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March 11, 2022

Members of the Audit Subcommittee
of the Legislative Commission
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In January 2021, we issued an audit report on the Delivery of Treatment Services for Children with Autism. The Aging and Disability Services Division (ADSD) filed its plan for corrective action in March 2021. The Division of Health Care Financing and Policy (DHCFP) filed its plan for corrective action in April 2021. Nevada Revised Statutes 218G.270 requires the Office of Finance, Office of the Governor, to issue a report within 6 months after the plan for corrective action is due, outlining the implementation status of the audit recommendations.

Enclosed is the 6-month report prepared by the Office of Finance on the status of the fourteen recommendations contained in the audit report. As of October 9, 2021, the Office of Finance indicated eight recommendations were fully implemented and six recommendations were partially implemented. The partially implemented recommendations are shown below.

	Recommendation	Status
Recommendation No. 1	Nevada Medicaid should determine reasonable limits to the number of service hours in a 1-day period for both providers and children.	Partially Implemented
Recommendation No. 2	Nevada Medicaid should develop system edits to prevent claims with excessive service hours.	Partially Implemented
Recommendation No. 3	Nevada Medicaid should further investigate claims with unreasonable services hours and identify and recover overpayments and refer potential fraud to the Office of the Attorney General.	Partially Implemented
Recommendation No. 7	ATAP and Medicaid should establish additional monitoring and review controls to ensure information submitted to the Legislature is based on reasonable assumptions specific to the relevant program.	Partially Implemented
Recommendation No. 9	ATAP should create and maintain a list of health care professionals qualified and performing diagnoses of Autism Spectrum Disorder.	Partially Implemented
Recommendation No. 10	ATAP should assign case managers to families as soon as program eligibility is determined.	Partially Implemented

In March 2022, we requested additional information regarding the status of the six partially implemented recommendations from ADSD and DHCFP management and reviewed relevant documentation provided. Our review indicated ADSD and DHCFP have now fully implemented two of these six recommendations (No. 7 and No. 9). Therefore, we have the following questions for agency officials:

Questions

1. For Recommendations Nos. 1, 2, and 3, the Office of Finance indicated DHCFP had planned full implementation by the end of 2021. Has DHCFP fully implemented these three recommendations? If not, when does DHCFP anticipate these recommendations to be fully implemented?
2. For Recommendation No. 10, the Office of Finance indicated staffing issues prevented full implementation of the recommendation at the time of review. When does ADSD anticipate full implementation of the recommendation?

Respectfully Submitted,



Daniel L. Crossman, CPA
Legislative Auditor

DLC:smy

cc: Yvanna Cancela, Chief of Staff, Office of the Governor
Susan Brown, Director, Office of Finance, Office of the Governor
Warren Lowman, Administrator, Division of Internal Audits, Office of the Governor
Suzanne Bierman, Administrator, Division of Health Care Financing and Policy
Dena Schmidt, Administrator, Aging and Disability Services Division
Richard Whitley, M.S., Director, Department of Health and Human Services (DHHS)
Kimberly Fahey, Audit Liaison, Director's Office, DHHS

SIX-MONTH REPORT



STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE
Division of Internal Audits

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MEMORANDUM

To: Daniel L. Crossman, Legislative Auditor
Legislative Counsel Bureau

From: Susan Brown, Director
Governor's Finance Office

Date: October 9, 2021

Subject: Legislative Audit of the Department of Health and Human Services – Aging and Disability Services Division, Division of Health Care Financing and Policy

On January 14, 2021, your office released an audit report (LA 22-04) on the Department of Health and Human Services (DHHS), Aging and Disability Services Division (ADSD) and the Division of Health Care Financing and Policy (DHCFP). The divisions subsequently filed a corrective action plan on April 9, 2021. NRS 218G.270 requires the Director of the Governor's Finance Office to report to the Legislative Auditor on measures taken by the divisions to comply with audit findings.

There were fourteen recommendations contained in the report. The extent of the division's compliance with the audit recommendations is as follows:

Recommendation 1

Nevada Medicaid should determine reasonable limits to the number of service hours in a 1-day period for both providers and children.

Status – Partially Implemented

Agency Actions – Nevada Medicaid (DHCFP) is in the process of determining reasonable limits to the number of service hours in a 1-day period for both service providers and children. Per Product Discrepancy Report, provided by DHCFP, the system vendor will implement a limit of 12 hours/day for each individual service provider and implement a limit of 40 hours/week for each child. These changes are expected to be implemented by December 31, 2021. DHCFP has also drafted changes for Chapter 3700 which include:

Provider Type (PT) 60, Provider Type 85, and Indian Health Services are the only provider types permitted to bill for Applied Behavior Analysis (ABA) services; the group National Provider Identifier must be unique to the group; the only service providers that will be allowed to link to an approved ABA provider type is PT 85 and PT 60; and progress notes (for each day services are delivered) must be available upon request for review and investigation of claims. These changes are set for public hearing on September 28, 2021.

Recommendation 2

Nevada Medicaid should develop system edits to prevent claims with excessive service hours.

Status – Partially Implemented

Agency Actions – Nevada Medicaid (DHCFP) is in the process of developing system edits to prevent claims with excessive service hours. Consistent with recommendation 1, system vendor will implement daily/weekly limits for both service providers and children. These changes are expected to be implemented by December 31, 2021.

Recommendation 3

Nevada Medicaid should further investigate claims with unreasonable service hours and identify and recover overpayments and refer potential fraud to the Office of the Attorney General.

Status – Partially Implemented

Agency Actions – Nevada Medicaid (DHCFP) is in the process of investigating claims with unreasonable service hours and identifying and recovering overpayments and referring fraud to the Office of the Attorney General. DHCFP's Surveillance and Utilization Review (SUR) Unit reviewed compiled paid claims data for which individual service providers appeared to have worked excessive hours. From this data SUR requested targeted records requests from service providers. SUR review of records indicated preliminary determination of \$336,000 in overpayments, of which \$53,000 has been recovered to date. DHCFP anticipates mailing of preliminary findings and final recoupment letters by November 30, 2021. SUR has not determined that any of these overpayments constitute referral to the Medicaid Fraud Control Unit in the Office of the Attorney General.

Recommendation 4

Nevada Medicaid should develop a process to routinely review encounter claim data including procedures to ensure data submitted is accurate and services provided to children are appropriate.

Status – Fully Implemented

Agency Actions – Nevada Medicaid (DHCFP) has developed a process to review encounter claims data including procedures to ensure data submitted is accurate and services provided to children are appropriate. Agenda and minutes indicate that the DHCFP's bi-weekly encounters work group continues to identify data quality issues and take corrective measures. This includes the review of managed care organizations claims to ensure they were paid correctly. Additionally, DHCFP created a Data Quality Management Plan in June 2020 which focuses on reducing the risk and costs associated with poor data quality, improving the division's ability to evaluate the effectiveness of its policies, and make fraud easier to identify.

Recommendation 5

ATAP should establish a process and additional controls to ensure reconciliations for Insurance Assistance plan payments are completed, accurate, and timely.

Status – Fully Implemented

Agency Actions – ATAP established a process and additional controls to ensure reconciliations for Insurance Assistance plan payments are completed, accurate, and timely. ATAP formalized a standard reconciliation process in which Developmental Specialists gather Explanation of Benefits from families who receive insurance assistance benefits quarterly. These documents are then reviewed for total patient responsibility and are compared to provider invoices and care plan budgets. This comparison is utilized for billed service date accuracy and any overpayments. If discrepancies are found, the Developmental Specialist reports to their supervisor for review and confirmation. Once confirmed the billing team will complete reconciliation on next payable invoice.

Recommendation 6

ATAP should develop a centralized process to obtain and retain documentation from Insurance Assistance plan participants.

Status – Fully Implemented

Agency Comments – ATAP developed a centralized process to obtain and retain documentation from Insurance Assistance plan participants. To allow for easier review and reconciliation of billing ATAP created folders for each case on an Insurance Assistance plan that are accessible to all staff in SharePoint. A letter was developed to request Explanation of Benefits directly from insurances for families that are non-compliant with providing them. Random audits are being completed to monitor Insurance Assistance plan participants.

Recommendation 7

ATAP and Medicaid should establish additional monitoring and review controls to ensure information submitted to the Legislature is based on reasonable assumptions specific to the relevant program.

Status – Partially Implemented

Agency Comments – ATAP and Medicaid (DHCFP) established additional monitoring and review controls to ensure information submitted to the Legislature is based on reasonable assumptions specific to the relevant program. A methodology for fiscal impact analysis was developed that includes pulling managed care encounter data and patient counts for the relevant services and estimating the managed care impact separately from the fee-for-service impact. The new methodology and template were used during the 2021 Legislative Session for fiscal note analysis. DHCFP believes improvements to projection methodologies will improve the accuracy of fiscal impact estimates going forward but has not yet formally adopted the methodology in policy.

Recommendation 8

ATAP should develop and publish specific guidance regarding how to obtain a diagnosis and Applied Behavior Analysis treatment for those inquiring about services.

Status – Fully Implemented

Agency Comments – ATAP developed and published specific guidance regarding how to obtain a diagnosis and Applied Behavior Analysis treatment for those inquiring about the services. The ADSD website maintains specific ATAP information about requirements and step-by-step guidelines on the diagnosis and treatment process.

Recommendation 9

ATAP should create and maintain a list of health care professionals qualified and performing diagnoses of Autism Spectrum Disorder.

Status – Partially Implemented

Agency Comments – ATAP created and maintains a list of health care professionals qualified and performing diagnosis of Autism Spectrum Disorder. The ADSD website maintains a list of providers that can complete assessments or testing needed for a diagnosis as well as guidance on finding the right provider. This information is expected to be reviewed and updated every 180 days but has not yet been formally adopted in policy.

Recommendation 10

ATAP should assign case managers to families as soon as program eligibility is determined.

Status – Partially Implemented

Agency Comments – ATAP is in the process of assigning case managers to families as soon as program eligibility is determined. ATAP is working to fill Developmental Specialist positions that became unfrozen July 2021. Once ATAP is fully staffed, it is anticipated that the waiting list will be significantly shorter, and Development Specialists will have additional time to provide services to families who are waiting.

Recommendation 11

ATAP should actively monitor provider availability and assist families in obtaining and selecting a suitable provider.

Status – Fully Implemented

Agency Comments – ATAP is actively monitoring provider availability and assisting families in obtaining and selecting a suitable provider. During the intake process families complete the Applied Behavior Analysis Service Request Form which notes availability and preferred time for services. ATAP Developmental Specialists use this information to connect families with a suitable provider.

Recommendation 12

ATAP should develop a standardized process to identify children with the greatest need for immediate placement with Applied Behavior Analysis providers to expedite services.

Status – Fully Implemented

Agency Comments – ATAP developed a standardized process to identify children with the greatest need for immediate placement with Applied Behavior Analysis (ABA) providers to expedite services. ADSD developed a risk assessment tool to identify the status of families seeking ATAP assistance in the state of Nevada. In accordance with this tool, individuals with a score of 20+ are considered immediately for ATAP services. Since the start of this process, 142 risk assessments have been completed and 53 cases have come onto caseload and are no longer on the waiting list.

Recommendation 13

Nevada Medicaid should continue working with the Nevada Department of Education and Nevada school districts on the implementation of the state plan amendment for school districts to receive Medicaid reimbursement for Applied Behavior Analysis services.

Status – Fully Implemented

Agency Comments – Nevada Medicaid (DHCFP) is working with the Nevada Department of Education and Nevada school districts on the implementation of the state plan amendment for school districts to receive Medicaid reimbursement for Applied Behavior Analysis services. Currently, 7 of 17 schools in Nevada have amended their contract to bill Nevada Medicaid for School Health Services through June 30, 2022. DHCFP acknowledges that not all school districts are interested in participating in billing Nevada Medicaid (DHCFP) but continue to participate in monthly meetings with the Nevada Department of Education in ongoing efforts to support school-based health programs.

Recommendation 14

Nevada Medicaid should provide ATAP with contact information for new enrollees so ATAP can offer targeted case management for families.

Status – Fully Implemented

Agency Comments – Nevada Medicaid (DHCFP) provides ATAP with contact information for new enrollees so ATAP can offer targeted case management for families. DHCFP has been sending information on children who have been diagnosed with autism or received autism related service, and in turn ATAP has developed an outreach post card mailed out to unduplicated recipients addresses. DHCFP and ATAP continue to collaborate on a monthly basis to provide this service.

The degree of ongoing compliance with these recommendations is the responsibility of the agency.



Susan Brown, Director
Governor's Finance Office

cc: Yvanna Cancela, Chief of Staff, Office of the Governor
Richard Whitley, Director, Department of Health and Human Services
Dena Schmidt, Administrator, Aging and Disability Services Division
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Warren Lowman, Administrator, Division of Internal Audits

AUDIT HIGHLIGHTS

Audit Highlights



Highlights of performance audit report on the Delivery of Treatment Services for Children With Autism issued on January 14, 2021.

Legislative Auditor report # LA22-04.

Background

ASD is a developmental disability that can cause significant social, communication, and behavioral challenges. Individuals with ASD communicate, interact, behave and learn in ways that are different from others.

While the causes of ASD are not fully understood, early interventions with evidenced-based services and treatments such as ABA have proven effective in helping children develop, maintain, or restore to the maximum extent practicable, functioning in ways that are both efficacious and cost effective.

The State of Nevada helps provide access to evidence-based treatment for lower income families with children diagnosed with autism primarily through the Autism Treatment Assistance Program (ATAP) or the Division of Health Care Financing and Policy (Nevada Medicaid).

Purpose of Audit

This audit was required by Chapter 507, Statutes of Nevada 2019 (Senate Bill 174). The scope of our audit included the time period from July 1, 2015, to June 30, 2020. Our objectives were to:

- Determine if revenues and expenditures related to autism therapy were sufficient and appropriate.
- Evaluate and review whether children wait for services and if enough providers exist to serve Nevada's population of children with ASD.
- Identify and assess factors that inhibit access to and delivery of autism treatment services.

Audit Recommendations

This audit report contains 14 recommendations to improve the delivery of autism treatment services.

The Division of Health Care Financing and Policy and Aging and Disability Services Division accepted all 14 recommendations.

Recommendation Status

The Division of Health Care Financing and Policy's and the Aging and Disability Services Division's 60-day plans for corrective action are due on April 9, 2021. In addition, the 6-month reports on the status of audit recommendations are due on October 9, 2021.

Delivery of Treatment Services for Children With Autism

Department of Health and Human Services

Summary

Funding for Autism Spectrum Disorder (ASD) has been sufficient to cover children receiving services through Nevada autism programs since 2015. However, we found evidence of improper billing and possible fraud in Medicaid claims. While funding has been sufficient to cover those applying for services, families continue to struggle to obtain treatment and opportunities exist to assist families in obtaining more timely diagnosis and treatment. Assisting families in getting more timely services is critical to improving the outcomes of children with autism.

Barriers to treatment are mostly influenced by an insufficient provider base to provide therapy to all children who medically require services. We estimate there are only enough providers to serve about two of every three children who would most benefit from Applied Behavior Analysis (ABA) services. While many factors influence the number of providers delivering medical services, Registered Behavior Technician (RBT) reimbursement rates are significantly lower than private insurances and challenges in the workplace contribute to limited capacity. Finally, improved communication will enhance outcomes, ease transitions, and result in more robust delivery of services for families of children with autism.

Key Findings

State agencies did not spend all funds budgeted for autism treatment. In the 2015 Legislative Session, the State estimated the cost to provide autism treatment to be \$35.7 million annually. This amount was projected to cover an estimated 2,500 children needing treatment services. However, since fiscal year 2017 only about \$15 million per year, on average, has been spent on autism therapy services. (page 8)

Our analysis of fee-for-service Medicaid claims for autism treatment services found unreasonable and possibly fraudulent claims paid. Specifically, too many hours were charged for a single day. We found nearly 1,000 of 113,000 days for individual providers in which 24 or more hours were billed. Claims, some of which may overlap between providers and children, totaled about \$6 million since fiscal year 2016 for excessive service hours for both providers and children. However, we could not calculate an overpayment because we could not determine what portion of each claim was legitimate, if any. (page 12)

ATAP currently helps families once children have been formally diagnosed with autism documented through a school-based Individualized Educational Program (IEP) or medical diagnosis. However, many families surveyed indicated the process of obtaining a formal autism diagnosis needed to meet criteria to receive ABA treatment is difficult. Obtaining a diagnosis often takes several months and, in some cases, even longer. Providing families additional assistance to help them obtain a diagnosis, including information about available providers can reduce the time needed to obtain a diagnosis and ease parental stress and concern. (page 22)

Families also face challenges in obtaining treatment for their children once they have received an autism diagnosis. Delays in starting treatment range from several months to over a year. Although these delays have been declining recently, there are opportunities for ATAP to reduce the time further between diagnosis and treatment. More timely treatment of children is critical to improving outcomes. (page 24)

While the number of licensed ABA providers in Nevada significantly increased between August 2019 and October 2020, many children continue to wait several months before receiving treatment, because providers do not have openings in schedules to accept children right away. Over the last few years, the number of providers has steadily increased as more insurers, including Nevada Medicaid, support ABA therapy as a treatment option for autism. However, the number of providers is still not sufficient to provide service to those wanting service, as evidenced by waitlists, but also for those who would benefit from but are not seeking treatment. (page 30)

The shortage of ABA providers for children with Medicaid is worse than for children with private insurance since only about a third of licensed ABA providers served Medicaid children in fiscal year 2020. Consequently, children covered by Medicaid and ATAP programs wait for treatment to begin longer than children with private insurance. The providers who deliver the majority of one-on-one therapy, RBTs, are paid half the rate by Medicaid and ATAP that private insurers pay. In addition, providers indicated the process for being enrolled in Medicaid is burdensome and takes considerable time. (page 33)

A significant barrier to school-aged children receiving ABA therapy services is the time spent in school. Many school districts have programs designed to provide therapy and assistance to school-aged children with autism. Medicaid has been providing school districts with the necessary knowledge of what is allowable to bill under ABA services and intends to provide additional support to provide children more comprehensive services. (page 38)