OFFICE OF THE NEW YORK STATE COMPTROLLER

DIVISION OF STATE GOVERNMENT ACCOUNTABILITY

Group Health Incorporated

New York State Dental Program - Payments for Scaling and Root Planing Procedures

Report 2009-S-95

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State of New York
Office of the State Comptroller

Division of State Government Accountability

July 28, 2010

Mr. Erhard V. Krause
Vice President, Sales
Emblem Health
77 Broadway Suite 200
Buffalo, NY 14203

Dear Mr. Krause:

The Office of the State Comptroller is committed to providing accountability for tax dollars spent to support government operations. This fiscal oversight is accomplished, in part, through our audits, which determine whether entities contracting with the State are fulfilling contract responsibilities. Audits can also identify strategies for reducing costs, improving operations and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of Group Health Incorporated, entitled New York State Dental Program - Payments for Scaling and Root Planing Procedures. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

EXECUTIVE SUMMARY

Audit Objective

The objective of our audit was to determine if Group Health Incorporated (GHI) established adequate controls over the payment of scaling and root planing procedures and to determine if GHI overpaid for scaling and root planing services. Our audit covered the period January 1, 2005 through December 31, 2008.

Audit Results - Summary

During our four-year audit period, GHI paid 92,703 claims totaling about $4.7 million for scaling and root planing services. According to the NYS Department of Health, providers should not routinely perform scaling and root planing services on more than two quadrants of a patient's mouth during one office visit. Also, providers generally should not perform scaling and root planing more than once on the same quadrant of the mouth within a period of three years.

During our audit period, GHI paid dentists about $1.6 million for 31,261 claims in which more than two quadrants were scaled and root planed in one visit and/or the same quadrant was scaled and root planed multiple times within a short period of time. Thus, we concluded that there is considerable risk that certain providers performed scaling and planing more often than necessary, or they billed for scaling and planing when less intensive (and costly) dental services were provided.

Each of these billings must be supported by a recent periodontal chart, and we visited two dentists, who routinely billed services outside the Department of Health's guidance, to review their charts. One of the dentists did not have charts to support 68 of the 76 claim payments (89 percent) we examined. The dentist told us that he did not always document the measurements taken during periodontal charting. Instead he routinely submitted the same charts year after year to GHI, and GHI paid his claims based on the outdated charts. For a sample of 76 paid claims, the dentist did not have current periodontal charts for 68 (89 percent) of them. GHI should recover $3,173 paid for these 68 scaling and root planing procedures.

GHI paid another dentist about $373,000 for scaling and root planing during our audit period. Of this amount, $148,088 was paid for 1,501 quadrants that were scaled and planed more than once (contrary to the professional standard). Further, 95 percent of this dentist's claims for scaling and root planing included more than two quadrants during the same appointment. Officials

from New York State Department of Health's School of Public Dental Health questioned the frequency of this dentist's scaling and root planing procedures. Further, Department of Health officials noted that the dentist's documentation of services was incomplete and not in compliance with industry standards.

Periodontal charting of the condition of a patient's gums is essential to the diagnosis and treatment of periodontal disease. GHI requires providers to submit periodontal charts demonstrating medical necessity to support claims for scaling and root planing. However, for a judgmental sample of 134 claims for scaling and root planning performed by 5 dentists, we found that only 33 (25 percent) had current and complete periodontal charts. The remaining 101 claims (75 percent) were not adequately supported by current and complete charts. (In fact, GHI had no charts for 47 of the 101 claims.) Consequently, the documentation for these 101 claims was not in compliance with GHI's prescribed requirements. Given the number of claims for scaling and root planing that GHI processes, there is considerable risk that material amounts of payments have been made for claims having inadequate supporting documentation.

We concluded that GHI's controls over the payments for scaling and root planing procedures are not functioning as designed. High risk payments, such as those made to the dentists we visited, were not questioned because management had not developed and implemented a system of internal controls to ensure claims for scaling and root planing were paid in accordance with prescribed policies and industry standards.

Our report contains three recommendations to improve the GHI's administration of claims and payments under the Dental Program. Officials generally agreed with our recommendations and have taken steps to implement changes.

This letter, dated July 28, 2010, is available on our website at: http://www.osc.state.ny.us.
Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
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Introduction

Background

New York State provides dental insurance benefits to certain State employees and their dependents. The New York State Department of Civil Service contracts with Group Health Incorporated (GHI) to process dental claims on behalf of the State. Emblem Health is the parent company of GHI and HIP Health Plan of New York, formed when the two companies affiliated in 2006. At that time, existing GHI contracts such as the New York State dental contract were continued under the same terms and conditions.

GHI processes and pays approximately $57 million a year for dental services provided to eligible members. Services covered by GHI include periodontal scaling and root planing for the treatment of periodontal disease. Scaling involves the removal of tartar, plaque and toxins from above and below the gum line. Root planing involves a smoothing of the rough spots on root surfaces. Scaling and root planing are covered by GHI for the treatment of periodontal disease, and according to GHI's policies, they are not intended to be prophylactic in nature. Instead, they are used when periodontal disease is indicated. The objective of the treatment is to help shrink periodontal pockets, heal gum tissue and thereby prevent tooth loss.

Audit Scope and Methodology

Our audit determined whether GHI had adequate controls in effect over payments for scaling and root planing services. The audit covered the period from January 1, 2005 through December 31, 2008. During this period, GHI paid 92,703 claims totaling $4,702,626 for scaling and root planing services.

To accomplish our objective, we interviewed GHI officials, reviewed the Certificate of Insurance and applicable GHI procedures. We also spoke with officials of the Department of Health's School of Public Dental Health and reviewed pertinent dental industry standards they provided to us. In addition, we researched technical guidance issued by the US Department of Health and Human Services, and we compared GHI's dental policy to other comparable dental insurance policies.

We obtained and analyzed GHI's dental claims paid during our audit period. We also visited two dentists who billed for comparatively high amounts of scaling and root planing procedures. During each visit, we interviewed provider personnel and reviewed medical documentation for a sample of scaling and root planing claims. We also judgmentally selected a sample of 134 additional claims, from 5 dentists, for testing.

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

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members (some of whom have minority voting rights) to certain boards, commissions and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

We provided preliminary copies of the matters contained in this report to GHI officials for their review and comments. Their comments have been taken into consideration in preparing this report. Within 90 days of the final release of this report, we request GHI officials to report to the State Comptroller advising what steps were taken to implement the recommendations included in the report.

Contributors to the Report

Major contributors to this report were David Fleming, Wendy Matson, Laurie Burns, and Brian Mason.

Audit Findings and Recommendations

Excessive Scaling and Root Planing Procedures

Periodontal scaling and root planing involves scraping and removing tartar, plaque and toxins from below the gum line and smoothing the root surfaces of teeth. A local anesthesia is usually administered to minimize discomfort during this procedure and patients often have difficulty speaking clearly, eating, and drinking after the procedure. Generally, no more than two quadrants of a patient's mouth are subjected to scaling and root planing in a single office visit. To assess the need for scaling and root planing, periodontal charting is essential. Practitioners are required to measure and record on a chart the depth of pockets on each side and center of both the front and back of each tooth. This requires the practitioner to take and record six measurements per tooth within 12 months of the procedure. Patients who respond well to scaling and root planing usually receive annual periodontal maintenance (a less intensive procedure) to preserve their oral health. When scaling and planing are not sufficient, surgery may be required to treat the disease and prevent tooth loss. According to the New York State Department of Health's School of Dental Public Health, this procedure should not be needed on the same quadrant more than once in a four-year period.

As part of our audit, we analyzed GHI's payments for scaling and root planing procedures to assess how often payments were made for these procedures on the same patient and to identify which practitioners billed most often for this procedure. Our analysis identified certain providers who routinely billed for multiple scaling and root planing procedures on the same patients, often without any subsequent periodontal maintenance or periodontal surgery in between the billings for scaling and planing procedures. For example, one practitioner billed for scaling and root planing on the same quadrant of a particular patient seven times during our four-year audit period. On average, this quadrant received scaling and root planing every five months. (Clinicians from the NYS Department of Health's School of Dental Public Health stated that it is unlikely that a patient would require scaling and root planing on the same quadrant more than once during a three-year period.)

We performed site visits to two of the dentists that were identified from our analysis as outliers to assess the adequacy of their supporting documentation for a judgmental sample of claims. During our audit period, GHI paid one of the dentists $49,270 for scaling and root planing procedures. Upon audit, we determined that the dentist's claims often lacked the required periodontal charts. This dentist informed us that he does not always document the measurements taken during

periodontal charting. Consequently, he routinely submitted the exact same periodontal chart, sometimes year after year, for multiple claims for scaling and root planing performed on an individual patient.

We reviewed a sample of 76 claim payments to this dentist and found corresponding periodontal charts, for the dates of the procedures in question, for only 8 of the 76 payments. GHI paid the remaining 68 claims (89 percent) based on periodontal charts prepared between 12 and 58 months prior to the dates of the procedures claimed. Because the required charts were not prepared and provided to GHI, GHI should recover the $3,173 paid for these 68 claims. Further, GHI should review supporting documentation for all other claims submitted by this dentist and recover these payments if warranted.

GHI paid a second dentist about $373,000 for scaling and root planing during our audit period. Of this amount, $148,088 was paid for 1,501 quadrants that were scaled and planed more than once. As noted previously, Department of Health officials advised us that it is unlikely that a patient would require scaling and root planing of the same quadrant more than once during a three-year period. Further, 95 percent of this dentist's claims for scaling and root planing included more than two quadrants during the same appointment. However, usually no more than two quadrants are scaled and planed during the same visit due to the effects of anesthesia. Moreover, this dentist claimed and was paid for more than three times the number of quadrants scaled and planed by any other provider during our audit period.

We requested and obtained technical assistance from Department of Health on this matter. Department of Health officials questioned the frequency of scaling and root planing this dentist purportedly performed on his patients. Also, although this dentist routinely had charts for his patients and claims, Department of Health officials noted that the dentist's documentation was incomplete and not in compliance with industry standards. Specifically, the documentation lacked certain gum measurements, the type and quantity of anesthesia administered, the amount of debris removed during the procedure, and details of the results of the treatment. Consequently, we question the propriety of the claim payments made to this dentist, and again, recommend that GHI formally review the supporting documentation for payments and determine if recoveries should be made.

Both of the dentists we visited often billed for scaling and root planing of all four quadrants of their patients' mouths during one visit. There is considerable risk that providers with this billing pattern are providing less costly prophylaxis (routine dental cleanings) or periodontal maintenance

- and then bill for the more costly scaling and root planing procedures. (Periodontal maintenance is typically performed subsequent to successful scaling and root planing and usually involves significantly less extensive treatment.) Because scaling and root planing are comparatively more extensive procedures, providers can realize $100 or more per visit than they would otherwise be paid for routine cleanings or periodontal maintenance.

During our audit period, GHI paid dentists about $1.6 million for 31,261 claims in which more than two quadrants were scaled and root planed and/or the same quadrant was scaled and root planed multiple times. As noted previously, nearly 75 percent of the claim payments for scaling and root planing that we reviewed were not adequately supported by current and complete periodontal charts. Therefore, we believe there is considerable risk that scaling and root planing procedures were sometimes not performed, and dentists overbilled GHI for otherwise less extensive and lower-paying services. Given the differences between the payments for scaling and root planing and other lower-paying services, there is considerable risk that GHI made hundreds of thousands of dollars of overpayments for scaling and root planing claims during our audit period. Moreover, based on the results of our review, we concluded that GHI should strengthen efforts to identify questionable billing patterns and investigate them to determine if overpayments were made that should be recovered.

GHI also requires providers to submit periodontal charts demonstrating the medical necessity of the scaling and root planing procedures when requesting reimbursement for this procedure. We selected a judgmental sample of 134 claims for scaling and root planing performed by five of the top dentists (in terms of payments for scaling and root planing services). We reviewed GHI's files to determine if GHI obtained current and complete charts to support its payments for scaling and planing procedures. We also reviewed the providers' dental records for 92 of these claims during our site visits. We found that only 33 (25 percent) of the selected claims had current and complete charts. The remaining 101 claims (75 percent) were not adequately supported by current and complete charts, and therefore, they were not in compliance with GHI's prescribed requirements and payment should not have been made. The deficiencies we identified are summarized in the following table:

No chart on file at GHI	47
Chart was more than 12 months prior to date of service	47
Chart did not contain all requirement measurements	4
Chart indicated claim should have paid reduced fee	3
Total Inadequately Supported Claims	101

GHI made payments totaling almost $7,200 for these 101 claims, with payments totaling about $3,900 for the 47 claims for which there was no periodontal chart on file at GHI. Given the number of claims for scaling and root planing that GHI processes (about 23,000 annually), there is considerable risk that material amounts of payments have been made for claims having inadequate supporting documentation.

GHI officials advised us that they have a contractor who monitors provider billing patterns and notifies GHI of any providers with billing patterns outside of accepted industry norms. However, the contractor had not identified the providers we brought to the attention of GHI for potentially excessive billing practices. Thus, we believe that GHI officials should assess the processes used by the contractor to identify questionable claims and provide the contractor with guidance that could help with efforts to minimize the risk of improper payments.

During the course of our audit fieldwork, we provided GHI with the preliminary results of our audit tests and assessments. GHI officials generally agreed with our findings and recommendations. Accordingly, GHI officials are reviewing current policies, procedures, and internal controls related to the adjudication of scaling and root planing claims. They are also reviewing their existing provider manuals to ensure the effective communication of their existing policies, procedures and oversight.

Recommendations

1. Review claim payments made to the two dentist we visited and, as appropriate, recover overpayments made for improper and insufficiently documented claims for scaling and root planing procedures.

2. Develop and implement a system of internal controls to ensure claims for scaling and root planing procedures are paid in accordance with GHI's policies and industry standards. At a minimum, this should include:

   - Identifying and investigating questionable billing patterns;

- Taking appropriate follow-up action to recover overpayments and correct provider billing practices on future claims; and
- Ensuring GHI's policies are followed.

3. Assess the processes used by the contractor to identify questionable claims and provide the contractor with guidance to help efforts to minimize improper payments.