid website at: www.health.utah.gov/medicaid."²

The Lookup Tool cover page stating, "For the most current information regarding covered items or rates, please consult the Medicaid Provider Manuals or contact us" is a contradiction:

- *Denies the contractual nature* of the Lookup Tool for Medicaid to reimburse providers based on the criteria and limits displayed in the Lookup Tool. Most provider manuals do not contain CPT codes, prices or rates;
- *Dilutes the purpose of the Lookup Tool* of being authoritative for CPT level criteria and limits required for reimbursement as represented by the Provider Manuals and Information Bulletins.

Functionally, most provider manuals describe general criteria not specific to CPTs, providing guidance and information useful to the provider community. The Lookup Tool provides criteria and limits specific to CPTs.

The cover page incorrectly states, "This fee schedule does not apply to hospital outpatient services billed under the Outpatient Prospective Payment System (OPPS), Indian Health Services (IHS), School Based Skills Development (SBSD), nor does it apply to Utah's 1915(c) waivers." The statement is incorrect because the Lookup Tool *does* apply to OPPS and IHS *except* for pricing, whereas for SBSBD and the waivers the Lookup Tool does *not* apply at all and should not be used for SBSBD and waivers. See appendix.

The Lookup Tool terms and conditions apply to rural providers except for pricing; however, the cover page does not include any advisement, disclaimer or exclusion for rural providers, or any mention of price enhancements described in the State Plan attachment 4.19-B.

Management Action Taken on August 5, 2014

Based on a preliminary audit briefing with Medicaid on July 31, 2014, Medicaid adjusted the cover page as follows: "For the most current information regarding covered items or rates not managed in this Lookup tool, please consult the Medicaid Provider Manuals or contact us." The management action inserted the phrase "not managed in this Lookup tool." See appendix.

² The audit *does not review the adequacy* of each provider manual. However, the auditors observed that, of the 36 provider manuals lightly reviewed, 23 referred to the Lookup Tool and 13 did not. Included in the 13 that did not refer to the Lookup Tool are the Nontraditional and PCN that are columns 2 and 3 in the Lookup Tool table; 7 of the 13 were published prior to Lookup Tool implementation.

RECOMMENDATIONS

- 1.1 Medicaid should edit the cover page to state its role as the authority for CPT-level criteria, limits and rates.
- 1.2 Medicaid should specifically list programs not managed by the Lookup Tool, programs for which the Lookup Tool does not apply.
- 1.3 Medicaid should clarify special pricing including price enhancements.

FINDING 2

Medicaid performed policy updates during CY 2013 on approximately 500 CPTs retroactively; less than 20% were reported in the Medicaid Information Bulletins.

The Division of Medicaid and Health Financing issues Medicaid Information Bulletins (MIBs) in January, April, July, October, and on an interim basis as needed. The MIBs contain clarifications to existing policy and procedure, changes in policy and procedure, and information of interest to Medicaid providers.

Medicaid announced less than 20% of the retroactive changes in MIBs. Most of the retroactive policy changes added services, which, unannounced can result in lack of parity in the Medicaid population as services to some recipients may have been denied.

During CY 2013, Medicaid posted coverage and reimbursement policy changes after the effective start dates to approximately 500 CPT codes. The listings below sum the retroactive time spans and the type of coverage changed.

A. Policy Changes, Time Spans:

1. 334 CPT codes, retroactive up to 14 days,
2. 112 CPT codes, retroactive 15-29 days,
3. 38 CPT codes, retroactive 1 to 5 months, and
4. 13 CPT codes, 6-11 months after the effective start date.

B. Policy Changes, Coverage Type:³

1. 133 CPT codes, retroactively changed provider types authorized to render services,
2. 324 CPT codes, retroactively changed nursing home coverage,
3. 14 CPT codes, retroactively changed age of recipient eligibility coverage,
4. 78 CPT codes, retroactively changed prior authorization codes,
5. 90 CPT codes, retroactively changed pricing.

Some retroactive Policy changes updated more than one type of coverage and hence total to more than the CPT count of approximately 500.

Medicaid permits retroactive implementation of policy changes. Medicaid reviews past claims and in some cases reprocesses claims for policy changes, but this methodology lacks consistency for policy changes not included in the MIBs. The design of the Lookup Tool updates policy to display back to the retroactive effective date, creating backdated policy without reporting the entry date of the change. The design causes all instances of retroactive policy updates to display the same as policy posted on or before the effective start date. For example, on December 12, 2013 Medicaid added provider type 62 to CPT L2300 and L2768 and backdated the effective date to November 12, 2013. Type 62 Medical Supply Providers querying the Lookup Tool between November 12 and December 12 viewed not billable by provider type 62, but queries performed after December 12, reported billable in contradiction to queries for the same date of service and provider type performed earlier.

³ The tallies are approximate sums determined through manual analyses.

RECOMMENDATION

2.1 Medicaid should publish all Policy changes in its Medicaid Information Bulletins. Publishing all policy changes, including the less restrictive changes implemented retroactively, will bring attention to services that were previously not available to recipients.

FINDING 3**Lookup Tool Special Notes lack formalized standards that assure completeness.**

Medicaid provider manuals state, "...procedure codes with accompanying criteria and limitations have been removed from the provider manual and are found on the Coverage and Reimbursement Lookup Tool." To achieve this requires the Lookup Tool to display all criteria, requirements and limits applicable at the CPT level.

Terms and conditions not included in the table section of the Lookup Tool can be included in the Special Note section that displays above the table.

Medicaid internally developed a workflow tool called the "Notes Database." The beta version deployed during second quarter SFY 2014, and the current version deployed the following quarter.

Medicaid did not formalize or document a definition of the types of information needed in the Special Notes for full disclosure, or the types of information that would be helpful to include for the benefit of providers. Approximately 90% of the active CPTs do not display Special Notes.

Many of the Special Notes on the 10% displaying Special Notes did not process using the current workflow tool. The Special Notes sometimes have grammar errors, writing errors, or inconsistent information.

RECOMMENDATION

3.1 Medicaid should develop and formalize a policy that specifies the types of information and criteria, i.e. pre-requisite treatments and medical conditions, and other types of items for inclusion in the Special Notes. The policy should assure completeness of terms and conditions for all active CPT records.

FINDING 4**Lookup Tool code access controls need updating.**

Access to the Lookup Tool code (html or otherwise) should be limited to the employee directly responsible for maintenance, plus one backup employee. Prior to updating the website, code changes should be tested by someone other than the developer to assure the change was successful and compatible with related applications and other code.

Based on DTS research, twelve people have access to the Lookup Tool code. Many of the twelve do not have responsibility for the Lookup Tool code. The Lookup Tool code and policy information becomes vulnerable to unauthorized, accidental or untested updates when employee access exceeds responsibility.

Access that exceeds or is no longer connected to current employee responsibility causes unnecessary risk to the Lookup Tool. The unnecessary risk may be high or low impact depending on the change, intent and skill level of the individual. A disgruntled employee may cause the greatest harm, especially if the tool becomes defaced, or unknowingly enables significant changes to other key policy.

The employee regularly responsible for edits to the Lookup Tool code also tests and places code changes into production on the website. This inappropriately relies on one developer not only to ensure complete achievement of the desired change but also to ensure full compatibility with all other code.

RECOMMENDATIONS

- 4.1 Medicaid should limit access to the Lookup Tool code to one programmer, plus appropriate backup personnel.
- 4.2 Medicaid should separate the duties of code maintenance / modification, test and acceptance, and production on the live website.

Utah OIG Auditor Note:

The “not managed in this Lookup tool” was added by Medicaid following an audit briefing on 7/31/14. The highlight was added for this report. The Lookup Tool cover page at 10/24/14, and forward, displays as follows.

Utah Medicaid Program**Coverage and Reimbursement Code Lookup**

The information provided by this lookup tool does not guarantee reimbursement, but is intended to provide coverage and reimbursement information for selected procedure codes as of the "Updated On" date specified in the search results. For the most current information regarding coverage or rates not managed in this Lookup tool, please consult the [Medicaid Provider Manuals](#) or [contact us](#).

This fee schedule does not apply to hospital outpatient services billed under the Outpatient Prospective Payment System (OPPS), Indian Health Services (IHS), School Based Skills Development (SBSD), nor does it apply to Utah's 1915(c) HCBS waivers. Medicaid covered claims adjudicated through OPPS will be paid according to the applicable Medicare fee schedule, IHS providers are generally paid using the All-Inclusive Rate (please refer to the Indian Health provider manual for more specifics) and 1915(c) HCBS waiver providers should refer to the appropriate waiver-specific fee schedule.

Generally, the fees represented here are only for claims paid using Utah Medicaid's fee schedule.

If you would like to view the entire fee schedule rather than searching for a particular code please use our [Fee Schedule Download Tool](#).

Select Provider Type:

Enter Code:

Date of Service: (MM/DD/YYYY)

MANAGEMENT RESPONSE



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Utah Department of Health

W. David Patton, Ph.D.
Executive Director

Division of Medicaid and Health Financing

Michael Hales
Deputy Director, Utah Department of Health
Director, Division of Medicaid and Health Financing

December 1, 2014

Lee Wyckoff, CPA
Inspector General
Office of the Inspector General of Medicaid Services
P.O. Box 14103
Salt Lake City, Utah 84114

Dear Mr. Wyckoff:

Thank you for the opportunity to respond to the audit entitled "A Performance Audit of Medicaid's Coverage and Reimbursement Code Lookup Tool Change Controls" (Report #2014-14). We appreciate the effort and professionalism of you and your staff in this review. Likewise, our staff has spent time collecting information for your review, answering questions, and planning changes to improve the program. We believe that the results of our combined efforts will make a better, more efficient program.

We concur with the recommendations in this report. Our response describes the actions the Department plans to take to implement the recommendations.

The Department of Health is committed to the efficient and effective use of taxpayer funds and values the insight this report provides on areas that need to be improved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Hales".

Michael Hales
Deputy Director, Department of Health
Division Director, Medicaid and Health Financing



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Response to Recommendations

Recommendation 1.1

Medicaid should edit the cover page to state its role as the authority for CPT-level criteria, limits and rates.

Department response:

We concur with this recommendation.

Medicaid will update the Lookup Tool cover page.

*Contact: John Curless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: July 1, 2015*

Recommendation 1.2

Medicaid should specifically list programs not managed by the Lookup Tool, programs for which the Lookup Tool does not apply

Department response:

We concur with this recommendation.

Medicaid will clearly identify the programs for which the Lookup Tool does not apply.

*Contact: John Curless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: July 1, 2015*

Recommendation 1.3

Medicaid should clarify special pricing including price enhancements.

Department response:

We concur with this recommendation.

This was recently done with the addition of the following verbiage:

This fee schedule does not account for any enhancement in fee schedule amounts (i.e., rural physician enhancements, rural dental enhancements, etc.).

*Contact: John Curless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: Completed*

Recommendation 2.1

Medicaid should publish all policy changes in its Medicaid Information Bulletins. Publishing all policy changes, including the less restrictive changes implemented retroactively, will bring attention to services that were previously not available to recipients

Department response:

We concur with this recommendation.

Medicaid will work to ensure that retroactive changes are published in the Medicaid Information Bulletins in a timely manner.

*Contact: John Curlless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: October 1, 2015*

Recommendation 3.1

Medicaid should develop and formalize a policy that specifies the types of information and criteria, i.e. pre-requisite treatments and medical conditions, and other types of items for inclusion in the Special Notes. The policy should assure completeness of terms and conditions for all active CPT records.

Department response:

We concur with this recommendation.

Medicaid recently adopted a Standard Operating Procedure (SOP) which will outline the format for Special Notes. Included in this SOP is guidance which specifies the organization of information that may be included in the Special Notes. As notes are modified, they will be updated to comply with the SOP. Additionally, specific note issues from the auditors will be reviewed for potential updates.

*Contact: John Curlless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: July 1, 2015*

Recommendation 4.1

Medicaid should limit access to the Lookup Tool code to one programmer, plus appropriate backup personnel.

Department response:

We concur with this recommendation.

Medicaid will review the current user access to the Lookup Tool and will make a determination regarding the appropriate number of programmers and backup personnel.

*Contact: John Curless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: July 1, 2015*

Recommendation 4.2

Medicaid should separate the duties of code maintenance / modification, test and acceptance, and production on the live website.

Department response:

We concur with this recommendation.

Medicaid will assess current separation of duties and make adjustments as necessary in order to mitigate the risk of inappropriate programming and production.

*Contact: John Curless, Director, Bureau of Coverage & Reimbursement Policy, 801-538-6149
Anticipated Implementation Date: July 1, 2015*

EVALUATION OF MANAGEMENT RESPONSE

Management concurs with the findings and recommendations of this report. Management has designated a responsible person to implement changes within a reasonable deadline. Management's response is adequate. We will review the adequacy of Management's corrective action following the dates indicated in the response.

UTAH OIG CONTACTS AND STAFF ACKNOWLEDGEMENT

UTAH OIG CONTACT

Ron Sufficool, CPA, CISA, CIA, CFE
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UTAH OIG AUDIT SERVICES MISSION

We conduct audits to reduce or eliminate waste, abuse and fraud in the Utah Medicaid Programs for the benefit of taxpayers, Medicaid providers and recipients.

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