

Death Notification Project



February 2000

Identifying the Cause of
Delay in Notifications

OIG 00-0046

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Introduction

Historically, the Department of Public Aid (DPA) has been challenged by a lack of timely notification when clients die in long term care facilities. DHS local offices contend that providers fail to give timely notice. Providers respond that they have provided the notice and that the DHS local office has not processed the death notification. In either event, the taxpayer loses because overpayments occur. In effect, these overpayments are an interest-free loan to long term care providers. However, they are eventually recovered through an automated reconciliation process.

In 1997-1998, the Office of Inspector General (OIG) examined this problem in its study of postmortem payments to long term care providers. The OIG reviewed 963 deaths reported in the fourth quarter of FY 1997. On average, the client's case record was not corrected for 171 days after date of death. We found \$1,119,269 in payments the department continued to erroneously make because it was unaware the client had died. The vast majority of those overpayments were made to the nursing homes themselves.

However, in 49 cases there were also non-institutional provider overpayments. In those 49 cases, a more in-depth study found 116 services supposedly provided to the client after death. Although the dollar impact is small (\$7,301) by comparison, one-fifth of those services are potentially fraudulent on the part of the provider, rather than inadvertent error.¹

Beginning in the spring of 1998, the DPA and the Department of Human Services (DHS) initiated steps to help correct this problem. First, nursing homes were instructed to simultaneously notify DHS' Exception Processing Unit (EPU) when they notified the DHS local office of a patient's death. Second, in October of that year, DHS implemented a process to serve as a safety net for the DHS local offices and DHS' EPU. If neither of those entities canceled the case, a match against the Social Security Administration's automated BENDEX report would catch the error after 60 days.²

In the fall of 1998, attention to this issue was also heightened when the Office of Auditor General (OAG) cited the department on the subject of timely notifications. Its report stated: "The Illinois Department of Public Aid could be quicker in stopping payments to nursing homes for long-term care (LTC) after residents die or leave." It further recommended that DPA "continue its efforts to implement a system to detect an overpayment situation prior to payment." The agency accepted this finding.

In the late summer of 1999, DPA Director Ann Patla requested that the OIG coordinate a study to determine who is responsible for untimely notice upon the death of long term care patients with the purpose of factually identifying systemic weaknesses and determining if specific problems had been mitigated. If not, Director Patla wanted recommendations to ensure these

¹ No automatic reconciliation and recovery occurs for overpayments to non-institutional providers.

² On April 9, 1999 DHS requested that BENDEX match death records not only against active cases, but inactive cases as well (PIR #38893). This process would ensure automatic reconciliation for inactive cases that had been canceled for reasons other than death. As of January 28, 2000, this request has not been completed.

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problems did not continue. In August of 1999, OIG, DHS Community Operations and DPA Medical Programs staff formed a workgroup to accomplish that task.

Review Process

The workgroup first decided to focus on the long term care facilities with the highest incidences of overpayments due to late notice of death. The top 26 such providers represented 627 long term care clients whose deaths occurred between January 1, 1999 and June 30, 1999. Each of these cases had already been canceled. They were split nearly equally between those with payments after death and those for which no overpayment occurred. A random sample of 239 cases with the same proportions was drawn. The review involved 16 DHS local offices covering these 26 nursing homes. Presumably because they are the most populous counties, the bulk of the cases were located in Cook (Nursing Home Services) and DuPage counties.

The study's primary goal was to identify whether nursing homes or DHS local offices are responsible for late case cancellations due to death. To do that, reviewers tried to determine: 1) the correct date of death; 2) if the long term care facility made the death notification; 3) if and when the DHS local office and DHS' EPU received the death notification; 4) which entity actually canceled the case and 5) when the case was canceled. In some cases, we were unable to confirm the second and third points.

To accomplish those tasks, reviewers first checked with DHS' Exception Processing Unit. If the case had been canceled there and all other necessary information was available, no further examination was required. If not, the reviewers visited both the nursing home and the DHS local office to examine their respective records. The final step was to contact the Illinois Department of Public Health for death verifications not captured through the review process by that point.

During the review process, we discovered that in the majority of cases the data in the MMIS eligibility file did not match the MMIS LTC Segment. Data systems changes (PIR # 40009) were completed in January 2000 to ensure that these two files are kept in synch. In addition, all cases in this review requiring MMIS corrections were completed by either DHS' EPU or DPA's BLTC in December 1999.

Appendix 1 of this report documents the findings on each of the 239 cases examined in this study. Appendix 2 lists the 26 facilities with aggregate information on their performance in this area. Finally, Appendix 3 depicts our findings by DHS local office.

Findings

- A significant number (21%) of all death notification forms (Long Term Care Facility Notification - more commonly known as the DPA 1156) were unable to be located.³ Of the 79% we did find, only 27% were signed by the provider within the required five days after the client's death. Of the located forms, 18% were completed more than 51 days

³ We accept two premises related to this issue. 1) If located and completely filled out, the DPA 1156 was completed by the nursing home on the date reflected next to the signature space on the form. 2) The nursing home actually submitted the DPA 1156 on that same day.

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after death. The most extreme example was one that was signed 305 days later. On average, 32 calendar days elapsed between the death and the signature date on the form.⁴

- The DHS local office canceled 54% of the cases. Social Security Administration's automated BENDEX system canceled 32% of the cases.⁵ DHS' EPU canceled the balance (14%) of the cases. EPU's cancellations averaged 26 days after death while the DHS local office took an average of 46 days and BENDEX's average was 75 days.
- It is impossible to empirically determine if providers are generally complying with the requirement to also submit the DPA 1156 to the EPU. DHS' EPU only keeps the forms for the cases it actually cancels and does not date stamp these forms. However, it appears compliance is low for two reasons. First, we found DPA 1156s at DHS' EPU from only eight of the 26 providers in this review. Second, of the 64 DPA 1156s located at DHS local offices, 13 of them represented cases that were ultimately canceled by BENDEX. Of these 13 cases, only 1 was received within 5 days of death. If there were widespread submissions to EPU, those cases should have been canceled there instead.
- Untimely case cancellations caused significant overpayments. DHS' EPU accounted for the least loss with only seven of its cases causing overpayments totaling \$14,101. Cancellations by the DHS local office (58 cases with \$199,846 in overpayments) and BENDEX (54 cases with \$211,372 in overpayments) were roughly equal.
- Of all overpayment cases, 75% remained active at least 60 days after death before cancellation. DHS' policy to not centrally cancel cases (BENDEX) until at least 60 days after death contributes to this.⁶
- Even as a safety net, however, BENDEX is problematic in that it automatically uses the last day of the month as the date of death. Further, it is only available for data matching on a monthly basis. The vast majority of BENDEX-canceled cases require additional intervention to correct the date of death.⁷
- There is no one "best" source of accurate, timely and automated information on client deaths. BENDEX only includes the month and year of death. Social Security Administration's State Online Query (SOLQ) system includes the actual date of death and

⁴ All days in this report are calendar days.

⁵ SSA's BENDEX files that have received a death code (T1 or X1) for two consecutive months are matched monthly against active single person cases within DHS' Client Information Database (CIS) for central cancellation.

⁶ DHS' premise is that canceling the case the first time the client is reported by SSA to be dead would mean that some of those cases would have to be later reinstated if the list was inaccurate.

⁷ Until the date of death is corrected, no automatic reconciliation and recovery can occur for the period from the date of death through the end of the month in which BENDEX canceled the case.

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would likely be a better source of information.⁸ However, in 18 of the 239 cases in the sample, SOLQ appeared to have an inaccurate date of death.

- We were able to accurately determine the timeliness of DHS local office cancellations in 25% of the cases canceled by them. Of those, cancellation took an average of 18 days from receipt of the DPA 1156.
- The requirement for providers to notify DHS' EPU was not effectively implemented. In April 1998, DPA notified providers through an Information Notice to submit the DPA 1156 to DHS' EPU within five days of a patient's death. The notice provided a mailing address, advised that a fax machine would be installed, and stated that the Department would notify facilities of the number once it is available. The fax machine was not installed for approximately one year. It then took DPA until August 1999 to issue a Provider Bulletin notifying providers of the fax number.
- Poor record keeping at both long term care facilities and DHS local offices was a major impediment to conducting this study. Nursing home files were missing 20% of the DPA 1156s. DHS local offices could not find 24% of client case files (the entire file was missing). Of the DPA 1156s located at nursing homes, only 38% were located at the DHS local offices. Even for those cases canceled by the DHS local office, only 40% of the DPA 1156s could be located.

It is important to note these findings do not represent the universe of all LTC facilities, but only those 26 with the highest incidences of overpayments due to late notice of death.

Recommendations

- Enforce the requirement that all providers submit by fax the DPA 1156 to the Exception Processing Unit within five days of the client's death. Require all providers to maintain evidence of submission such as the fax confirmation sheet.
- Increase monitoring of the 26 nursing homes in this study that have the most egregious conduct to include, but not necessarily be limited to:
 - Place them on written notice of these findings.
 - Re-examine their conduct within one year. If they fail to follow procedures, refer them to the Medicaid Fraud Control Unit for criminal investigation and prosecution under the False Claims Act.
 - Review the viability of placing these providers on a payment system with additional and increased integrity measures.
 - Mandate participation in the Long Term Care EDI program that is currently being tested.⁹

⁸ SOLQ contains data on SSA, SSI and Medicare recipients.

⁹ The Electronic Data Interchange (EDI) project is voluntary and allows nursing homes to electronically notify Public Aid of changes relative to a patient's status. It is expected to be fully operational statewide by

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- Put into rule the language from the federal Office of Inspector General Draft Compliance Program Guidelines for Nursing Homes (October 19, 1999 Federal Register) regarding expectations that nursing homes will adopt aggressive internal programs to prevent billing errors, inappropriate billing and the keeping of overpayments. Evaluate placing such language in all or some of the following documents: Provider Agreements, Provider Manuals, Prepayment Notices, Remittance forms, and the Billing Certification that is produced with every electronic transaction. Adopting this language will allow us to:
 - Withhold payments for late submittals of deaths as we do for provider cost reports that are not submitted timely.
 - Develop a new audit program to define which facilities are not timely in reporting deaths.
- Assess the feasibility of replacing BENDEX with SOLQ to capture the actual date of death.
- Continue to monitor the Consolidated Death Match Report for appropriate cancellations or corrections on cases with deceased recipients. Begin recommending that DHS take the required corrective action on individual Medicaid cases that remain active or have incorrect data.
 - Identify any NIPS claims paid after the date of death and take recoupment measures when appropriate.
- Systematically transfer MDS nursing home reported deaths to the client data base (and MMIS) so that a recipient discharge would be done.¹⁰

Conclusion

The intent of this project was to identify responsibility for late case cancellations. It is common to find that there is no one party that is completely at fault.

- The Department of Public Aid was not effective in encouraging compliance as DHS' EPU fax number was not published until August 1999.
- A standard for timely handling of DPA 1156s received from providers should also be established.
- DHS local offices, particularly Nursing Home Services and DuPage County, need to do a better job in terms of record keeping and timely action. Their inability to locate a significant portion of the case files or even a majority of the DPA 1156s in the sample makes empirical examination of this problem more difficult.
- If DHS' EPU had kept all DPA 1156s received on file, there would have been a better audit trail for this review.
- The current BENDEX policy guarantees at least 60 days pass before cancellation for those cases missed by both the DHS local office and DHS' EPU.

summer 2000. Currently, DPA is already receiving more than 1,500 such electronic notices every month.

¹⁰ This recommendation was initiated on June 16, 1999 (PIR #39271) by DPA's Division of Medical Programs. As of January 28, 2000 it has yet to be completed.

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The actions of both DPA and DHS have the net effect of “providing cover” to the nursing homes’ contention that they act timely. Nonetheless, we believe it is clear that such a contention would be unfounded, at least for the nursing homes studied in this project.

The lion’s share of responsibility for late cancellation of cases due to death lies with the provider. First, there is no evidence that the facility completed a DPA 1156 in 21% of the cases. In the remaining cases, 73% were completed later than the policy time requirement. It appears that most nursing homes are not submitting the DPA 1156 to DHS’ Exception Processing Unit. Finally, the provider stands to gain financially and has nothing to lose if it fails to comply to make timely notifications of client deaths.