



# **Managed Care Organizations: Personal Care Assistance Services Encounter Data and Oversight Performance Audit**

**December 2022**

**Financial Audit Division**

**OFFICE OF THE LEGISLATIVE AUDITOR**  
**STATE OF MINNESOTA**

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## OFFICE OF THE LEGISLATIVE AUDITOR

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December 1, 2022

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PrimeWest Health, South Country Health Alliance, and UCare Minnesota

Jodi Harpstead, Commissioner  
Department of Human Services

This report presents the results of our performance audit of seven managed care organizations and the Department of Human Services (DHS) for the period April 2020 through March 2021. The objectives of this audit were to determine if the managed care organizations complied with selected legal and DHS contract requirements regarding (1) reporting of personal care assistance encounter records data to DHS and (2) personal care assistance provider and service oversight. The objectives of this audit were also to determine if DHS complied with selected legal requirements regarding personal care assistance provider oversight.

This audit was conducted by Valerie Bombach (former Audit Director); Kayla Borneman, CPA (Audit Director); and auditors Nicholai Broekemeier; Duy (Eric) Nguyen; and Crystal Nibbe.

We received the full cooperation of the managed care organizations and the department's staff while performing this audit.

Sincerely,

Lori Leysen, CPA  
Deputy Legislative Auditor

Kayla Borneman, CPA  
Audit Director



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# Report Summary

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The Department of Human Services (DHS) is responsible for overseeing Minnesota's Medical Assistance program. The department contracts with managed care organizations (MCOs) to provide certain administrative functions and services to program participants, such as personal care assistance (PCA) services. PCA services help recipients with disabilities, chronic diseases, or mental illness live independently in their homes by providing assistance with essential tasks. To manage PCA services under these programs, MCOs work with provider agencies. Provider agencies employ personal care assistants (PCAs) to provide the services.

The Office of the Legislative Auditor (OLA) audited the seven MCOs that managed the delivery of PCA services to determine their compliance with key legal and contract requirements regarding (1) reporting of PCA services encounter claims data, (2) oversight of PCA providers and services, and (3) program integrity.<sup>1</sup> Our audit scope focused on DHS contracts and payments to provider agencies reported to DHS by the MCOs from April 1, 2020, through March 31, 2021.

## Conclusion

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Although the MCOs generally complied with the selected legal and DHS contract requirements we tested, we identified a number of instances of noncompliance. The more significant instances of noncompliance were in the areas of reporting of encounter data, and provider and service oversight. Additionally, we found instances of DHS noncompliance in the area of provider oversight. The list of findings below and the full report provide more information about these concerns.

## Findings

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**Finding 1.** Blue Plus did not always comply with Department of Human Services contract requirements to accurately submit encounter data. (p. 9)

**Finding 2.** The Department of Human Services did not always comply with federal and state laws to revalidate provider agencies and personal care assistants. (p. 12)

**Finding 3.** The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Itasca Medical Care, Medica Health Plans, PrimeWest Health, and UCare Minnesota) allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistants for more than the maximum allowed monthly hours. (p. 13)

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<sup>1</sup> The seven MCOs are Blue Plus, HealthPartners, Itasca Medical Care, Medica Health Plans, PrimeWest Health, South Country Health Alliance, and UCare Minnesota. Encounter data are individual electronic records that document each recipient's PCA visit.

**Finding 4.** Provider agencies, along with HealthPartners, Medica Health Plans, South Country Health Alliance, and UCare Minnesota, did not always ensure personal care assistants received the required qualified professional supervision. (p. 16)

**Finding 5.** Provider agencies, along with the managed care organizations, did not always ensure that personal care assistant timesheets were in compliance with state statutes. (p. 18)

**Finding 6.** Medica Health Plans and UCare Minnesota did not always limit the amount of personal care assistance services recipients received, as required by law. (p. 20)



# Background

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The Department of Human Services (DHS) uses managed care organizations' (MCOs') encounter claims data for many purposes, including analyzing recipients' use of services, forecasting program costs, and setting future rates for services and expenses.<sup>2</sup> DHS also sends information about MCO encounter data to the Centers for Medicare and Medicaid Services.<sup>3</sup> This report presents the results of our audit of MCOs' personal care assistance (PCA) services encounter data and expenses for the Minnesota Medical Assistance program.<sup>4</sup>

For this audit, we tested a sample of each MCO's reported encounter data and payments to provider agencies during the period from April 2020 through March 2021. Using the same sample, we also tested the MCOs' oversight of PCA providers and the PCA services that were provided. Finally, we reviewed the program integrity reports submitted by the MCOs to DHS during our audit scope.

## Program Overview and History

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As specified in federal law and state statutes, DHS contracts with MCOs to provide certain administrative functions and services to enrollees under public health care programs.<sup>5</sup> For the PCA program, DHS contracted with seven MCOs to provide services in the Minnesota Senior Health Options and Minnesota Senior Care Plus programs in 2020 and 2021.<sup>6</sup> These MCOs included four entities licensed as health maintenance organizations (Blue Plus, HealthPartners, Medica Health Plans, and UCare Minnesota) and three "county-based purchasing organizations" (Itasca Medical Care, PrimeWest Health, and South Country Health Alliance).<sup>7</sup>

Minnesota's Medical Assistance program covers PCA services for recipients.<sup>8</sup> PCA services help recipients with disabilities, chronic diseases, or mental illness live independently in their homes by providing assistance with essential tasks. Specifically, recipients must need assistance in at least one of the following areas to receive PCA services:

- Activities of daily living, including dressing, grooming, bathing, eating, transferring, mobility, positioning, and toileting.

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<sup>2</sup> Encounter data are individual electronic records that document each recipient's PCA visit.

<sup>3</sup> 42 *CFR*, sec. 438.66(e)(1) (2022).

<sup>4</sup> *Minnesota Statutes* 2022, 3.972, subd. 2b, directs the Office of the Legislative Auditor to audit managed care organizations that contract with DHS for Minnesota's public health care programs. The statute requires OLA to audit these organizations to determine whether they used public money in compliance with federal and state laws, rules, and DHS contracts.

<sup>5</sup> 42 *CFR*, sec. 438 (2022); *Minnesota Statutes* 2022, 256B.035; and 256B.69, subd. 5a.

<sup>6</sup> Minnesota Senior Health Options is the Minnesota prepaid managed care program that provides integrated Medicare and Medicaid services for Medicaid eligible seniors, age 65 or over. Minnesota Senior Care Plus is the mandatory Prepaid Medical Assistance Medical Care program for enrollees age 65 and over.

<sup>7</sup> County-based purchasing organizations are health plans operated by a county or group of counties.

<sup>8</sup> *Minnesota Statutes* 2022, 256B.0625, defines covered services for Medical Assistance.

- Instrumental activities of daily living, including meal planning and preparation, basic assistance with paying bills, shopping for essential items, performing household tasks, communication by telephone and other media, and traveling to medical appointments or to participate in the community.
- Health-related procedures and tasks, including range of motion and passive exercises, assistance with self-administered medication, interventions for seizure disorders, and other activities considered within the scope of PCA services.
- Observation and redirection of behaviors, including physical aggression towards self, others, or destruction of property that requires the immediate response of another person.<sup>9</sup>

MCOs work with lead agencies—typically counties—to support planning for PCA services to recipients. An assessor conducts an in-person assessment of need to determine the amount of service a recipient is eligible to receive.<sup>10</sup> Assessors include county public health nurses, certified public health nurses under contract with the county, or care coordinators employed by the MCOs. An assessor must also develop a service plan. The service plan summarizes the assessment results and includes a description of the need, authorized amount, and expected outcomes and goals of PCA services.<sup>11</sup> The assessment—and resulting service plan—“must occur at least annually or when there is a significant change in the recipient’s condition or when there is a change in the need for PCA services.”<sup>12</sup>

MCOs work with eligible provider agencies to provide PCA services to recipients. In order to be eligible to participate in the state’s PCA program, provider agencies must enroll with DHS. During the enrollment process, provider agencies submit required documentation to DHS, which includes an enrollment application and assurance statements. In addition, provider agencies must pass required background studies and complete DHS standardized online training.<sup>13</sup> DHS notifies MCOs twice each month of the current enrollment status of provider agencies. Enrollment statuses include active, denied, terminated, or pending. Once actively enrolled, PCA provider agencies must be revalidated every three years, and other provider agency types must be revalidated every five years.<sup>14</sup>

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<sup>9</sup> *Minnesota Statutes* 2022, 256B.0659, subds. 1, 2, and 4.

<sup>10</sup> Department of Human Services, Emergency Executive Order 20-12, “Preserving Access to Human Services Programs during the COVID-19 Peacetime Emergency, 1<sup>st</sup> 60-day update,” CV.15 – Waiver of Requirement to Perform Face-to-Face Assessments and Case Management Visits for HCBS Waiver Services Participants (St. Paul, May 13, 2020), 34, waived the requirement of in-person assessments and allowed assessments to be conducted via phone or video visits. HCBS waiver services are home- and community-based services under Medical Assistance whose participants qualify for a waiver, such as the Elderly Waiver.

<sup>11</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 6.

<sup>12</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 3a.

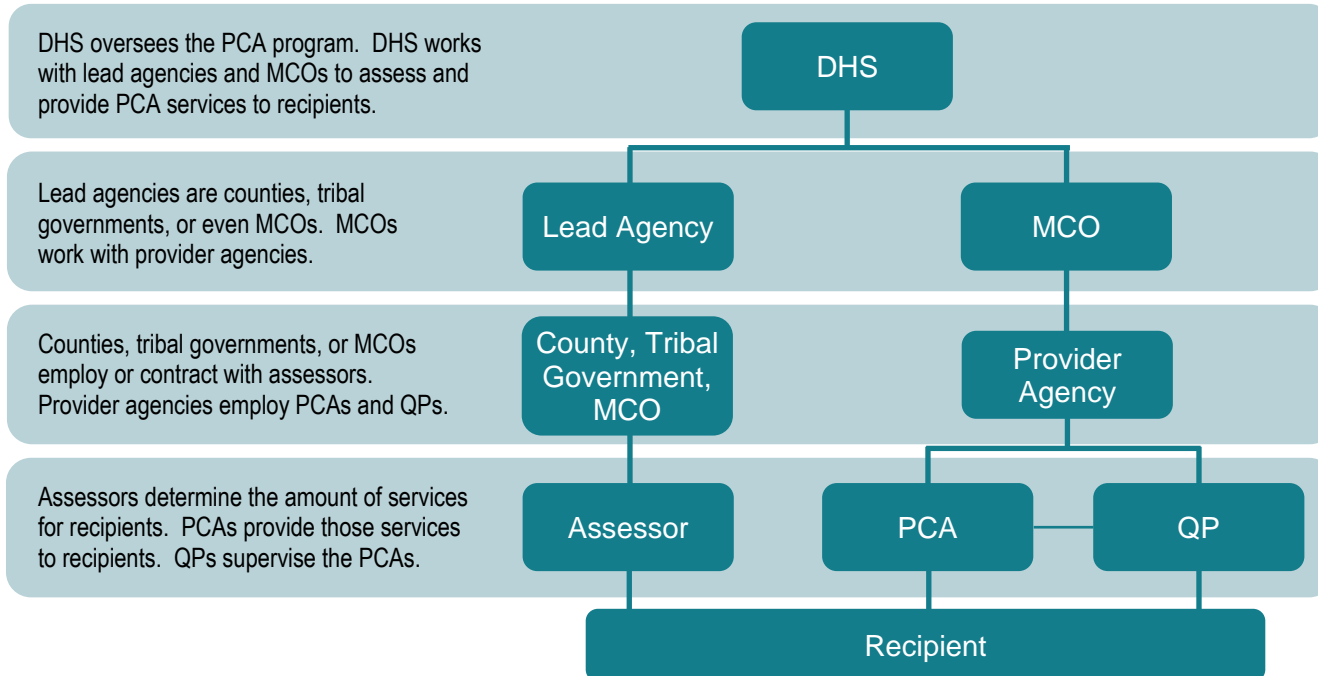
<sup>13</sup> *Minnesota Statutes* 2022, 256B.0659, subds. 21 and 25. DHS conducts the background studies to determine whether an individual is disqualified from direct contact with Minnesota public health care program recipients. Owners, management, and qualified professionals of the provider agencies must all pass the required background studies and complete training.

<sup>14</sup> *Minnesota Statutes* 2022, 256B.04, subd. 21(b). PCA agencies are not the only type of provider agency that can provide PCA services. Other provider agencies include home and community service providers, consolidated provider organizations, and home health agencies.

Provider agencies employ PCAs who provide services to recipients. The provider agencies enroll PCAs with DHS by submitting an application on their behalf. Prior to submitting PCA enrollment applications to DHS, the provider agencies must ensure that each PCA (1) meets statutory requirements for being a PCA, (2) successfully completes the DHS standardized online training for PCAs, and (3) successfully clears a background study.<sup>15</sup> DHS sends a letter notifying the provider agency that the PCA has passed the background study and has been enrolled. DHS notifies MCOs twice each month of the current enrollment status of PCAs. Once actively enrolled, PCAs must be revalidated every five years.<sup>16</sup>

Provider agencies are also responsible for supervising PCAs through qualified professionals (QPs). QPs can be a registered nurse, a licensed social worker, a mental health professional, or a qualified designated coordinator as defined in state statute.<sup>17</sup> QPs are employed by provider agencies to provide training, supervision, and evaluations of PCAs, and to assess the effectiveness of the PCA services provided. In addition to supervising and evaluating PCAs, QPs also develop care plans with recipients based on the service plan and individualized needs of the recipient, and train PCAs to provide the care specified in those plans. The provider agencies are responsible for documenting the QPs compliance with state statute.<sup>18</sup> Exhibit 1 displays the relationships among the entities and individuals involved in the PCA program.

### Exhibit 1: Hierarchy of the Entities and Individuals Involved in the PCA Program



SOURCE: Office of the Legislative Auditor, based on analysis of state statutes and DHS contracts.

<sup>15</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 11.

<sup>16</sup> *Minnesota Statutes* 2022, 256B.04, subd. 21(b).

<sup>17</sup> *Minnesota Statutes* 2022, 256B.0625, subd. 19c.

<sup>18</sup> *Minnesota Statutes* 2022, 256B.0659, subds. 13 and 14.

As part of program oversight, federal regulations require states to include in their contracts with MCOs certain requirements for reporting program costs and medical expenses, including personal care assistance expenses. In particular, MCOs must submit “encounter data” to the state agency (that is, DHS).<sup>19</sup> Encounter data are individual electronic records that document each recipient’s PCA visit. The data provide a broad range of information pulled from provider agencies’ claims for payments and other sources, such as recipient demographics, dates of services, PCA services performed, diagnoses detailed, charges billed, and amounts paid. Minnesota statutes supplement the federal reporting mandate by requiring MCOs to submit to DHS biweekly encounter data for the Minnesota PCA program.<sup>20</sup> The volume of encounter data records sent by MCOs to DHS is significant. Exhibit 2 details the total number of PCA services claims and MCO paid amounts by MCO for the audit scope.

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### **Exhibit 2: Total PCA Services Claims and MCO Paid Amounts, April 1, 2020, through March 31, 2021**

MCO	Number of Claims	MCO Paid Amount <sup>a</sup>
Blue Plus	44,663	\$ 32,207,189
HealthPartners	41,290	28,395,940
Itasca Medical Care	2,514	1,116,120
Medica Health Plans	114,142	74,468,000
PrimeWest Health	4,389	2,387,666
South Country Health Alliance	3,955	2,239,884
UCare Minnesota	<u>189,787</u>	<u>135,086,200</u>
Total	400,740	\$275,900,999

<sup>a</sup> This is the final MCO paid amount at the time of the audit based on the encounter records from DHS. The encounter records include all final paid claims from April 1, 2020, through March 31, 2021, for services rendered starting from April 1, 2020.

SOURCE: Office of the Legislative Auditor, based on DHS encounter data.

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Given the importance of encounter data in oversight of the Minnesota PCA program, state statutes require MCOs to participate in a DHS quality assurance program that verifies the timeliness, completeness, accuracy, and consistency of the data through quality assurance protocols.<sup>21</sup> DHS uses an automated system of edits within the Medicaid Management Information System to read and code encounter records based on the accuracy or completeness of the data.<sup>22</sup>

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<sup>19</sup> 42 *CFR*, sec. 438.604 (2022).

<sup>20</sup> *Minnesota Statutes* 2022, 256B.69, subd. 9d(b).

<sup>21</sup> *Ibid.* For information about this program, see also Deloitte Consulting, LLP, *Department of Human Services, Encounter Data Quality Assurance Protocols* (St. Paul, September 2014).

<sup>22</sup> Edits are instructions written into software to verify and validate such things as the completeness, reasonableness, or accuracy of data. Electronic edits are used as initial checks on the integrity of data being used to record various types of electronic transactions, such as payments.

## Audit Scope, Objectives, Methodology, and Criteria

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The Office of the Legislative Auditor (OLA) conducted this audit to determine whether MCOs and DHS complied with key legal and contract requirements. The audit scope included MCO reporting of PCA services encounter records data to DHS, MCO and DHS oversight of PCA providers and services, and program integrity. The period under examination went from April 1, 2020, through March 31, 2021.

### Reporting of Encounter Data

This part of the audit assessed the MCOs' compliance with selected legal and contract requirements regarding encounter data reporting. OLA designed its work to address the following question:

- To what extent did MCOs report accurate, complete, and timely personal care assistance encounter claims data to DHS?

To answer this question, we reviewed federal regulations and state statutes, contract requirements, and DHS guidance to MCOs on reporting encounter data to DHS. We gained an understanding of the PCA services claims and encounter data submission process through interviews with representatives of DHS and each MCO. We also obtained encounter records from DHS that represented the final paid PCA services claims reported by each MCO during our audit scope. Using a random sampling method, we tested a total of 470 PCA services claims from provider agencies to determine the accuracy, completeness, and timeliness of MCO encounter data reporting.<sup>23</sup> We obtained source documents—including remittance advices and PCA timesheets—directly from the provider agencies to independently verify actual claim payments against DHS encounter data and to confirm that the encounter records reflected valid PCA services for public program recipients.

### Provider and Service Oversight

This part of the audit assessed the MCOs' and DHS's compliance with selected legal and contract requirements regarding oversight of PCA services provided. OLA designed its work to address the following question:

- Did the MCOs and DHS comply with selected legal and contract requirements for oversight of personal care assistance services?

To answer this question, we reviewed federal regulations and state statutes, contract requirements, and DHS guidance to MCOs to administer public health care programs. We gained an understanding of the processes for overseeing providers, including enrollment, revalidation, and required supervision, through interviews with representatives of DHS and each MCO. We also gained an understanding of the processes for overseeing services, including recipient assessments and care plans, and

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<sup>23</sup> In conducting this audit testing, we used a sampling method that complies with generally accepted auditing standards and that supports our findings and conclusions. That method does not, however, allow us to project the results we obtained to the population from which the sample was selected. The population consisted of a total of 400,740 claims.

PCA timesheets, through interviews with representatives of DHS and each MCO. Using the same sample of 470 PCA services claims stated above, we tested DHS's and each MCO's compliance with certain legal and contract requirements regarding PCA provider and services oversight. We obtained source documents—including enrollment applications from DHS, assessments and care plans from MCOs, and QP supervision notes and PCA timesheets from the provider agencies—to verify compliance with the selected legal and contract requirements.

## **Reporting on Program Integrity**

This part of the audit assessed the MCOs' compliance with selected legal and contract requirements regarding program integrity, specifically, required reporting. OLA designed its work to address the following question:

- Did MCOs comply with selected legal and contract requirements for program integrity?

To answer this question, we reviewed federal regulations, state statutes, and contract requirements on program integrity specific to the reports MCOs are required to submit to DHS. We interviewed staff at DHS and each MCO to gain an understanding about the information required and frequency of the reporting. We obtained the monthly, quarterly, and annual reports from DHS for all reporting periods during our audit scope. We also obtained from DHS the e-mail notifications of report submissions. We tested all reports to determine the timeliness of submissions to DHS and whether the reports included all required information.

For each of the areas tested, we gained an understanding of each MCO's internal controls, but we did not design our audit to determine whether those controls were effectively designed or implemented. To identify legal compliance criteria for the activity we reviewed, we examined state and federal laws, and contracts and guidance to MCOs.

# Reporting of Encounter Data

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Managed care organizations (MCOs) are responsible for managing encounter data submissions to the Department of Human Services (DHS). MCOs must submit the data in the format established by DHS. Five of the seven audited MCOs contract with third-party administrators to process encounter data and submit the data to DHS. The other two MCOs process their own encounter data and submit the data to DHS.

We audited personal care assistance (PCA) services encounter records to determine whether each MCO complied with selected legal and DHS reporting requirements.<sup>24</sup> We tested a total of 470 PCA services encounter records.<sup>25</sup> Specifically, we reviewed each sample record to determine whether (1) the encounter record matched documents we obtained from the provider agency with respect to the amount paid to the provider agency, the name of the recipient, and the name of the personal care assistant (PCA), among other items; (2) the claim was properly adjusted, if applicable; and (3) the MCO or third-party administrator submitted the encounter record to DHS in a timely manner.

For the sample of PCA services encounter records we tested, most MCOs complied with selected legal and DHS reporting requirements, and the payment information was accurate, complete, and timely. However, Blue Plus did not fully comply with these requirements.

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## FINDING 1

### **Blue Plus did not always comply with Department of Human Services contract requirements to accurately submit encounter data.**

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For one claim we tested, Blue Plus did not comply with DHS contract requirements to accurately identify the PCA that provided the service.<sup>26</sup> Two different PCAs were named on one claim submitted by the provider agency to Blue Plus, but the encounter data Blue Plus submitted to DHS reported all services under one PCA.

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<sup>24</sup> *Minnesota Statutes* 2022, 256B.69, subd. 9d(b); Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Articles 3.14.1.2, 3.14.1.4, and 3.14.2.2 (January 1, 2020, and January 1, 2021); Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.9.8.3 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4.8.3 (January 1, 2021).

<sup>25</sup> For each MCO, we randomly selected 65 samples. An additional five key items were selected each for Blue Plus, Medica Health Plans, and UCare Minnesota for a total of 15 key items. Key items were determined to be PCA service claims where the treating providers (PCAs) were not properly identified on the claims. The key items for each MCO were selected at random from the identified subset of encounter records.

<sup>26</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 3.14.2.2 (January 1, 2020, and January 1, 2021), states, “The MCO shall collect and report to the STATE individual Enrollee specific, claim level encounter data that identifies the Enrollee’s treating Provider NPI or UMPI (the Provider that actually provided the service), when the Provider is part of a group practice....”

We found that Blue Plus allows provider agencies to submit two or more PCAs for the same recipient on a single claim. According to Blue Plus, “encounter data are submitted to DHS reflecting the way claims are submitted and processed. If additional rendering providers [PCAs] are listed on a claim at the line level, this information would be submitted to DHS via the encounter data.” However, due to the exception found, Blue Plus’s encounter data process was not operating as it should. We subsequently tested all 557 claims that named more than one PCA from this provider agency and found 217 more claims where the PCA was incorrectly reported to DHS. This is an exception rate of 39 percent.<sup>27</sup>

Blue Plus confirmed that the encounter record submitted for the claim in the exception was reported with one PCA despite there being two PCAs listed on the claim from the provider agency. Blue Plus investigated the cause and found an error in Blue Plus’s encounter reporting process, which prevented the second PCA from being extracted separately into the encounter file prior to submission to DHS.

Reporting the incorrect PCA on encounter claim records does not allow for accurate monitoring of the services provided by each PCA, including ensuring compliance with the maximum allowable monthly hours a PCA can provide, as required by state statutes.<sup>28</sup> Monitoring the maximum allowable monthly hours is a procedure that neither Blue Plus or DHS performed during the audit scope; we expand further on this in Finding 3 in this report.

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## RECOMMENDATION

**Blue Plus should identify the encounter records that do not correctly include all PCAs who provided services and submit corrected encounter records to the Department of Human Services.**

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<sup>27</sup> We reached out to an additional five Blue Plus provider agencies in our testing sample to determine if they also submit more than one PCA on a claim to Blue Plus. All five of those provider agencies reported that they do not.

<sup>28</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 11(a)(10).



# Provider and Service Oversight

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Managed care organizations (MCOs) are responsible for overseeing the delivery of personal care assistance (PCA) services to recipients.<sup>29</sup> MCOs work with provider agencies who employ personal care assistants (PCAs) to provide the services. During the scope of the audit, there were 11,519 Minnesota PCA program recipients that received PCA services, totaling 400,740 claims. Approximately 16,400 PCAs, employed by approximately 300 provider agencies, provided those services. The oversight of provider agencies and PCAs helps ensure recipients are receiving appropriate and quality services.

## PCA Provider Oversight

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Provider agencies and PCAs must enroll with the Department of Human Services (DHS). Both federal and state law require periodic revalidation of enrollment for both the PCAs and the provider agencies. Federal law states that the “State Medicaid agency [DHS] must revalidate the enrollment of all providers regardless of provider type at least every 5 years.”<sup>30</sup> State statutes expand on that requirement and require that provider agencies who only provide PCA services shall be revalidated once every three years.<sup>31</sup>

In addition to the requirements outlined above, the 21<sup>st</sup> Century Cures Act required that all MCO network providers, including encounter-only providers, must be enrolled with DHS.<sup>32</sup> Specifically, the Act states, “Beginning not later than January 1, 2018, a State shall require that, in order to participate as a provider in the network of a managed care entity...the provider is enrolled...with the State agency administering the State plan...”<sup>33</sup> DHS keeps a record of encounter-only providers that were used by MCOs. Similar to the provider agencies who enroll directly with DHS, these encounter-only provider agencies also must be revalidated.

According to DHS, provider agency and PCA enrollment and revalidations are the responsibility of DHS. However, before MCOs can use a provider agency or PCA,

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<sup>29</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 12.8 (January 1, 2021), state MCOs may “contract with Providers of services to provide services to Enrollees of the MCO. Subcontracts with other Providers of services shall not abrogate or alter the MCO’s primary responsibility for performance under this Contract.”

<sup>30</sup> 42 *CFR*, sec. 455.414 (2022). 42 *CFR*, sec. 438.2 (2022), defines a provider as “any individual or entity that is engaged in the delivery of services, or ordering or referring for those services, and is legally authorized to do so by the State in which it delivers the services.” Both provider agencies and PCAs fall under this definition of provider.

<sup>31</sup> *Laws of Minnesota* 2019, First Special Session, chapter 9, art. 7, sec. 15, codified as *Minnesota Statutes* 2022, 256B.04, subd. 21(b). The three-year requirement for PCA agencies was enacted by the 2019 Legislature and became effective July 1, 2019.

<sup>32</sup> Encounter-only providers are provider agencies that have decided not to enroll with DHS as a fee-for-service provider—where service claims go directly to DHS—and only provide services through MCOs.

<sup>33</sup> The 21<sup>st</sup> Century Cures Act of 2016, Public Law 114-255, sec. 5005(b)(2), December 13, 2016.

MCOs must check whether the provider agency or PCA is “active” on the DHS provider file or DHS PCA list, respectively.

## FINDING 2

### The Department of Human Services did not always comply with federal and state laws to revalidate provider agencies and personal care assistants.

Among the 134 provider agencies we tested, DHS did not revalidate 91 of them within the required timeframes. This is an exception rate of 68 percent. In addition, DHS did not revalidate 59 out of the 391 PCAs tested, which is an exception rate of 15 percent.

Due to the COVID-19 peacetime emergency, DHS temporarily postponed provider revalidations.<sup>34</sup> The waiver “allowed health care providers currently authorized to serve public health care program enrollees to continue doing so without requiring them to re-enroll with DHS.” The waiver also “postponed setting up new managed care-only [encounter-only] providers in the Medicaid Management Information System for the purpose of getting encounter claims data.”<sup>35</sup> However, all of the provider agencies and PCAs we found that had not been revalidated should have been revalidated prior to the waiver going into effect.

DHS did not implement the state law requiring more frequent revalidations for PCA agencies (every three years, rather than every five years as required by federal law). In addition, DHS did not implement the statutory requirement to revalidate encounter-only provider agencies every five years. A majority of the exceptions found in our testing for provider agencies were the result of DHS not implementing these requirements. The revalidation for provider agencies was overdue from as little as one month to as much as three years and ten months. Revalidation for PCAs was overdue from one month to ten years and seven months. Exhibit 3 details the 91 provider agencies and 59 PCAs by statutory noncompliance.

### Exhibit 3: Number of Exceptions by Statutory Noncompliance

Statutory Noncompliance	Number of Exceptions
Provider Agencies	
3-year requirement	80
5-year requirement	5
Encounter-only	6
Total	91
PCAs	
5-year requirement	59

SOURCE: Office of the Legislative Auditor, based on DHS information.

<sup>34</sup> Department of Human Services, Emergency Executive Order 20-12, “Preserving Access to Human Services Programs during the COVID-19 Peacetime Emergency, 1<sup>st</sup> 60-day update,” CV.22 – Temporarily Postponing Provider Revalidation (St. Paul, May 13, 2020), 37-38.

<sup>35</sup> *Ibid.*

By not completing the required revalidations, DHS is allowing MCOs to work with provider agencies or PCAs who may not be complying with requirements. For example, a provider agency or PCA could be ineligible to provide services, but DHS would still have them identified as an eligible provider agency or PCA. As a result, they could still be providing services to recipients when they should not be.

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## RECOMMENDATION

### **The Department of Human Services should complete all outstanding provider agency and PCA revalidations.**

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State statutes require a PCA “be limited to providing and being paid for up to 310 hours per month of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with.”<sup>36</sup> For one month of the audit scope (April 2020), the maximum monthly hours were 275 hours. For all other months in the audit scope, due to the COVID-19 peacetime emergency, DHS approved a waiver that allowed for an increase in the number of hours to 310 hours per month, per PCA.<sup>37</sup> The increase was effective May 1, 2020, and intended to last for the duration of the peacetime emergency. The Legislature amended the statutes during the 2020 legislative session to permanently increase the number of hours to 310.<sup>38</sup>

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## FINDING 3

### **The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Medica Health Plans, PrimeWest Health, and UCare Minnesota) allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistants for more than the maximum allowed monthly hours.**

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We analyzed all encounter records submitted to DHS that reflected final claims for services rendered during our audit scope. Our analysis found that MCOs paid 76 PCAs for more than the maximum allowed monthly hours of PCA services.<sup>39</sup> More specifically, MCOs erroneously paid PCAs for 6,917 hours, exceeding the maximum in 194 months. Exhibit 4 details the breakdown by MCO.

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<sup>36</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 11(a)(10).

<sup>37</sup> Department of Human Services, Emergency Executive Order 20-12, “Preserving Access to Human Services Programs during the COVID-19 Peacetime Emergency, 2<sup>nd</sup> 60-day update,” CV.53 – Allowing flexibility for personal care assistance (PCA) service oversight and hours (St. Paul, July 16, 2020), 12.

<sup>38</sup> *Laws of Minnesota* 2020, Fifth Special Session, chapter 3, art. 10, sec. 1.

<sup>39</sup> The Office of the Legislative Auditor has previously identified a similar problem. See Office of the Legislative Auditor, Program Evaluation Division, *Personal Care Assistance* (St. Paul, 2009).

### Exhibit 4: PCAs Over the Maximum Allowable Monthly Hours by MCO, April 1, 2020, through March 31, 2021

MCO	Number of PCAs	Total Months Affected	Total Hours Over
Blue Plus	9	19	415.50
HealthPartners	9	26	876.75
Medica Health Plans	21	38	648.25
PrimeWest Health	1	1	40.50
UCare Minnesota	17	31	815.75
Multiple MCOs	<u>20</u>	<u>79</u>	<u>4,120.25</u>
Total	77 <sup>a</sup>	194	6,917.00

<sup>a</sup> The sum of PCAs in the exhibit accounts for one PCA twice, who received payments from HealthPartners and Medica Health Plans.

SOURCE: Office of the Legislative Auditor, based on DHS encounter data.

The five MCOs either lacked internal controls to protect against PCAs exceeding their monthly limit or had controls that were not operating effectively. Blue Plus and Medica Health Plans both told us they lack adequate internal controls to prevent or detect PCAs from exceeding the monthly limit. HealthPartners said a post-payment review control was not operating effectively. PrimeWest Health told us a system edit to prevent hour overages was not operating effectively. UCare Minnesota stated both a system edit to prevent hour overages and a post-payment review to detect hour overages were not operating effectively.

In addition, our audit found that neither DHS nor the MCOs have controls to detect when a PCA exceeds the allowed monthly hours due to working with more than one MCO. DHS stated they do not review encounter records to ensure that a PCA does not exceed the maximum allowable hours per month due to working with multiple MCOs. Instead, DHS told us that it is the MCOs' responsibility to monitor for this possibility. However, each MCO told us that they do not have access to the encounter records of other MCOs. Therefore, MCOs do not have the ability to detect when this occurs.

### RECOMMENDATIONS

- **The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Medica Health Plans, PrimeWest Health, and UCare Minnesota) should correct the exceptions noted by recovering the overpayments made to personal care assistants.**
- **The five managed care organizations should improve their internal processes to identify when a personal care assistant has exceeded the maximum allowable monthly hours.**
- **The Department of Human Services should develop a system to identify when personal care assistants exceed the maximum allowed monthly hours—whether working with one or multiple managed care organizations.**

Supervision of PCAs is an important component of ensuring recipients receive services and that the services they receive are appropriate for their needs. State statutes require that all PCAs be supervised by a qualified professional (QP).<sup>40</sup> DHS's contracts with MCOs require PCAs to be supervised by a QP as described in state law.<sup>41</sup> Statutes state:

The qualified professional shall evaluate the personal care assistant within the first 14 days of starting to provide regularly scheduled services for a recipient, or sooner as determined by the qualified professional.... Subsequent visits to evaluate the personal care assistance services provided to a recipient...shall occur: (1) at least every 90 days thereafter for the first year of a recipient's services; (2) every 120 days after the first year of a recipient's service or whenever needed for response to a recipient's request for increased supervision of the personal care assistance staff....<sup>42</sup>

Statutes also state, "Under personal care assistance choice, the recipient or responsible party shall...supervise and evaluate the personal care assistant with the qualified professional, who is required to visit the recipient at least every 180 days."<sup>43</sup>

At each supervision visit, the QP evaluates whether the PCA is meeting the goals of the services as stated in the PCA care plan and service plan; evaluates the recipient's satisfaction with their PCA services; reviews documentation of the services provided; and revises the PCA care plan as necessary, in consultation with the recipient or responsible party.<sup>44</sup> In addition to supervising and evaluating PCAs, QPs also develop care plans with recipients and train PCAs to provide the care specified in those plans.

Typically, the QP conducts visits in person. However, a waiver was put into place during the COVID-19 peacetime emergency that allowed QPs to provide otherwise in-person oversight of PCAs via two-way interactive telecommunications (i.e., phone or video technology) for all recipients who received PCA services.<sup>45</sup>

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<sup>40</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 14(a).

<sup>41</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(5) (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(4) (January 1, 2021).

<sup>42</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 14(c).

<sup>43</sup> *Minnesota Statutes* 2022, 256B.0659, subds. 19(a)(4) and 18(b). According to subd. 18(b), personal care assistance choice is an option of the PCA program that allows the recipient to be responsible for the hiring, training, scheduling, and firing of PCAs.

<sup>44</sup> The service plan is completed by the assessor and includes a summary of the assessment results, describes the services needed by the recipient, establishes the authorized amount, and identifies the expected outcomes and goals of the PCA services. The care plan is developed by the QP based on the service plan. The care plan includes the start and end date of services, description of the recipient's needs for assistance, and a month-to-month plan for the use of PCA services.

<sup>45</sup> Department of Human Services Emergency Executive Order 20-12, "Preserving Access to Human Services Programs during the COVID-19 Peacetime Emergency, 2<sup>nd</sup> 60-day update," CV.53 – Allowing flexibility for personal care assistance (PCA) service oversight and hours (St. Paul, July 16, 2020), 12.

MCOs are not required to obtain all QP supervision notes, but they are ultimately responsible for ensuring provider agencies comply with state statutes.<sup>46</sup> DHS's contracts specifically state, "MCOs must make reasonable efforts to assure that PCAs are in compliance with Minnesota Statutes, §256B.0659, subd. 11, as amended. This compliance includes but is not limited to the PCA being...supervised by a QP..."<sup>47</sup>

#### FINDING 4

**Provider agencies, along with HealthPartners, Medica Health Plans, South Country Health Alliance, and UCare Minnesota, did not always ensure personal care assistants received the required qualified professional supervision.**

Even with the increased flexibility of the waiver allowing QP supervision to be performed via telecommunications, we found instances where provider agencies did not ensure that PCAs received the required QP supervision. We tested 470 samples and found that 16 PCAs did not receive QP supervision in accordance with the timeframes outlined in law. The number of days that QP supervision was overdue ranged from 8 to 160 days. Exhibit 5 details the number of exceptions by MCO.

#### Exhibit 5: QP Supervision Exceptions by MCO, April 1, 2020, through March 31, 2021

MCO	Number of Exceptions	Number of Samples	Exception Rate (Percentage)
Blue Plus	0	70	0%
HealthPartners	7	65	11
Itasca Medical Care	0	65	0
Medica Health Plans	1	70	1
PrimeWest Health	0	65	0
South Country Health Alliance	6	65	9
UCare Minnesota	2	70	3
Total	16	470	3

SOURCE: Office of the Legislative Auditor, based on qualified professional (QP) supervision notes.

In addition to the exceptions noted above, we were unable to obtain the QP supervision notes for six samples and, therefore, unable to verify whether those PCAs received the required QP supervision. This affected four samples from Medica Health Plans and one sample each from South Country Health Alliance and UCare Minnesota. The provider

<sup>46</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 12.8 (January 1, 2021).

<sup>47</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(4)(r) (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(3)(p) (January 1, 2021).

agencies either did not retain the documents or did not respond to our requests for documentation.<sup>48</sup>

Provider agencies and the four MCOs have not established adequate monitoring procedures to ensure PCAs receive the required QP supervision. QP supervision ensures, for instance, that PCAs are providing the appropriate services to recipients and that the recipients are satisfied with the PCA services received. Without timely supervision, recipients may receive services that are harmful or may not be receiving services at all.

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## RECOMMENDATION

**Provider agencies noted in the exceptions, along with HealthPartners, Medica Health Plans, South Country Health Alliance, and UCare Minnesota, should ensure PCAs are receiving qualified professional supervision, as required by state law.**

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## PCA Services Oversight

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Minnesota statutes require PCAs to document the services provided daily on a timesheet and submit the completed timesheets to the provider agencies, at a minimum, on a monthly basis.<sup>49</sup> Provider agencies are required to keep the timesheets in the recipient's health record.<sup>50</sup> State statutes also require that each timesheet includes the following information:

- (1) Full name of personal care assistant and individual provider number
- (2) Provider name and telephone numbers
- (3) Full name of recipient and either the recipient's medical assistance identification number or date of birth
- (4) Consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations
- (5) Signatures of recipient or the responsible party<sup>51</sup>
- (6) Personal signature of the personal care assistant

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<sup>48</sup> In two of the instances for Medica Health Plans, the provider agencies did not respond due to closure.

<sup>49</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 12(a).

<sup>50</sup> *Ibid.*

<sup>51</sup> Department of Human Services, Emergency Executive Order 20-12, "Preserving Access to Human Services Programs during the COVID-19 Peacetime Emergency, 4<sup>th</sup> 60-day update," CV.89 – Modifying requirements to maintain long-term services and supports (St. Paul, November 13, 2020), 11. This waiver was put in place due to the COVID-19 peacetime emergency, and waived the requirement for signatures. This affects the requirements for the signatures of recipient or the responsible party and the personal signature of the personal care assistant.

- (7) Any shared care provided, if applicable
- (8) A statement that it is a federal crime to provide false information on personal care service billings for medical assistance payments
- (9) Dates and location of recipient stays in a hospital, care facility, or incarceration<sup>52</sup>

MCOs are not required to obtain all PCA timesheets, but they are ultimately responsible for ensuring provider agencies comply with state statutes.<sup>53</sup> In addition, DHS's contracts hold MCOs accountable by requiring MCOs to "have mechanisms in place to ensure that PCA providers are documenting services in the manner required by Minnesota Statutes, §256B.0659, subd. 12."<sup>54</sup>

## FINDING 5

**Provider agencies, along with the managed care organizations, did not always ensure that personal care assistant timesheets were in compliance with state statutes.**

Provider agencies and MCOs did not always ensure that PCA timesheets were adequately documented. Of the 470 samples tested, we found 141 timesheets that did not include all information required by law. This is an exception rate of 30 percent. Exhibit 6 details the number of exceptions by MCO.

### Exhibit 6: Timesheet Exceptions by MCO, April 1, 2020, through March 31, 2021

MCO	Number of Exceptions	Number of Samples	Exception Rate (Percentage)
Blue Plus	24	70	34%
HealthPartners	20	65	31
Itasca Medical Care	18	65	28
Medica Health Plans	27	70	39
PrimeWest Health	19	65	29
South Country Health Alliance	15	65	23
UCare Minnesota	18	70	26
Total	141	470	30

SOURCE: Office of the Legislative Auditor, based on PCA services timesheets.

<sup>52</sup> Minnesota Statutes 2022, 256B.0659, subd. 12(c).

<sup>53</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 12.8 (January 1, 2021).

<sup>54</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(4)(p) (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 6.1.26.5(3)(n) (January 1, 2021).



Of the 141 samples with exceptions, 74 were missing the section showing any dates and location of the recipient's stay in a hospital, care facility, or incarceration facility. The next most prevalent missing items were the name of the personal care assistant and the individual provider number, and the full name of the recipient and either the recipient's medical assistance identification number or date of birth, with 53 and 51 exceptions, respectively. Sixty-two timesheets were missing more than one required element.

In addition to the exceptions noted above, we were unable to obtain and test the timesheets for five samples. This affected two samples each from Medica Health Plans and South Country Health Alliance, and one sample from UCare Minnesota. The provider agencies either did not retain the documents or did not respond to our requests for documentation.<sup>55</sup>

DHS has a timesheet template that incorporates the required information; however, provider agencies are allowed to create and use their own timesheets. Some of the timesheets created by provider agencies are missing required information. Having incomplete timesheets can result in inaccurate payments. For instance, by not including the dates and location of a recipient's stay in a hospital, MCOs could inadvertently pay for PCA services for the same time period that a recipient was in the hospital, which is not permitted.<sup>56</sup>

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## RECOMMENDATION

**Provider agencies noted in the exceptions, along with the managed care organizations, should ensure timesheets are in compliance with state statutes.**

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According to state statutes, "personal care assistance services for a recipient must be documented daily by each personal care assistant."<sup>57</sup> In most instances, this limits the maximum daily hours to 24 hours, which totals 96 units.<sup>58</sup> State statutes allow more than 24 hours of PCA service for complex medical needs, such as for ventilator-dependent recipients, who may receive up to four additional hours.<sup>59</sup> While a recipient may be authorized for an average number of PCA service hours per day, such as six hours a day, a recipient may receive more or less PCA hours on a given day depending on their needs. Nevertheless, state statutes do place some limits on this flexibility and state, "No more than 75 percent of the total authorized units for a 12-month service agreement may be used in a six-month date span."<sup>60</sup>

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<sup>55</sup> In the two instances for Medica Health Plans, the provider agencies did not respond due to closure.

<sup>56</sup> *Minnesota Statutes* 2022, 256B.0625, subd. 19a, states, "Medical assistance does not cover personal care assistance services for residents of a hospital, nursing facility, intermediate care facility, [or] health care facility...."

<sup>57</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 12(a).

<sup>58</sup> Each unit of PCA services equals 15 minutes.

<sup>59</sup> *Minnesota Statutes* 2022, 256B.0652, subd. 7.

<sup>60</sup> *Minnesota Statutes* 2022, 256B.0659, subd. 15.

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## FINDING 6

### **Medica Health Plans and UCare Minnesota did not always limit the amount of personal care assistance services recipients received, as required by law.**

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We analyzed all encounter records submitted to DHS that reflected final claims for services rendered during our audit scope. Our analysis found 18 recipients that received more than the maximum daily hours of PCA services without evidence—for example, stated in the recipient’s care plan as requiring the additional services. Those 18 recipients received PCA services in excess of the total daily hours for 28 days during the audit scope for a total of 116.5 hours, or 466 units. This resulted in overpayments by the MCOs to the provider agencies totaling \$2,011. Exhibit 7 details the number of exceptions by MCO.

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### **Exhibit 7: Recipients Receiving Services in Excess of the Maximum Daily Units by MCO, April 1, 2020, through March 31, 2021**

MCO	Number of Recipients	Total Days Over	Total Units Over	Total Overpaid Amount
Medica Health Plans	9	12	257	\$1,158
UCare Minnesota	9	16	209	853
Total	18	28	466	\$2,011

SOURCE: Office of the Legislative Auditor, based on DHS encounter data.

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The two MCOs either lacked internal controls to protect against recipients receiving more than the allowed daily units of services or had controls that were not operating effectively. Medica Health Plans told us a claims review process to prevent recipients from receiving more than 96 units in a day was not operating effectively. UCare Minnesota told us there was a lack of adequate internal controls at the recipient level to prevent or detect recipients receiving more than 96 units in a day. Establishing adequate procedures for reviewing claims of recipients that were rendered more than the maximum daily units increases the likelihood of preventing or timely detecting issues with billing.

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## RECOMMENDATION

**Medica Health Plans and UCare Minnesota should correct the exceptions noted for potential recovery of incorrect payments.**

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# Reporting on Program Integrity

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Managed care organizations (MCOs) are responsible for establishing functions and activities governing program integrity in order to reduce incidences of fraud and abuse and to comply with all state and federal program integrity requirements. According to Federal law, “The State, through its contract with the MCO,...must require that the MCO...implement and maintain arrangements or procedures that are designed to detect and prevent fraud, waste, and abuse.”<sup>61</sup> The Department of Human Services (DHS) contracts require—among other things—internal monitoring and auditing standards, a Special Investigations Unit, service delivery verification, and data mining and analytics.<sup>62</sup>

MCOs are required to submit monthly, quarterly, and annual reports to DHS detailing the integrity activities performed and issues found. Monthly reports are due by the fifteenth day of the following month and include information on adverse actions taken on providers.<sup>63</sup> Quarterly reports are due the fifteenth day of the month following the end of the quarter. These reports contain detailed logs of all provider fraud and abuse investigated by MCOs.<sup>64</sup> Additionally, the quarterly reports contain the data mining and analytics conducted by MCOs to identify potential and actual instances of fraud, abuse, error, and overutilization.<sup>65</sup> Annual reports are due by April 30 for the previous contract year and include details on the MCOs’ integrity programs.<sup>66</sup>

During the scope of the audit, there were twelve monthly reports, four quarterly reports, and one annual report required by each MCO. We tested all reports for timely submission to DHS and whether the reports included all required information.<sup>67</sup> We found no significant issues.

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<sup>61</sup> 42 *CFR*, sec. 438.608(a) (2022).

<sup>62</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.9.1.2 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4.1.2 (January 1, 2021).

<sup>63</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.9.3 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4.3 (January 1, 2021).

<sup>64</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.9.6.6 (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4.6.6 (January 1, 2021).

<sup>65</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.9.1.2(7) (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Article 9.4.1.2(7) (January 1, 2021).

<sup>66</sup> Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Articles 9.9.2 and 9.9.1.2(6) (January 1, 2020); and Minnesota Department of Human Services, *Contract for Minnesota Senior Health Options and Minnesota Senior Care Plus Services*, Articles 9.4.2 and 9.4.1.2(6) (January 1, 2021).

<sup>67</sup> OLA did not test the accuracy of the information in the reports as part of the program integrity testing. We only verified that the reports contained all information as required in the DHS contracts.



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# List of Recommendations

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- Blue Plus should identify the encounter records that do not correctly include all PCAs who provided services and submit corrected encounter records to the Department of Human Services. (p. 10)
- The Department of Human Services should complete all outstanding provider agency and PCA revalidations. (p. 13)
- The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Medica Health Plans, PrimeWest Health, and UCare Minnesota) should correct the exceptions noted by recovering the overpayments made to personal care assistants. (p. 14)
- The five managed care organizations should improve their internal processes to identify when a personal care assistant has exceeded the maximum allowable monthly hours. (p. 14)
- The Department of Human Services should develop a system to identify when personal care assistants exceed the maximum allowed monthly hours—whether working with one or multiple managed care organizations. (p. 14)
- Provider agencies noted in the exceptions, along with HealthPartners, Medica Health Plans, South Country Health Alliance, and UCare Minnesota, should ensure PCAs are receiving qualified professional supervision, as required by state law. (p. 17)
- Provider agencies noted in the exceptions, along with the managed care organizations, should ensure timesheets are in compliance with state statutes. (p. 19)
- Medica Health Plans and UCare Minnesota should correct the exceptions noted for potential recovery of incorrect payments. (p. 20)



OLA



**Minnesota Department of Human Services**  
**Elmer L. Andersen Building**  
**Commissioner Jodi Harpstead**  
**Post Office Box 64998**  
**St. Paul, Minnesota 55164-0998**

November 29, 2022

Judy Randall, Legislative Auditor  
Office of the Legislative Auditor  
Centennial Office Building  
658 Cedar Street  
St. Paul, Minnesota 55155

Dear Ms. Randall:

Thank you for the opportunity to review and comment on the draft report issued by your office, titled *Managed Care Organizations: Personal Care Assistance Services Encounter Data*. We are happy to hear that the Managed Care Organizations generally complied with the selected legal and DHS contract requirements tested, and will work to address the incidents of non-compliance noted by your auditors. We appreciate the thoughtful review of encounter data related to PCA services provided through our Managed Care Organizations and agree with the report's recommendations.

It is important to note the circumstances surrounding this time period. Personal care assistance (PCA) services are essential services for many Medicaid enrollees, helping them to meet their basic needs and participate in their communities. The COVID-19 pandemic impacted the health and safety of Medicaid enrollees, particularly those who are most vulnerable. The pandemic also impacted the health and safety of direct care workers, including PCAs. DHS and its contracted health plans were required to act swiftly to keep vulnerable enrollees safe.

To address these impacts, changes were made under federal and state authorities allowing flexibility to address workforce shortages resulting from direct care workers or their family members becoming ill, people leaving the workforce, and increased demand for services. The time period covered by this review includes the early phases of the pandemic when many changes were necessary to ensure the health and safety of enrollees and the workers caring for them. While there are some issues to address, it is reassuring to know that during this unprecedented time, compliance was generally maintained.

Responses to specific findings are detailed below.

**Finding 2:**

The Department of Human Services did not always comply with federal and state laws to revalidate provider agencies and personal care assistants.

**Recommendation 2:**

The Department of Human Services should complete all outstanding provider agency and PCA revalidations.

**Response to Recommendation 2**

The Provider Enrollment and Communications (PEC) unit started revalidation of PCA providers in November 2019, and planned to revalidate all PCA agency providers in alphabetical order throughout 2020 until complete. Revalidations are done in phases to help ensure resources are also available to process applications for newly enrolling providers. PEC completed the section of providers whose business name begins with A, and then halted revalidation efforts in accordance with federal waivers allowed during the federal public health emergency (PHE) in March of 2020. The providers identified in the audit findings would have been revalidated within calendar year 2020 as part of the phased approach described above had we not suspended those activities effective March 1, 2020, due to the pandemic. DHS has resumed revalidation efforts to get a head start on compliance once the PHE ends. All the PCA providers with a revalidation date older than three or five years will be revalidated as part of this process.

DHS also implemented a web-based provider portal in 2019 to assist in provider revalidation. The first release of the Minnesota Provider Screening and Enrollment ([MPSE](#)) portal automated initial enrollment. Development is currently underway to automate the revalidation process with an anticipated release in 2023. We expect these enhancements will help streamline the revalidation process in the future.

**Responsible Person(s):** Lori Shimon, Medicaid Payments and Provider Services Manager

**Estimate Completion Date:** July 1, 2023

**Finding 3:**

The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Medica Health Plans, PrimeWest Health, and UCare Minnesota) allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistants for more than the maximum allowed monthly hours.

**Recommendation 3-1:**

The Department of Human Services and five managed care organizations (Blue Plus, HealthPartners, Medica Health Plans, PrimeWest Health and UCare Minnesota) should correct the exceptions noted by recovering the overpayments made to personal care assistants.



**Recommendation 3-3:**

The Department of Human Services should develop a system to identify when personal care assistants exceed the maximum allowed monthly hours—whether working with one or multiple managed care organizations.

**Response for Recommendations 3-1 and 3-3:**

DHS will review the claims and other information associated with the exceptions noted and discuss findings with the health plans involved, to determine any recoveries that may be warranted as well as methods to improve enforcement of the monthly limit. DHS and the health plans are also in the process of implementing a federally required electronic visit verification (EVV) system. The EVV system provides closer to real time data regarding PCA services, including identification of the PCA. Once implemented, we expect this system will make it easier to identify when PCAs have reached their maximum hours in a month, enhancing enforcement of this limit.

Responsible Person(s): Mary Lenertz, Disability Services Manager

Estimate Completion Date: December 31, 2023

Thank you again for your staff's professionalism and dedicated efforts during this audit. Our policy and practice is to follow up on all audit findings to evaluate our progress toward resolution. If you have further questions, please contact Gary L. Johnson, Internal Audits Office director, at (651) 431-3623.

Sincerely,

/s/  
Jodi Harpstead  
Commissioner



OLA

**Blue Cross and Blue Shield of Minnesota  
and Blue Plus**

P.O. Box 64560  
St. Paul, MN 55164-0560  
(651) 662-8000 / (800) 382-2000



November 29, 2022  
Judy Randall  
Legislative Auditor Room  
140 Centennial Building  
658 Cedar Street  
St. Paul MN 55155-1603

Via Email to [Legislative.Auditor@state.mn.us](mailto:Legislative.Auditor@state.mn.us)

Dear Ms. Randall:

HMO Minnesota d/b/a Blue Plus ("Blue Plus") appreciates the opportunity to review and respond to the Managed Care Organizations: Personal Care Assistance Services Encounter Data and Oversight Final Report dated November 23, 2022 ("Report"), and to provide this response.

### **Reporting of Encounter Data**

#### **Finding 1 – Blue Plus did not always comply with Department of Human Services' contract requirements to accurately submit encounter data**

The Report states that the OLA found that for one claim tested, Blue Plus did not comply with DHS contract requirements to accurately identify the PCA that provided the service. The Report further states that two different PCAs were named on one claim submitted by the provider agency to Blue Plus, but the encounter data Blue Plus submitted to DHS reported all services under one PCA. Blue Plus appreciates the opportunity to address this finding.

Blue Plus respectfully submits that the claims to which this finding applies and the quoted exception rate are quite limited in scope and as previously communicated to OLA, our research indicates that this occurrence is limited in nearly all instances to one provider agency. The remaining instances in which this was observed were isolated, and do not represent the vast majority of PCA encounter records submitted by Blue Plus during the time period in question.

In researching its response to this Finding, Blue Plus identified an anomaly in the encounter data process related to situations where a PCA agency/provider submits a claim with multiple claim lines and the rendering provider is different on the individual claim lines. In those situations, the encounter data process moved one of the rendering providers to the claim header and did not report the rendering providers on the individual claim lines. It is important to note that encounter data submission is a separate process from claim processing. This issue does not interfere with or prevent appropriate claim processing or payment.

Blue Plus is in the process of making a change to the encounter data extraction process which will appropriately capture the rendering provider at the claim line level in this situation. The change is scheduled to be completed by the end of January 2023. Upon completion and testing of this change, Blue Plus will void and resubmit all claims/claim lines that have been impacted by this issue.

[bluecrossmn.com](http://bluecrossmn.com)

**Finding 3 – The Department of Human Services and five managed care organizations (including Blue Plus) allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistants for more than the maximum allowed monthly hours.**

Blue Plus appreciates the opportunity to respond to this Finding. As noted in the Report, one of the factors contributing to this Finding is that an individual PCA may be used to render services to Medicaid recipients that span across plans and the DHS FFS program; thus, a single MCO cannot always minimize the risk that a PCA will perform more than the maximum allowed monthly hours.

The Report also includes the statement that “Blue Plus [and redacted MCO] told us that they lack adequate internal controls to prevent or detect PCAs from exceeding the monthly limit.” While the OLA may be paraphrasing the responses received from Blue Plus and other MCOs in response to inquiries on this topic, this statement requires further comment. While Blue Plus informed the OLA that it did not “currently have a claim system control or process to limit rendering PCAs from exceeding the 310 hour monthly limit,” Blue Plus also informed the OLA that its network contracts require all PCA agencies to comply with all applicable state and federal laws and regulations. In this context, contract language is an indicator of a control process in enforcing the monthly limit.


To provide increased monitoring and oversight of maximum allowable monthly hours for Blue Plus members, Blue Plus has implemented effective November 30, 2022, a post claim payment report to identify any PCA that performs more than the maximum allowed monthly hours specifically for Blue Plus members. Upon review, Blue Plus claims found to exceed the individual PCA’s maximum monthly hours will be adjusted to deny and recoup the excess payment.

**Finding 5: Provider agencies, along with the managed care organizations, did not always ensure that personal care assistant timesheets were in compliance with state statutes.**

Blue Plus appreciates the opportunity to respond to this Finding. As noted above, Blue Plus network provider contracts require all PCA agencies to comply with all applicable state and federal laws and regulations. To support increased compliance by PCA agencies with applicable requirements in state statutes relating to timesheets, Blue Plus will implement a provider education plan regarding timesheet requirements. This is expected to be completed by mid-December.

We also include under separate cover marked as Attachment 1 identification of the areas and individuals responsible for addressing each applicable finding and the dates on which the issue is expected to be resolved. Thank you again for the opportunity to provide comments on the Final Report.

Sincerely,  
DocuSigned by:



9032667E0CE14E2...  
Monica Engel

President & CEO Blue Plus

11/29/2022

## Attachment 1

Finding #	OLA Recommendation – Blue Plus response	Person(s) Responsible for Resolving the Finding for Blue Plus	Anticipated Date of Completion
1	Blue Plus should identify the encounter records that do not correctly include all PCAs who provided services and submit corrected encounter records to the Department of Human Services.	Rachel Lee, Director, Enterprise Risk Adjustment Submissions	Enhancement of the encounter submission process - 1/31/2023  Resubmission of all impacted encounters – 02/28/2023
3	The five managed care organizations should improve their internal processes to identify when a personal care assistant has exceeded the maximum allowable monthly hours.	Rachel Lee, Director, Enterprise Risk Adjustment Submissions	11/30/22
	The Department of Human Services and five managed care organizations should correct the exceptions noted by recovering the overpayments made to personal care assistants.	Rachel Lee, Director, Enterprise Risk Adjustment Submissions	1/15/2023
5	Provider agencies noted in the exceptions, along with the managed care organizations, should ensure timesheets are in compliance with state statutes.	Phil Solyntjes, Director, Provider Partnerships	12/14/2022

HealthPartners  
8170 33rd Avenue South  
Bloomington, MN 55425

healthpartners.com

Mailing Address:  
PO Box 1309  
Minneapolis, MN 55440-1309



November 29, 2022

VIA ELECTRONIC EMAIL TO: [Legislative.Auditor@state.mn.us](mailto:Legislative.Auditor@state.mn.us)

Judy Randall, Legislative Auditor  
Office of the Legislative Auditor  
Centennial Office Building, Room 140  
658 Cedar Street  
Saint Paul, MN 55155-1603

Dear Ms. Randall:

HealthPartners appreciates the opportunity to review and respond to the draft report *Managed Care Organizations: Personal Care Assistance Services Encounter Data* completed by the Office of the Legislative Auditor (“OLA”). We appreciate the work of the OLA team members who conducted the audit.

According to the Final Draft Audit Report, MCOs generally complied with select legal and DHS contract requirements that were tested. HealthPartners has reviewed the draft report and we understand that three of the findings—Findings 3–5, relating to provider and service oversight—apply to HealthPartners. We are in agreement with the OLA’s findings.

Finding 3 states MCOs, including HealthPartners, allowed personal care assistants to provide services for more than the maximum allowed monthly hours. HealthPartners took action to correct this issue on 4/28/2022. The HealthPartners Director of Claims Management re-instituted a monitoring process that had been overlooked and has recovered all payments for hours provided more than the monthly limit.


Finding 4 states MCOs, including HealthPartners, did not always ensure personal care assistants received the required qualified professional supervision. HealthPartners will institute monitoring of qualified professional supervision to ensure effective oversight of PCA services and to meet compliance standards by the end of first quarter 2023.

Finding 5 states MCOs, including HealthPartners, did not always ensure that PCA time sheets were in compliance with state statutes. HealthPartners will establish monitoring of time sheets to ensure effective oversight of PCA services and to meet compliance standards by the end of first quarter 2023.

The results of all the monitoring efforts described above will be regularly reported to the Vice President of the area performing the monitoring, and to the HealthPartners PCA steering committee. The Director of Claims Management will be accountable for the PCA monitoring and reporting activities.

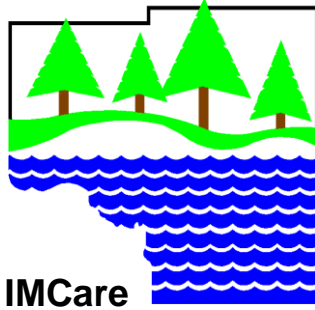
Once again, we appreciate the efforts of the OLA and the audit team that performed this audit.

Sincerely,

A handwritten signature in black ink that reads "Andrea Walsh". The signature is written in a cursive, flowing style.

Andrea Walsh  
President and Chief Executive Officer





**ITASCA MEDICAL CARE (IMCare)**

**ITASCA RESOURCE CENTER**

1219 SE 2<sup>nd</sup> Avenue

Grand Rapids, MN 55744-3983

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Visit us at: [www.imcare.org](http://www.imcare.org)

November 22, 2022

VIA ELECTRONIC MAIL

Ms. Judy Randall, Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar Street  
St. Paul, MN 55155

Re: Audit Report – Managed Care Organizations: Personal Care Assistance Services Encounter Data

Dear Ms. Randall:

This letter serves as response to the draft report *Managed Care Organizations: Personal Care Assistance Services Encounter Data* dated November 9, 2022. IMCare has reviewed the results of the draft report and agrees with the report at this time. Please see below the list of findings and specific responses.

Finding #1, 2, 3, 4, 6– N/A to IMCare

Finding #5 – Sarah Anderson IMCare Director completed additional provider education via letter 8/31/22. Follow up audits are planned to ensure compliance in 2023.

Sincerely,

Sarah Anderson  
Itasca Medical Care – CEO/Director  
1219 SE 2<sup>nd</sup> Avenue  
Grand Rapids, MN 55744  
[sarah.duell@co.itasca.mn.us](mailto:sarah.duell@co.itasca.mn.us)



OLA



PO Box 9310  
Minneapolis, MN 55440-9310  
(952) 992-2900

November 28, 2022

Ms. Judy Randall  
Office of the Legislative Auditor  
658 Cedar Street, Suite 140  
St. Paul, MN 55155

Dear Ms. Randall:

Thank you for the opportunity to submit a letter in response to the Office of the Legislative Auditor ("OLA") report, titled "Managed Care Organizations: Personal Care Assistance Services Encounter Data," (the "OLA Report"). Medica Health Plans ("Medica") appreciate your staff's collaboration throughout the audit process and consideration of our feedback, and we welcome the opportunity to submit a letter for inclusion in the report.

Medica is committed to meeting the requirements of our contracts with the Minnesota Department of Health ("DHS"), and state and federal law. Medica is putting internal controls in place to rectify each finding identified by the OLA. We also look forward to collaborating with DHS and assist in any way we can as the Department responds to the OLA report.

Thank you again for the opportunity to respond and for the OLA's collaboration throughout the audit process.

Respectfully,

A handwritten signature in blue ink that reads "Thomas H. Lindquist". The signature is written in a cursive, flowing style.

Thomas Lindquist  
Senior Vice President, Markets



OLA

November 22, 2022

Judy Randall, Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar St  
St. Paul, MN 55155  
Sent via email to: [Legislative.Auditor@state.mn.us](mailto:Legislative.Auditor@state.mn.us)

Dear Ms. Randall:

The following serves as our written response to the draft audit report. The findings listed below indicate those that apply to PrimeWest Health.

Finding #	Finding	Activity to Resolve Finding	Staff Responsible for Resolving Finding	Date of expected resolution to finding
3	The Department of Human Services and five managed care organizations allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistants for more than the maximum allowed monthly hours.	<p>PrimeWest Health corrected the issue by recovering the overpayments made to personal care assistants.</p> <p>PrimeWest Health had existing system edits to prevent daily and monthly PCA overages. Due to timing of multiple automated processes, in one instance the system edits did not fire appropriately.</p> <p>We have since created an alert to notify us if an accumulator has been exceeded and the system didn't stop it.</p>	BIT and Claims Administration staff	April 2022 claims were recouped and enhanced monitoring was put in place to prevent this situation from reoccurring. (JIRA reference: CLAIM-24051)
5	Provider agencies, along with the managed care organizations, did not	PCA re-education will be provided on timecard expectations.	C&PHM, Compliance and	Education will be completed by 03/31/2023

	<p>always ensure that PCA time sheets were in compliance with state statutes.</p>	<p>PrimeWest will ensure time sheets are in compliance with state statutes. This will be handled through annual PCA audits in alignment with MN Statute 256B.0659 including validation of timecards.</p> <p>PrimeWest will comply with Electronic Visit Verification (EVV) requirements in 2023 DHS contracts as it relates to PCA services.</p>	<p>Provider Services staff</p>	<p>Annual audits will continue in 2023 and will be completed by the end of 2023</p> <p>Throughout 2023 in alignment with DHS' phased rollout of EVV</p>
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Sincerely,



James A. Przybilla, CEO  
PrimeWest Health

Cc: Kayla Borneman

November 29, 2022

Judy Randall, Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar Street  
St. Paul, MN 55155

Re: Managed Care Organizations: Personal Care Assistance Services Encounter Data and Oversight

Dear Ms. Randall:

Thank you for the opportunity to address the applicable findings in the Managed Care Organizations: Personal Care Assistance Services Encounter Data and Oversight Report.

Finding 4 – South Country did not always ensure personal care assistants received the required qualified professional supervision.

Finding 5 – South Country did not always ensure that personal care assistant timesheets were in compliance with state statutes.

For both findings, South Country Health Alliance will provide additional training and information related to the requirements and plans to implement additional ongoing and random monitoring and oversight of the identified PCA agencies by end of Q1 2023. South Country's Compliance Officer will be ultimately responsible for the implementation of the monitoring process and will work internally with South Country's Provider Network Department and Compliance Auditor.

Sincerely,



Leota B. Lind  
Chief Executive Officer





OLA





November 29, 2022

**Judy Randall**

Legislative Auditor

Office of the Legislative Auditor  
Room 140 Centennial Building  
658 Cedar St.  
St. Paul, MN 55155-1603

Dear Ms. Randall:

Thank you for the opportunity to review the Office of the Legislative Auditor's (OLA) report dated November 9, 2022, titled *Managed Care Organizations: Personal Care Assistance Services Encounter Data*. PCA services are vital services that support our members who require in-home services. UCare prides itself in a robust PCA network, with dedicated, skilled care coordinators working to assess members and develop care plans to ensure members receive medically necessary services to remain in the community.

PCA authorization, encounter submissions, claims processing and program integrity processes are highly complex. UCare reviewed the report, and we are pleased that OLA acknowledged our efforts related to our encounter submissions and program integrity reporting. We have worked hard to ensure Minnesotans on MSHO and MSC+ have access to PCA services and that those services are delivered according to state laws and rules.

As a result of this audit, UCare refined our processes related to the specific findings, including oversight of individual PCAs and provider agencies, which includes system edits before payment occurs, post-payment reviews, recoupment of funds when appropriate, and provider education.

For the findings specific to UCare, we offer the following information, updates, and any necessary clarification.

**Finding 3. The Department of Human Services and five managed care organizations (including UCare) allowed personal care assistants to provide services for more than the maximum allowed monthly hours. The five managed care organizations paid some personal care assistances for more than the maximum allowed monthly hours.**

UCare acknowledges this finding and although we do not dispute this finding, it is important to note that as these instances of overpayment were found, we recouped the identified overpayments from the PCA providers. This was completed on June 10, 2022. UCare implemented internal controls to mitigate further issues related to this finding and is working to implement prepayment reviews.

**Finding 4. Provider agencies, along with other managed care organizations, including UCare, did not always ensure personal care assistants received the required qualified professional supervision.**

UCare strives to provide targeted communications to our provider partners related to requirements such as this through letters and provider bulletins. We acknowledge this finding and communicated to all PCA providers the expectations around Qualified Professional (QP) supervision. By October 25, 2022, we provided information three ways – a targeted letter to PCA agencies, a provider bulletin that remains available to providers, and updates to our publicly available provider manual. Additional monitoring activity is being put into place.

**Finding 5. Provider agencies, along with the managed care organizations, did not always ensure that PCA time sheets were in compliance with state statutes.**

UCare acknowledges this finding and is working to increase oversight. We communicated with all PCA providers the expectations around use and documentation of time sheets. By the end of October, UCare communicated (through a targeted letter and a provider bulletin) to PCA providers the expectations around use and documentation of time sheets. We also updated our provider manual and are implementing additional monitoring activity.

**Finding 6. A managed care organization and UCare did not always limit the amount of PCA services recipients received, as required by law.**

UCare acknowledges the findings by the OLA where additional supporting documentation was needed for members who received PCA services over the daily limit. In these cases, UCare recovered the overpayments made to these PCA providers. This was completed on June 23, 2022.

In addition, on October 10, 2022, UCare implemented a process to ensure further scrutiny of claims received for more than the maximum allowed number of hours. PCA providers can appeal the use of the hours when it is appropriate for the member and provide UCare with supporting documentation showing the needed additional hours of PCA services.

Although UCare does not disagree there needs to be monitoring and review of instances in which an MCO member receives more than 24 hours of services in a day, UCare would like to provide some additional information related to this finding.

There are situations, though rare, when it is appropriate for a member to receive more than 24 hours of PCA services in a day – which was the limit reviewed during the audit.

Further, it is important to note the distinction between the services an individual PCA can provide in a day and the services a member may receive in a day. Although it is clear a provider cannot provide more than 24 hours of services in a day, there is no law limiting the daily amount of PCA services members receive to the 24 hours the OLA established for this audit.

To take one example, a quadriplegic who require assistance with bathing or other daily activities. In this case, it may require two or more PCAs to assist the member with these activities, adding another two to three hours of services. To determine when this overage is appropriate, there must be a review of the member's care plan and documentation of the activities completed by a PCA for the day.

Finally, we would also like to note that UCare, along with other MCOs, are in the process of implementing a tool that will greatly improve our PCA oversight, known as Electronic Visit Verification (EVV). The purpose of EVV is to ensure that services are delivered to people needing those services and that providers only bill for services rendered. UCare is working closely with DHS and HHAeXchange (HHAX), DHS's EVV vendor. UCare and DHS's EVV implementation date is Q2 2023.

We appreciate the review by OLA that allowed us to identify additional opportunities of oversight as well as understand our strengths in ensuring our valued members receive appropriate PCA services.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hilary Marden-Resnik', with a stylized, cursive script.

Hilary Marden-Resnik  
Chief Executive Officer  
UCare Minnesota



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