

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE THERAPY RESOURCE
UTILIZATION GROUPS AT EPWORTH
VILLA RETIREMENT COMMUNITY'S
SKILLED NURSING FACILITY WERE
PROPERLY SUPPORTED**

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Office of Inspector General

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The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

Report in Brief

Date: June 2019

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why **OIG** Did This Review

Skilled Nursing Facility (SNF) claims include Resource Utilization Groups (RUGs) that identify whether a beneficiary received therapy and the range of therapy minutes provided. For example, SNF claims with a RUG that begins with “RU” or “RV” indicate that an ultra high or very high level of therapy was provided and that during a 7-day period, the beneficiary received 720 minutes or more, or 500 to 719 minutes of therapy, respectively. The higher the volume of therapy services provided, the higher the Medicare payment.

Previous **OIG** work found that SNFs billed for higher levels of therapy RUGs than were supported.

Our objective was to determine whether the therapy minutes associated with Epworth Villa Retirement Community’s SNF claims containing ultra high or very high therapy RUGs were properly supported.

How **OIG** Did This Review

We selected for review the SNF at Epworth Villa because during a 1-year period, more than 93 percent of its RUGs were for very high or ultra high therapy, and the therapy minutes for 94 percent of those RUGS were within 10 minutes of the minimum requirement.

Our review covered \$4,433,545 in Medicare payments for 710 SNF claims for services provided from July 1, 2016, through June 30, 2017.

The Therapy Resource Utilization Groups at Epworth Villa Retirement Community’s Skilled Nursing Facility Were Properly Supported

Results of Review

We found that Epworth Villa’s therapy minutes associated with ultra high and very high RUGs were properly supported. Accordingly, this report contains no recommendations.

TABLE OF CONTENTS

INTRODUCTION	1
Why We Did This Review.....	1
Objective.....	1
Background.....	1
Medicare Part A.....	1
Skilled Nursing Facility Services.....	1
How We Conducted This Review.....	2
RESULTS OF REVIEW	2
APPENDICES	
A: Audit Scope and Methodology.....	3
B: Statistical Sampling Methodology.....	4

INTRODUCTION

WHY WE DID THIS REVIEW

A Skilled Nursing Facility (SNF) is a nursing home that provides skilled nursing care, rehabilitation services, such as physical, occupational, or speech therapy; and other services, such as assistance with eating, bathing, and toileting to beneficiaries who need skilled assistance after a hospitalization. SNF claims include Resource Utilization Groups (RUGs) that identify whether a beneficiary received therapy and the range of therapy minutes provided. For example, SNF claims with a RUG that begins with “RU” or “RV” indicate that an ultra high or very high level of therapy was provided and that during a 7-day period, the beneficiary received 720 minutes or more, or 500 to 719 minutes of therapy, respectively. The higher the volume of therapy services provided, the higher the Medicare payment.

Previous Office of Inspector General (OIG) work found that SNFs billed for higher levels of therapy RUGs than were supported. We selected for review the SNF at Epworth Villa Retirement Community (Epworth Villa) in Oklahoma City, OK, because during a 1-year period, more than 93 percent of its RUGs were for ultra high or very high therapy, and the therapy minutes for 94 percent of those RUGs were within 10 minutes of the minimum number of minutes required to bill for ultra high or very high therapy.

OBJECTIVE

Our objective was to determine whether the therapy minutes associated with Epworth Villa’s claims containing ultra high or very high therapy RUGs were properly supported.

BACKGROUND

Medicare Part A

Medicare provides health insurance for people aged 65 and over, people with disabilities, and people with permanent kidney disease. Medicare Part A provides inpatient hospital insurance benefits and coverage for extended care services, such as SNF services, for beneficiaries after discharge.

Skilled Nursing Facility Services

SNF services must be (1) ordered by a physician and provided by, or under the direct supervision of, skilled nursing or rehabilitation professionals, and (2) be for a condition previously treated at a hospital. Daily skilled services must be services that, as a practical matter, can only be provided in a SNF, on an inpatient basis (42 CFR § 409.31). Daily skilled services include physical, occupational, and speech therapy.

SNF personnel record a beneficiary’s functional status and therapy services provided, if any, during 7-day assessment periods using a data collection tool called the Minimum Data Set (MDS) to classify Medicare beneficiaries into RUGs. The therapy minutes reported in MDS are a contributing factor in determining the RUGs for billing purposes.

Payment varies based on the actual therapy minutes received by the beneficiary and reported on the MDS.

Table 1: Therapy Categories and Number of Therapy Minutes

Therapy Level	Therapy Minutes Received During the 7-day Period
Ultra High	720+
Very High	500–719
High	325–499
Medium	150–324
Low	45–149

HOW WE CONDUCTED THIS REVIEW

Our review covered \$4,433,545 in Medicare payments for 710 SNF claims for services provided from July 1, 2016, through June 30, 2017, at Epworth Villa. We selected for review a stratified random sample of 100 SNF claims with payments totaling \$751,782. We utilized a medical review contractor to review each 7-day assessment period associated with our sample of 100 claims to ensure minutes were supported in the records.

We did not review the overall internal control structure at Epworth Villa. Rather, we limited our review of internal controls to those applicable to ensuring SNF therapy claims were supported.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology and Appendix B contains the details of our statistical sampling methodology.

RESULTS OF REVIEW

Epworth Villa’s therapy minutes associated with ultra high and very high RUGs were properly supported. Accordingly, this report contains no recommendations.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our review covered \$4,433,545 in Medicare payments for 710 SNF claims for services provided from July 1, 2016, through June 30, 2017, at Epworth Villa. We selected for review a stratified random sample of 100 SNF claims with payments totaling \$751,782. We utilized a medical review contractor to review each 7-day assessment period associated with our sample of 100 claims to ensure minutes were supported in the records.

We did not review the overall internal control structure of Epworth Villa. Rather, we limited our review of internal controls to those applicable to ensuring SNF therapy claims were supported.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and CMS guidance;
- held discussions with SNF officials to gain an understanding of therapy services, medical documentation, and billing;
- reviewed the SNF's internal controls related to therapy claims;
- obtained paid SNF claims and MDS therapy minutes for the audit period;
- selected for review a stratified random sample of 100 SNF claims;
- obtained and compiled medical records necessary to support each sampled claim;
- engaged a medical review contractor to review the medical records; and
- held discussions with CMS and discussed the results of our audit with SNF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

TARGET POPULATION

We used paid SNF claims for this facility, with dates of service between July 1, 2016, and June 30, 2017, where each claim had an ultra high or very high rehabilitation RUG and covered at least 8 days of services.

SAMPLING FRAME

We obtained a data file that contained 743 paid SNF claims. We removed claims that contained non-covered and leave of absence days, did not have at least one ultra high or very high RUG, and were identified as being reviewed by the Recovery Audit Contractor. The resulting sample frame contained 710 claims totaling \$4,433,545.

SAMPLE UNIT

The sample unit will be a paid claim.

SAMPLE DESIGN AND SAMPLE SIZE

We selected a stratified random sample of 100 claims containing three strata.

Table 2: Stratified Random Sample

Stratum	Strata Bounds (Claim Payments)	Number of Paid Claims	Value
1	> \$239 and < \$6,215	380	\$1,234,980.41
2	>= \$6,215 and < \$10,305	197	\$1,578,344.99
3	>= \$10,305 and < \$16,950	133	\$1,620,219.44
Total		710	\$4,433,544.84

We selected 34 units from Stratum 1, 33 units from Stratum 2, and 33 units from Stratum 3.

SOURCE OF RANDOM NUMBERS

The random numbers were generated by our Statistical Specialist using OIG statistical software.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the claims within each stratum. After generating the random numbers for each stratum, we selected the corresponding sample units.

ESTIMATION METHODOLOGY

We did not observe any errors and did not calculate a statistical estimate.