U.S. Department of Labor

Office of Inspector General—Office of Audit

REPORT TO THE OFFICE OF WORKERS' COMPENSATION PROGRAMS

DEEOIC COULD DO MORE TO PREVENT IMPROPER PAYMENTS OF HOME HEALTH CARE COSTS

DATE ISSUED: SEPTEMBER 16, 2021
REPORT NUMBER: 03-21-001-04-437

U.S. Department of Labor
Office of Inspector General
Audit

BRIEFLY...

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SEPTEMBER 16, 2021

WHY OIG CONDUCTED THE AUDIT

Between 2017 and 2019, the Office of Workers' Compensation Program's (OWCP) Division of Energy Employees Occupational Illness Compensation (DEEOIC) reported a total of over $1 million in improper home health care payments. Home health care represented the majority of all medical benefits paid to claimants – $3 billion out of a total of $5 billion paid to claimants between 2001 and 2020. We conducted this audit due to concerns regarding the potential for providers to exploit these benefits through unauthorized billings in the Energy Program.

In 2000, Congress passed the Energy Employees Occupational Illness Compensation Act of 2000. The Act authorizes compensation and medical benefits for certain work-related illnesses to nuclear energy workers and their survivors. Medical benefits for covered illnesses include home and residential health care.

WHAT OIG DID

We performed an audit to determine the following:

Did the DEEOIC have controls to help identify and prevent the improper payment of home health care benefits?

READ THE FULL REPORT

https://www.oig.dol.gov/public/reports/oa/2021/03-21-001-04-437.pdf

WHAT OIG FOUND

While the DEEOIC generally had controls to identify and prevent improper payments of home health care costs, it lacked a data tracking and analysis system to capture, store, and analyze claims data, did not have sufficient operating guidance in the form of finalized policies and procedures, and did not have consistent and well qualified leadership monitoring the program. Having these controls in place would have allowed DEEOIC to identify trends and improper payments and ensure the unit is being managed properly, which it could then use to proactively analyze claims data and prevent improper payments.

No Data Tracking and Analysis System
Despite the fact that between 2017 and 2019, home health care costs were increasing, the PIU did not have a tracking mechanism to proactively identify and analyze causes of improper payments to avoid making improper payments. During our testing, we found instances in which data analytics would have helped the PIU identify potential improper payments before they were made. A tracking and analysis system might have helped prevent unauthorized payments.

Insufficient Operating Guidance
On January 2020, DEEOIC developed a draft SOP to guide the PIU's activities that contained detailed guidance for reviewing, auditing, and/or investigating claims. The draft SOP, however, was never finalized. Missing guidance could prevent the PIU from consistently and appropriately following procedures.

Lack of PIU Leadership
Although established in 2016, management of PIU staff was not consistent or well qualified to oversee performance and operations until the Performance Management Branch was created in 2020 and first Chief position was filled in June 2020. The lack of consistent and well qualified leadership was in accordance with OMB A-123.

WHAT OIG RECOMMENDED

We made three recommendations to improve DEEOIC internal controls. OWCP agreed with all three and has already taken corrective actions on the issues we identified.

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U.S. Department of Labor

Office of Inspector General
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INSPECTOR GENERAL'S REPORT

Christopher Godfrey
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This report presents the results of our audit to determine if the Office of Workers' Compensation Programs (OWCP) current controls detect and prevent improper payments of home health care costs in the Energy Employees Occupational Illness Compensation Program (Energy Program or Program). Within the OWCP, the Division of Energy Employees Occupational Illness Compensation (DEEOIC) is responsible for managing and administering the Program. From FYs 2001 to 2020, home health care represented the majority of all medical benefits paid to claimants – approximately $3 billion out of a total of $5 billion paid to claimants. In addition, the DEEOIC reported a total of over $1 million in improper home health care payments between 2017 and 2019. We had concerns regarding the potential for providers to exploit these benefits through unauthorized billings in the Energy Program. As a result, we conducted an audit to answer the following question:

> *Did the DEEOIC have controls to help identify and prevent the improper payment of home health care costs?*

In general, we found that the DEEOIC had controls to help identify and prevent the improper payment of home health care benefits. However, the Program could improve its controls, for example, by developing a tracking mechanism to capture and analyze causes of improper payments.

To answer our audit question, we obtained an understanding of the DEEOIC's role in monitoring these costs. We interviewed DEEOIC officials on internal

controls in place to prevent improper payments of home health care costs. In addition, we reviewed DEEOIC Procedure Manual Version 4, issued November 2019. Finally, we analyzed a statistical sample of 136 transactions processed between April 2019 and May 2020.

Congress passed the Energy Employees Occupational Illness Compensation Act of 2000 (Act) as Title XXXVI (Public Law 106-398) of the Floyd D. Spencer National Defense Authorization Act of Fiscal Year 2001. President Clinton signed it into law on October 30, 2000. The purpose of the Act is to provide compensation and medical benefits for work-related illnesses to nuclear energy workers and their survivors. The Department of Labor has primary responsibility for administering the Act, including adjudicating claims for compensation and benefit payments for conditions covered by the Act.

A claimant who meets the conditions of coverage is entitled to compensation and medical benefits. Medical benefits for covered illnesses include home and residential health care. Claimants must receive pre-approval for home health care from their physician and OWCP medical benefits examiner every six months. The Program's Procedure Manual defines home health care as "the services of skilled nurses or the services of assistive health care personnel, provided in the home, for the medically necessary care required of DEEOIC accepted condition(s)." Home health care providers offer a variety of services to help claimants with daily living activities prescribed by a physician and authorized by DEEOIC. DEEOIC requires that all provider billing, for services rendered, include evidence supporting those services, be authorized, and be in accordance with the OWCP fee schedule.

RESULTS

While the DEEOIC generally had controls to identify and prevent the improper payment of home health care costs in the Energy Program, the controls could be improved.

DEEOIC LACKED KEY CONTROLS TO IDENTIFY AND PREVENT IMPROPER PAYMENTS OF HOME HEALTH CARE COSTS

The DEEOIC lacked a data tracking and analysis system to capture, store, and analyze claims data; did not have sufficient operating guidance in the form of finalized policies and procedures; and took over three years to fill the

management position in charge of the Program Integrity Unit (PIU). Management had not placed sufficient priority on establishing a claims data tracking and analysis system, developing operating guidance, and establishing PIU leadership. Having these controls in place would have allowed DEEOIC to prevent improper payment through proactive analysis of claims data, identification of trends and characteristics of improper payments, and ensure the unit was being managed properly.

No Data Tracking and Analysis System

As a control to help it detect and prevent improper payments, the DEEOIC formed the PIU in 2016. The PIU's purpose is to analyze and audit claims activity so as to reduce waste, fraud, and abuse within the Energy Program. The PIU's activities were meant to ensure that federal taxpayer dollars were spent appropriately on delivering quality, necessary care and preventing improper payments. PIU management had not placed sufficient priority on performing data analytics and trend analyses to help identify sources of improper payments. This insufficient priority was evidenced by the lack of a data tracking and analysis system to store, classify, and analyze improper payment data, including such elements as causes and attributes of past improper payments. Such a system would allow the PIU to identify trends and characteristics of improper payments, which it could then use to proactively analyze claims data to prevent improper payments.

From 2017 through 2019, improper payments of home health care costs amounted to over $1 million. Table 1 lists the total amount of home health care costs from 2017 through 2019, related improper payments, and the annual improper payment rate:

TABLE 1: Home Health Care Improper Payments

Year	Home Health Care Costs	Improper Payments	Improper Payment Rate
2017	$433,491,896	$340,315	.08%
2018	540,832,653	392,199	.07%
2019	616,186,949	277,075	.05%
Total	**$1,590,511,498**	**$1,009,589**	**.06%**

Source: OIG analysis

Despite the fact that between 2017 and 2019, home health care costs were increasing, the PIU did not have a data tracking and analysis system to proactively identify and analyze causes of improper payments, so as to avoid making improper payments. Instead, the DEEOIC took a reactive approach in which the PIU would work with providers to recoup improper payments on a case-by-case basis. Thus, the DEEOIC uses spreadsheets for monthly audits of providers to identify such things as anomalies, unusual payment activity, and spending patterns on a provider basis. It does not, however, use improper payment data to identify trends, vulnerabilities, and potential systemic improvements to the Program or proactively identify potential sources of waste, fraud, or abuse.

During our testing, we found instances in which data analytics would have helped the PIU identify potential improper payments. For example, we found 2 claims in which DEEOIC was not aware of the claimant's death because the death was not reported to DEEOIC and was not in the Treasury death file when DEEOIC performed the social security number cross match.[1] Although there were no improper payments made to these 2 claimants, DEEOIC can benefit by analyzing data to uncover possible improper payment trends to individual providers and/or to deceased claimants. During our data analysis, we found some claimants over the age of 100 and some with blank date of birth data fields. Blank fields would prevent the PIU from flagging potential deceased claimants based on the age of the claimant. The PIU could perform such analysis and use other sources that report deaths, such as the Social Security Administration Death Master file, to match against claimant social security numbers. In another case, we found an instance in which a home health care claim that was not properly authorized was nevertheless paid. A tracking and analysis system might have helped prevent an unauthorized payment by flagging it as unauthorized. Moreover, using data analytics, the PIU might have recognized the circumstances under which an unauthorized claim might be paid and designed preventive controls to avoid such payments.

Without a proper data tracking and analysis system, the PIU cannot identify patterns of fraud, waste or abuse which could help identify sources of and trends and prevent potential improper payments.The lack of a data tracking and analysis system was not consistent with OMB A-123, which states the internal control component for monitoring should occur in the normal course of business. In addition, periodic reviews, reconciliations, or comparisons of data should be included as part of the regular assigned duties of personnel. Periodic assessments should be integrated as part of management's continuous monitoring of internal control, which should be ingrained in the agency's operations.

[1] DEEOIC was not always notified of deaths on a timely basis and the Treasury death file is not complete, accurate, or current.

Insufficient Operating Guidance

On January 2020, DEEOIC developed a draft SOP to guide the PIU's activities that contained detailed guidance for reviewing, auditing, and/or investigating claims. The draft SOP was developed to ensure staff consistently and appropriately followed PIU guidance; however, it was never finalized. SOPs for the PIU were not finalized because DEEOIC management had not placed sufficient priority on this issue.

Without an SOP for the PIU, DEEOIC cannot ensure that all staff follow consistent guidance on PIU activities. Not finalizing the SOPs was not consistent with OMB A-123, internal control component for information and communication, which states, "Information should be communicated to relevant personnel at all levels within an organization." The information should be relevant, reliable, and timely.

Lack of PIU Leadership

Although the PIU was established in 2016, according to DEEOIC officials the management of the Program Integrity staff was not consistent or well qualified to oversee their performance and operations until the Performance Management Branch (PMB) was created in Fiscal Year 2020 and its first Chief position was filled in June 2020. Before then the PIU was initially managed by the Payment Systems Manager (2016-2017) and later the Branch of Medical Benefits Chief (2018-2019), which caused some concern for program management due to both of those positions' primary focus being on internal operations and benefits payment processing and adjudication and not program integrity, reporting or quality assurance activities. Due to these concerns, the program management reorganized to create the PMB and the DEEOIC Deputy Director temporarily headed the PMB from October 2019 until June 2020.

The mission of the PIU is to ensure that federal taxpayer dollars are spent appropriately on delivering quality, necessary care and preventing fraud, waste, and abuse. Under the direction of the DEEOIC Deputy Director, the Chief of PMB manages the PIU unit. The Chief is responsible for overseeing staff in the PIU, who are responsible for ensuring Energy Program staff consistently and appropriately follow program guidelines and that adequate controls are on place for overseeing it. The PIU needed a full-time dedicated Chief to ensure the unit was being managed properly and was doing all it can to prevent fraud, waste, and abuse within the Program.

The lack of consistent and well qualified, critical PIU leadership since 2016 was not consistent with OMB A-123, which states the internal control component for control environment as the organizational structure and culture created by

management and employees to sustain organizational support for effective internal control. Within the organizational structure, management must clearly do the following: define areas of authority and responsibility and uphold the need for personnel to possess and maintain the proper knowledge and skills to perform their assigned duties as well as understand the importance of maintaining effective internal control within the organization.

CONCLUSION

Developing a tracking system to capture and store claims data would enable the PIU to perform data analytics to identify potential trends in improper payments and use these analytics to develop proactive measures to identify and prevent future potential improper payments. In addition, finalizing the SOPs for the PIU would provide clearer guidance and oversight for the PIU. Collectively, these changes will mitigate the risk of making improper payments.

OIG'S RECOMMENDATIONS

We recommend the Director for OWCP require DEEOIC to:

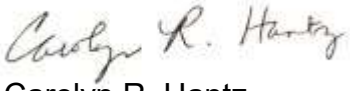
1. Develop a data tracking and analysis system to track and analyze trends and causes of improper payments for home health care.
2. Finalize the PIU SOP and train staff on procedures.
3. Work with OWCP on exploring solutions to improve death matches, such as supplementing the Treasury death file with other data sources.

SUMMARY OF OWCP'S RESPONSE

OWCP agreed with all three recommendations and has already taken corrective actions on the issues identified.

OWCP's full response to this report can be found in Appendix B.

We appreciate the cooperation and courtesies OWCP DEEOIC extended us during this audit. OIG personnel who made major contributions to this report are listed in Appendix C.



Carolyn R. Hantz
Assistant Inspector General for Audit

APPENDIX A: SCOPE, METHODOLOGY, & CRITERIA

SCOPE

Our scope for the audit included the $758 million, 1.9 million transactions, of Home Health Care (HHC) costs paid from April 2019 to May 2020. We performed fieldwork (remotely due to the COVID pandemic) with officials from OWCP's DEEOIC National Office in Washington, D.C.

METHODOLOGY

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To answer our audit objective, we did the following:

- Interviewed DEEOIC officials to obtain an understanding of DEEOIC's role in monitoring HHC.
- Interviewed DEEOIC officials on internal controls in place to prevent improper payments of HHC.
- Reviewed DEEOIC Procedure Manual Version 4, issued November 2019.
- Obtained a listing of HHC costs paid between April 2019 and May 2020.
- Selected a statistical sample of 136 transactions between April 2019 and May 2020. For each sampled transaction, we reviewed data contained in OWCP's OIS and CNSI to determine if the medical necessity form, authorization letter, and invoice to support HHC were in file. We used EEOICP's fee schedule calculator to determine if sampled transactions were paid in accordance with fee scheduled amounts.

Data Reliability

OWCP DEEOIC provided us with all HHC costs from 2001 to May 2020. Because this information was not reported outside of OWCP, we obtained check totals from OWCP for number of transactions and amounts paid. We verified these totals to the database OWCP provided to us. We found no differences; therefore, we determined that the database was reliable and complete.

Sampling

We developed a statistical sampling plan to test DEEOIC transactions paid from April 2019 to May 2020. We determined that the total population of transactions was 1,903,754 from April 2019 to May 2020, of which 1,852,133 were transactions that require pre-authorization and 51,621 that do not require pre-authorization.

We removed all 54 transactions for the “In-Home Hospice Care” procedure code from the total transactions, bringing the total population to 1,903,700. We segregated the transactions into 12 categories, 11 that require preauthorization and 1 that required no preauthorization.

Internal Controls

In planning and performing our audit, we considered DEEOIC’s internal controls relevant to our audit objective. We obtained an understanding of DEEOIC’s internal controls, and assessed the internal control risks relevant to our audit objective. We considered the internal control elements of control environment, risk assessment, control activities, information and communication, and monitoring during our planning and substantive phases while evaluating relevant controls.

CRITERIA

We used the following criteria to answer our audit objective:

- 20 CFR 30, Claims for Compensation under the Energy Employees Occupation Illness Compensation Program Act of 2000, as amended.
- Federal Energy Employees Occupational Illness Compensation Program Act Procedure Manual, Version 4.0, published November 14, 2019.

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor

Office of Workers' Compensation Programs
Washington, DC 20210

MEMORANDUM FOR: **Carolyn R. Hantz**
Assistant Inspector General

FROM: **Christopher J. Godfrey** 9/3/2021
Director, Office of Workers' Compensation Programs

SUBJECT: **Office of Workers Compensation Programs' Response to the Office of The Inspector General's Audit of Improper Payments of Home Health Care Costs in the Energy Employees Occupational Illness Compensation Program**

The Office of Workers' Compensation Programs (OWCP) has received the Office of Inspector General (OIG) Draft Report No. 03-21-001-04-437, "DEEOIC Could Do More to Prevent Improper Payments of Home Health Care Costs" for review and response addressing the recommendations.

This Draft Report makes a total of three new recommendations, which are outlined below along with our responses:

1. **Recommendation:** Develop a data tracking and analysis system to track and analyze trends and causes of improper payments for home health care.

   Management Response: OWCP agrees with this recommendation and has developed and implemented a data tracking system via SharePoint that is used to assist the program integrity analysts with analyzing and identifying trends and causes of improper payments.

2. **Recommendation:** Finalize the (PIU) Standard Operating Procedures (SOPs) and train staff on procedures.

   Management Response: OWCP agrees with this recommendation and has begun to finalize and implement SOPs, as well as train staff on new procedures. OWCP will formally finalize all PIU SOPs by March 31, 2022.

3. **Recommendation:** Work with OWCP on exploring solutions to improve death matches, such as supplementing the Treasury death file with other data sources.

   Management Response: OWCP agrees with this recommendation and has explored solutions to improve death matches. Currently, OWCP has supplemented the Treasury death file by creating an alert flag in the Risk Assessment Data Repository (RADR) to identify billings that have occurred after claimants' date of death. This data is analyzed by PIU during the monthly audit reviews as a potential risk factor for non-compliance with Federal Government billing requirements.

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APPENDIX C: ACKNOWLEDGEMENTS

Key contributors to this report were:

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