



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF FINANCIAL OPERATIONS  
Room 525 Health and Welfare Building  
Harrisburg, Pennsylvania 17105-2675

FEB 23 2010

KEVIN M. FRIEL  
DIRECTOR

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Mr. Robert Mt. Joy, Chief Executive Officer  
Cornerstone Care, Inc.  
7 Glassworks Road  
Greensboro, Pennsylvania 15338

Dear Mr. Mt. Joy:

Enclosed is the final review report of your Federally Qualified Health Center (FQHC) recently completed by this office. Your Agency's response has been incorporated into the final report and labeled Appendix A.

The final report will be forwarded to the Department's Office of Medical Assistance Programs (OMAP) to begin the Department's resolution process concerning the report contents. The staff from that office may be in contact with you to follow up on the corrective action actually taken to comply with the report's recommendations.

I would like to express my appreciation for the courtesy and cooperation extended to the DAR staff during the course of the fieldwork.

If you have any questions concerning this matter, please contact Mr. Michael J. Kiely, Audit Manager of the Western Field Office, at (412) 565-2187.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin M. Friel

Enclosure

c: Mr. Hugo Berardi  
Mr. Samuel Caramela  
Mr. William Miller

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DPW's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65 P.S. §§ 67.101 et seq.). The DPW RTKL Office can be contacted by email at: [ra-dpwtkl@pa.gov](mailto:ra-dpwtkl@pa.gov).



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FEB 23 2010

Mr. Michael Nardone  
Deputy Secretary  
Office of Medical Assistance Programs  
Room 515 Health and Welfare Building  
Harrisburg, Pennsylvania 17120

Dear Mr. Nardone:

In response to a request from the Office of Medical Assistance Programs (OMAP), the Bureau of Financial Operations (BFO) has completed a performance audit of the Cornerstone Care, Inc. (CCI) Federally Qualified Health Center (FQHC). The audit was conducted to verify the accuracy of the information reported on the Managed Care Organization (MCO) Settlement Reports for FY 07/08 (October 1, 2007 through September 30, 2008).

**Executive Summary**

ISSUES	SUMMARY
<b>Issue No. 1 – Medical Encounters Overstated On The MCO Settlement Reports Totaled \$33,824</b>	<ul style="list-style-type: none"><li>• CCI's database report, used to support the encounters claimed on FY 07/08 Settlement Reports, indicated 308 less encounters than reported to OMAP.</li><li>• Eligibility testing identified two patients who were ineligible at the time they received service.</li><li>• The 310 encounters in question resulted in an overpayment of \$33,824.</li></ul>
HIGHLIGHTS OF RECOMMENDATIONS	
OMAP should: <ul style="list-style-type: none"><li>• Recover \$33,824 (310 X \$109.11) from CCI for erroneous and ineligible medical encounters included in the MCO Settlement Reports for FY 07/08.</li></ul> CCI should: <ul style="list-style-type: none"><li>• Ensure that medical encounters are correctly reported in their database, and verify and document patient eligibility prior to providing service.</li></ul>	

Cornerstone Care, Inc.  
 October 1, 2007 through September 30, 2008

ISSUES	SUMMARY
<b>Issue No. 2 –            Dental Encounters            Overstated On The            MCO Settlement            Reports Totaled            \$43,049</b>	<ul style="list-style-type: none"> <li>• CCI was unable to provide a reliable database to support dental encounters thereby necessitating a review of all individual encounters for three months during FY 07/08.</li> <li>• CCI erroneously reported 112 (8.05%) more encounters than we could identify as allowable.</li> <li>• An application of the error rate to the total claimed results in a decrease of 433 or an overpayment of \$43,049.</li> </ul>

HIGHLIGHTS OF RECOMMENDATIONS	
OMAP should: <ul style="list-style-type: none"> <li>• Recover \$43,049 (433 X \$99.42) from CCI for erroneous and ineligible dental encounters included in the MCO Settlement Reports for FY 07/08.</li> </ul> CCI should: <ul style="list-style-type: none"> <li>• Develop a system to ensure accurate and reliable information and documentation is maintained to support dental encounters included on the MCO Settlement Reports.</li> </ul>	

ISSUES	SUMMARY
<b>Issue No. 3 –            MCO Medicaid            Receipts Are            Overstated On The            MCO Settlement            Reports By \$26,693</b>	<ul style="list-style-type: none"> <li>• MCO Medicaid receipts reported for settlement purposes were incorrect. As a result total revenue used to reduce eligible costs was overstated by \$26,693.</li> </ul>

HIGHLIGHTS OF RECOMMENDATIONS	
OMAP should: <ul style="list-style-type: none"> <li>• Reimburse CCI \$26,693 for claims for FY 07/08 claims that were inappropriately reduced by CCI's inaccurate reporting of revenue.</li> </ul> CCI should: <ul style="list-style-type: none"> <li>• Ensure MCO Medicaid receipts are accounted for and reported correctly.</li> </ul>	

ISSUES	SUMMARY
<b>Issue No. 4 –            Numerous            Systemic            Weaknesses            Appeared In CCI's            Tracking And            Monitoring Of            Medical And Dental            Encounters</b>	<ul style="list-style-type: none"> <li>• CCI assigned only one billing code to an MCO even though the carrier may reimburse multiple types of insurance thus increasing the risk of incorrectly reporting MCO revenue.</li> <li>• CCI sites were generating two superbills for some services which increased the risk of including more than one encounter on the MCO Settlement Report.</li> <li>• Patients receiving dental services did not have their eligibility properly verified and documented prior to receiving services.</li> </ul>

### HIGHLIGHTS OF RECOMMENDATIONS

CCI should:

- Increase the number of billing codes assigned to each MCO to reflect the various insurance products provided.
- Generate only one superbill per patient per day for medical and dental services as outlined in the Provider Handbook.
- Develop and implement written policies and procedures to ensure patient eligibility is properly verified by staff prior to providing dental services.

### **Background**

CCI is a private nonprofit 501(c) (3) corporation incorporated in 1978 and headquartered in Greensboro, Pennsylvania. It has five locations in Greene County and two in Washington County. CCI provides medical, dental, counseling and psychological, and patient support services. It provides health services at its Greensboro, Rogersville and Burgettstown locations. Pediatric services are administered at its Waynesburg and Washington sites. Dental services are performed at the Greensboro and Burgettstown offices while counseling services are offered at their Waynesburg office. CCI also operates a student health center at Waynesburg University.

CCI is a FQHC, which is defined by the federal Department of Health and Human Services, Center for Medicare and Medicaid Services (CMS), as “a facility located in a medically underserved area that provides Medicare beneficiaries preventive primary medical care under the general supervision of a physician.”

Under federal requirements, OMAP is mandated to make supplemental payments to equal the difference, if any, between the amounts paid to the FQHC for eligible patients by the Managed Care Organization (MCO) with which the clinic has a contractual relationship and the amount the FQHC would have received under the regular OMAP Prospective Payment System (PPS). Supplemental payments are made based on MCO Settlement Reports submitted quarterly by the FQHC for the Federal fiscal year (October 1 through September 30).

These reports compute what the FQHC would have received under the PPS by multiplying face-to-face encounters between patients and a physician, dentist, nurse or mid-level practitioner during the period, times an interim rate per visit. The interim rate per visit is based on an audit of allowable FQHC expenditures for the 1998-99 and 1999-00 fiscal years adjusted annually based on the Medicare Economic Index. The allowable interim rates per visit in effect for the period of our review were \$109.11 per medical encounter and \$99.42 per dental encounter.

Based on these interim rates the computed amount is then compared to actual revenues received from the MCOs for the quarter. If the computed amount is higher than the MCO payments, the FQHC will be paid the difference; and if it is lower, OMAP will seek recovery of the difference.

### **Objective, Scope, and Methodology**

Our audit objective was as follows:

To determine the accuracy of the CCI FQHC Managed Care Organization Settlement Reports for the period October 1, 2007 to September 30, 2008.

The scope of the audit was limited to those procedures necessary to accomplish this objective. In pursuing the objective, we reviewed various internal and external source documents and reports. In addition, we conducted interviews with CCI staff.

Government auditing standards require that the BFO obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of compliance with generally accepted accounting principals. Based on the BFO's understanding of the controls, no significant deficiencies came to our attention other than those described in Issues No.1 through 4 of this report.

The BFO's fieldwork was conducted between September 1 and October 26, 2009. We conducted this performance audit in accordance with generally accepted government audit 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. This report, when presented in its final form, is available for public inspection.

### **Results of Fieldwork**

#### **Issue No. 1 – Medical Encounters Overstated On The MCO Settlement Reports Totaled \$33,824**

In order to verify the accuracy of encounter totals on the MCO Settlement Reports we requested the supporting database information used to prepare the reports. CCI was not able to provide this nor were they able to obtain it from their software vendor. Instead, their software vendor provided CCI with a new database report which they felt would support the reported encounters. This database when adjusted by CCI to eliminate non-encounters, indicated 28,948 eligible encounters. The number of encounters CCI reported on the MCO Settlement Reports totaled 29,256, a difference of 308.

From this report we were able to test patient eligibility and determine allowable encounters. Our testing identified two individuals as ineligible at the time they received service.

This analysis combined with our database review resulted in 310 total encounters that CCI reported that should not have been considered for reimbursement. Applying the Medical PPS rate of \$109.11, this resulted in an overpayment to CCI of \$33,824 (\$109.11 X 310 encounters). This amount should be recovered by OMAP.

### **Recommendation**

The BFO recommends that OMAP recover \$33,824 from CCI for erroneous and ineligible encounters that were included on the MCO Settlement Reports for FY 07/08.

The BFO also recommends that CCI ensure that medical encounters are correctly reported in the database and maintain a database of only eligible encounters.

The BFO finally recommends that CCI ensure patient eligibility is verified and documented in the patient chart prior to performing any service.

### **Issue No. 2 – Dental Encounters Overstated On The MCO Settlement Reports Totaled \$43,049**

In attempting to verify the dental encounters CCI reported on the MCO Settlement Reports we requested supporting database information and documentation. CCI was unable to provide the database report that was used to prepare the Settlement Reports or obtain such a report from their software provider.

CCI's inability to provide reliable database information prompted us to review the dental visit source document, referred to as the superbill. This review was necessary not only to determine the propriety of the superbills but also to obtain an accurate count for comparison with the encounters CCI reported on the MCO Settlement Reports.

We examined all superbills for the months of October 2007, February 2008 and June 2008. The MCO Settlement Reports for those months indicated a total of 1,392 encounters. Our review for those three months, however, identified 1,280 allowable encounters. The difference, 112 encounters, represented an 8.05% error rate.

CCI reported a total of 5,383 encounters on the MCO Settlement Reports for FY 07/08. When the 8.05% error rate is applied to this total the result is a decrease of 433 encounters ( $5,383 \times .0805 = 433$ ).

Applying the Dental PPS rate of \$99.42 resulted in an overpayment to CCI of \$43,049 ( $\$99.42 \times 433$  encounters). This amount should be recovered by OMAP.

### **Recommendation**

The BFO recommends that OMAP recover \$43,049 from CCI for ineligible dental encounters that were included on the MCO Settlement Reports for FY 07/08.

The BFO also recommends that CCI develop a system to ensure an accurate and reliable database is maintained to support encounters reported on the MCO Settlement Reports.

**Issue No. 3 – MCO Medicaid Receipts Are Overstated On The MCO Settlement Reports  
By \$26,693**

As part of the MCO Settlement Report process, OMAP bases its quarterly reimbursement to CCI on the Gross Interim Settlement Amount (MA visits multiplied by the Interim Rate Per Visit) less MCO Medicaid receipts (Capitation and Fee-For-Service payments) from the MCO's.

CCI developed a monthly report, referred to as the MCO Check Report, in order to summarize and track the MCO Medicaid receipts. Our review of the systems employed to track the receipts found that the Greensboro and Burgettstown offices were inconsistent and were not tracking the correct data.

An accurate settlement requires that all MCO Medicaid receipts be identified and used as a reduction of allowable costs. Our analysis identified the Greensboro office as underreporting revenue. At that site only Fee-For-Service MCO Medicaid receipts attributed to patient visits that were considered an encounter were reported. Whereas the Burgettstown office was erroneously reporting all MCO receipts including the non-Medicaid receipts, e.g., Medicare, and other MCO insurance products that should not have been reported.

The revenues reported on the settlement reports for the two sites for FY 07/08 were reconciled to MCO Medicaid receipts recorded. The reconciliation identified revenues reported were \$26,693 higher than the amount actually received. This error resulted in an underpayment of \$26,693.

**Recommendation**

The BFO recommends that OMAP reimburse CCI \$26,693.

The BFO also recommends that CCI ensure that MCO Fee-For-Service Medicaid receipts are accounted for in a correct and consistent manner, reported properly on the Settlement Report and supported by the MCO remittance advice.

**Issue No. 4 – Numerous Systemic Weaknesses Appeared In CCI's  
Tracking And Monitoring Of Medical And Dental Encounters**

As part of our audit we reviewed CCI's processes for tracking and monitoring medical and dental encounters. Our review identified the following weaknesses:

- CCI assigned one billing code per MCO/Insurance carrier even though the carrier may reimburse multiple types of insurance in addition to Medicaid. Assigning only one billing code to each MCO resulted in non-MCO related revenue being erroneously reported on the MCO Settlement Reports. During the course of our fieldwork this was brought to management's attention. They indicated that additional codes would be assigned to any MCO that offered multiple insurance products.

- At two CCI sites we found that two superbills were generated when an MA MCO patient came in for a family planning visit and an injection. The Provider Handbook states that visits solely for the purpose of obtaining injections do not constitute an encounter. Generating two superbills for services that are considered to be one encounter increases the risk of erroneously reporting two encounters. Management acknowledged that all offices should have treated this type of visit as one encounter and generated only one superbill.
- One of the two dental offices generated two superbills for the same patient on the same day. The Provider Handbook states that “two dental encounters may not be counted during a patient’s dental visit in one day.” A review of two months superbills indicated 18 such instances. Because the superbill is the basis for counting encounters there is an increased risk of more than one dental encounter being reported for that day. Management attributed this practice to a patient needing additional service coupled with another patient canceling their appointment, making time available on the same day.
- Patients receiving dental services did not have their eligibility properly verified and documented before receiving services. The dental reception staff was verbally instructed to verify eligibility through the PROMISE system. The system, however, does not specifically identify the patient’s dental MCO, only that the patient has dental coverage. This could result in staff potentially having erroneous information and claims potentially being delayed or rejected. Management and staff were not aware that it was always necessary to contact the specific MCO in order to verify dental eligibility.

### **Recommendation**

The BFO recommends that CCI increase the number of billing codes assigned to each MCO to reflect each of their insurance products.

The BFO also recommends that CCI ensure that only one superbill is generated for an MA MCO patient visit in accordance with the criteria of a medical, dental or other service encounter as outlined in the Provider Handbook.

The BFO also recommends that CCI develop and implement written policies and procedures for use by staff to ensure patient eligibility is properly verified prior to the patient receiving services.

A closing conference was held with CCI management on November 5, 2009, to discuss the contents of this report. CCI did not request an exit conference. Their response to this report is included as Appendix A.

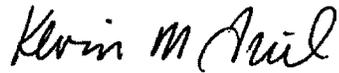
In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at: [RA-pwauditresolution@state.pa.us](mailto:RA-pwauditresolution@state.pa.us).

Cornerstone Care, Inc.  
October 1, 2007 through September 30, 2008

The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Please contact Alex Matolyak, Audit Resolution section, at (717) 783-7786 if you have any further questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Friel". The signature is written in a cursive style with a large, looped 'K' and 'F'.

Kevin Friel

**CORNERSTONE CARE  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX A**



Michael J. Kiely, Audit Manager  
Department of Public Welfare  
Bureau of Financial Operations  
Western Field Office  
11 Stanwix Street  
Room 320  
Pittsburgh, PA 15222

February 16, 2010

Dear Mr. Kiely,

Please accept this communication as official response from Cornerstone Care, Inc. (CCI) as it relates to the MCO audit and subsequent Review Report for the year ended 09/30/08 as conducted by the Department of Audit and Review.

Cornerstone Care, Inc. does not desire to have an exit interview.

**Issue 1 – Medical Encounters Overstated On the MCO Settlement Reports Totaled \$33,824** – CCI concurs with the findings. 300+ of the 310 encounters in question were related to an additional service that commenced being provided by our Chiropractic Department. CCI's MIS and subsequent preparer [REDACTED] of the MCO Report erroneously commingled the visits of this new service with the visits of the Chiropractor. The new service visits were being provided by a "non-qualified" provider. The problem was immediately corrected as soon as it was identified. The other encounters that were ineligible are being considered as isolated instances. However CCI will continue with its internal protocols to properly identify the eligibility of the Medicaid client before the visit on a daily basis.

**Issue 2 – Dental Encounters Overstated On The MCO Settlement Reports Total \$43,049** – CCI concurs with the findings as extrapolated, not necessarily verified. CCI also concurs with the methodology used for the extrapolated value. CCI disagrees to the finding that CCI was unable to provide a reliable data base. A data base was provided, however it was not a data base that could be conveniently used or conveniently altered to be used by the auditor's software which prompted the manual count. Internal

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**WAYNESBURG OFFICE:** 35 South West Street • Waynesburg, PA 15370 • Phone: (724) 627-0782 • Fax: (724) 627-0726  
**COMMUNITY MEDICAL & DENTAL PLAZA:** 1227 Smith Twp. State Rd. • Burgettstown, PA 15021 • Medical: (724) 947-2255 / Dental: (724) 947-2251 • Fax: (724) 947-2477  
**PEDIATRIC ASSOCIATES OF WASHINGTON:** 400 Jefferson Avenue • Washington, PA 15301 • Phone: (724) 228-7400 • Fax: (724) 228-1098  
**CENTRAL GREENE PEDIATRICS:** 236 Elm Drive • Suite 101 • Waynesburg, PA 15370 • Phone: (724) 627-0926 • Fax: (724) 627-0812

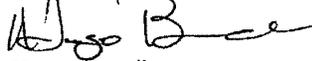
inconsistencies that duplicated visits for same day dental services were identified by auditors. Immediate correction of the inconsistency was verbally communicated by management to effected staff. CCI management reviewed with all data collection personnel of the internal protocols to follow for same day visits and/or services.

**Issue 3 – MCO Medicaid Receipts are Overstated on the MCO Settlement Reports by \$26,693** – CCI concurs with the findings. Field auditors identified applicable checks from Managed Care Insurance Companies that had split payments to different payer groups (i.e. Unison is an MCO Insurance company. A check payment received from Unison could possibly have multiple payer types reimbursed on it ....Unison for our Medicaid clients and Unison Advantage for our Medicare clients). To correct this internal reporting inconsistency additional reconciliations have been added to our internal process in addition to properly identifying on the check copy the multiple payer types that the check may represent and subsequently posted to the system.

**Issue 4 – Numerous Systemic Weaknesses Appeared in CCI's Tracking and Monitoring of Medical and Dental Encounters** – CCI concurs with the finding. CCI immediately identified and expanded the dental billing codes for multiple insurance types to properly identify encounters and/or applicable receipts. Multiple same day visit protocols were reviewed with data collection staff to properly capture and report the encounter for those clients that may have two or more service visits in the same day.

Cornerstone Care would like to thank John Williams and his Assistant for their professionalism and personable conduction of the audit. While the audit reflects a sizeable monetary variance not in the favor of Cornerstone Care, Cornerstone Care management and support staff will utilize the audit results in a positive atmosphere to become more efficient and exact in its data collection and reporting.

Sincerely,



Hugo Berardi  
Chief Financial Officer