



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE

143 FEDERAL OFFICE BUILDING, 50 FULTON STREET
SAN FRANCISCO, CALIFORNIA 94102

088941

IN REPLY REFER TO:

10658

JUN 25 1970

Mr. Robert Coop
Director, Region IX
Department of Health, Education,
and Welfare
50 Fulton Street
San Francisco, California 94102

Abc 01399



Dear Mr. Coop:

During our review of payments for medical services provided to nursing home patients in California under the Medicare and Medicaid programs, we noted instances where payments made by California Physicians Service (CPS) to physicians and certain other medical providers were for services not authorized or recorded in patients' records. Also, we found that a need for additional controls may be warranted to preclude the overutilization of podiatry services. We are calling this matter to your attention because we believe you may want to review the actions taken by DHCS and CPS to correct the problems and have CPS institute additional controls to insure that payments are made for only those services that are rendered and medically necessary.

By contractual authority under the Medicare and Medicaid programs, CPS has been given responsibility for developing safeguards to insure that payments to providers of medical services are proper. At the time of our review, which was performed at 10 nursing homes in four counties in California, we were told that CPS did not have in its payment system, procedures for verifying claims against medical records at the nursing home. Instead, CPS officials stated that they rely upon the integrity of providers of medical services to submit proper claims which according to CPS is customary in industry practice.

The following sections contain a brief description of the weaknesses noted in our review.

PAYMENT FOR SERVICES NOT AUTHORIZED
OR RECORDED IN PATIENT RECORDS

Medicare and Medicaid regulations state that services to nursing home patients are to be provided only if the physician responsible for the care of the patient has ordered such services. In regard to payment for physician's visits, HEW regulations require that the patient's medical record contain evidence of a physician's visit.

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By comparing information contained in the patients' medical records at the 10 nursing homes with CPS payment records between April 1968 and April 1969, we found that 247 payments were made amounting to \$1,973 for services where there was no evidence in the patient's record that such services were ordered by the patient's physician. For example, the records at one nursing home in Los Angeles County showed that 37 psychotherapy treatments were provided to patients when only eight such treatments were authorized by the patient's physician.

Also, we found 796 payments were made amounting to \$5,858 where the patients' records at the nursing home did not show that the services billed were actually rendered. For example, we found that a physician visiting patients in one nursing home in Santa Clara County submitted 52 claims for visits, of which 22 were not recorded in the patient's records.

In discussing these matters with CPS officials, we were told that unauthorized and unrecorded services should not and would not be paid if such claims could have been identified. CPS officials also told us that they plan to establish a nursing home audit team for the purpose of detecting questionable practices in the delivery of medical care to nursing home patients.

NEED FOR CONTROLS OVER UTILIZATION OF
SERVICE RENDERED TO NURSING HOME PATIENTS

During our review, we found that podiatrists were providing routine foot care, such as toenail trimming, for Medi-Cal patients in some nursing homes. According to California Medi-Cal regulations, these services should have been provided by the staff of the nursing home unless specifically ordered or supervised by the patient's physician. We believe unnecessary podiatry services were rendered because some physicians routinely order podiatry care for their patients on a PRN basis--meaning when required--without specifying the care to be given. Ordering service on a PRN basis without specifying the care needed allows the nurse, rather than the physician, to determine when podiatry care is needed.

Our review disclosed that in 6 of the 10 nursing homes visited, patients were receiving podiatry care on a PRN basis. In these six nursing homes we found that 268 patients had received 680 podiatry treatments for a total cost of \$4,113.

At one nursing home we found that a rubber stamp was used to mark the patient's record indicating that podiatry care had been ordered on a PRN basis. An analysis of this nursing home medical

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records covering a seven-month period showed that about 65 percent of the Medicaid patients were receiving podiatry care on a bi-monthly basis. In each case, the patient's record did not specify the podiatry care needed.

In December 1968, we brought this situation to the attention of the California Department of Health Care Services. As a result, the nursing home was requested to discontinue allowing its patients to receive podiatry treatments unless specifically ordered by the patient's attending physician. During a subsequent visit to the same nursing home, we found that the practice of ordering podiatry care on a PRN basis was discontinued.

CONCLUSION AND RECOMMENDATION

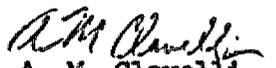
During calendar year 1969, about \$488.5 million was expended in California for physicians and other related provider services under the Medicare and Medicaid programs. About \$376.5 million of that amount represents the Federal share. We believe that the large amount of dollars involved, coupled with the manner in which we found certain medical services being rendered to nursing home patients, requires procedures and controls which will insure that payments for medical services are proper. Accordingly, we recommend that HEW review any actions taken by DHCS and CPS to correct the problems discussed in this report. We also recommend that CPS be required to institute such procedures and controls to insure that payments are made for only those services that are rendered and medically necessary.

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We will appreciate receiving your comments on the matter discussed above and a statement of any corrective action taken. We wish to acknowledge the cooperation and assistance given to our staff by your representatives.

Copies of this report are being sent to the Assistant Secretary, Comptroller, HEW, the Commissioner of Social Security, and the Administrator, Social and Rehabilitation Service, for their information.

Sincerely yours,


A. M. Clavelli
Regional Manager