

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**QUESTIONABLE BILLING  
FOR MEDICAID PEDIATRIC  
DENTAL SERVICES  
IN LOUISIANA**



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**August 2014  
OEI-02-14-00120**

# **EXECUTIVE SUMMARY: QUESTIONABLE BILLING FOR MEDICAID PEDIATRIC DENTAL SERVICES IN LOUISIANA OEI-02-14-00120**

## **WHY WE DID THIS STUDY**

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children. In recent years, a number of dental providers and chains have been prosecuted for providing unnecessary dental procedures to children with Medicaid and causing harm to them in the process.

## **HOW WE DID THIS STUDY**

We based our analysis on Louisiana Medicaid fee-for-service paid claims for general dentists and oral surgeons who provided services to 50 or more children in 2012. Using several measures, we identified dental providers with questionable billing who are extreme outliers when compared to their peers.

## **WHAT WE FOUND**

We identified 26 general dentists and 1 oral surgeon in Louisiana with questionable billing. These providers are extreme outliers when compared to their peers. Medicaid paid these providers \$12.4 million for pediatric dental services in 2012.

These 27 dental providers—representing 5 percent of the providers we reviewed—received extremely high payments per child; provided an extremely large number of services per day; provided an extremely large number of services per child per visit; and/or provided certain selected services to an extremely high proportion of children. These services included pulpotomies—often referred to as “baby root canals”—and extractions. Notably, almost a third of the providers with questionable billing worked for two dental chains. A concentration of such providers in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits. In addition, four of the providers with questionable billing had actions taken against them by the State Board of Dentistry.

Further, our findings raise concerns that certain providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about the quality of care provided to children with Medicaid. Although some of their billing may be legitimate, providers who bill for extremely large numbers of services warrant further scrutiny.

## **WHAT WE RECOMMEND**

We recommend that the Louisiana Department of Health and Hospitals (1) enhance its monitoring of dental providers to identify patterns of questionable billing and (2) take appropriate action on the dental providers identified as having questionable billing. The Louisiana Department of Health and Hospitals concurred with both of our recommendations.

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## TABLE OF CONTENTS

Objective .....	1
Background .....	1
Methodology .....	4
Findings.....	7
Twenty-six general dentists and one oral surgeon in Louisiana had questionable billing in 2012 .....	7
Conclusion and Recommendations .....	12
Agency Comments and Office of Inspector General Response .....	14
Appendix .....	15
Agency Comments .....	15
Acknowledgments .....	17

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## OBJECTIVE

To identify dental providers with questionable billing for Medicaid pediatric dental services in Louisiana in 2012.

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## BACKGROUND

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children.<sup>1,2</sup> Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit requires States to cover all medically necessary dental services for children 18 years of age and under.<sup>3</sup> Medicaid dental services must include diagnostic and preventive services, as well as needed treatment and followup care. Diagnostic services may include x-rays of the mouth; preventive services may include cleanings, topical fluoride applications, and dental sealants. Dental treatment covers a wide range of services such as fillings; tooth extractions; and pulpotomies, which are often referred to as "baby root canals."

In recent years, a number of individual dental providers and chains have been prosecuted for providing services that were medically unnecessary or that failed to meet professionally recognized standards of care. These providers have often been found to have suspect Medicaid billing patterns when compared to their peers. For example, FORBA Holdings, LLC (FORBA), a dental management company that manages clinics nationwide known as "Small Smiles Centers," settled with the United States in 2010 for \$24 million to resolve allegations of providing services that were either medically unnecessary or performed in a manner that failed to meet professionally recognized standards of care to children with Medicaid.<sup>4</sup> As part of the settlement, FORBA agreed to enter into a 5-year Corporate Integrity Agreement with the Office of Inspector General (OIG). FORBA subsequently changed its name to Church Street Health Management, LLC, and was then acquired by CSHM, LLC.

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<sup>1</sup> Thomas P. Wall, *Dental Medicaid – 2012*, American Dental Association (ADA), 2012.

<sup>2</sup> Centers for Medicare & Medicaid Services (CMS), *Annual EPSDT Participation Report, Form CMS-416 (National), Fiscal Year 2012*, April 3, 2014.

<sup>3</sup> Social Security Act (SSA) § 1905(r)(3); 42 CFR § 441.56. Dental services are covered up to age 18, but States may choose to extend eligibility through age 21. Louisiana is among the States that have done so.

<sup>4</sup> U.S. Department of Justice (DOJ), *National Dental Management Company Pays \$24 Million to Resolve Fraud Allegations*, January 20, 2010. Accessed at <http://www.justice.gov/opa/pr/2010/January/10-civ-052.html> on February 20, 2014.

In 2012, the Senate Finance and Judiciary Committees investigated CSHM and concluded that contrary to CSHM’s claims, it is the de facto owner of the Small Smiles clinics and that the ownership structure “undermined the independent, professional, and clinical judgment of Small Smiles dentists.”<sup>5</sup> In April 2014, OIG excluded CSHM from participation in Medicaid, Medicare, and all other Federal health care programs for a period of 5 years.<sup>6</sup> Other dental chains have also been investigated for allegedly encouraging their providers to perform unnecessary procedures to increase profits.<sup>7</sup>

### **Louisiana Medicaid Dental Claims**

Louisiana covers biannual dental screenings for children with Medicaid, as well as covering medically necessary treatment services. The biannual screenings generally consist of an examination, x-rays, cleaning, a topical fluoride application, and oral hygiene instruction. Treatment services include fillings, crowns, and oral surgery. Louisiana has a number of specific policy guidelines for when certain services are covered, as well as frequency limitations for certain services. Additionally, the State requires dental providers to seek prior authorization before providing certain services, such as stainless steel crowns, pulpotomies, and certain extractions and fillings. During the period that we reviewed, Louisiana covered dental services on a fee-for-service basis. However, the State transitioned these services from fee-for-service to managed care on July 1, 2014.

Louisiana has several systems in place to oversee Medicaid pediatric dental claims. The State has claims-processing “edits”—system processes to ensure proper payment of claims. Before paying for submitted claims, the State uses these edits to review them. These edits ensure, among other

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<sup>5</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*, page 10. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

<sup>6</sup> The exclusion is effective September 30, 2014. OIG, *OIG Excludes Pediatric Dental Management Chain From Participation in Federal Health Care Programs*. Accessed at <http://oig.hhs.gov/newsroom/news-releases/2014/cshm.asp> on April 4, 2014.

<sup>7</sup> In addition to CSHM, the Senate Finance and Judiciary Committees investigated the following chains: Kool Smiles, ReachOut Healthcare America, Heartland Dental Care, and Aspen Dental Management. In addition, other dental chains have also been the subject of Federal and State investigations. For example, in 2012, the All Smiles chain and its owner agreed to pay the United States and State of Texas \$1.2 million to resolve allegations that they violated the civil False Claims Act and the Texas Medicaid Fraud Prevention Act. DOJ, *Texas Orthodontic Clinic and Former Owner Resolve Allegations of False Medicaid Claims*, March 21, 2012. Accessed at [http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf\\_AllSmilesSettlement\\_PR.html](http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf_AllSmilesSettlement_PR.html) on June 13, 2014.

things, that the services were provided by Medicaid-enrolled providers and do not exceed frequency limitations. The edits also check (when applicable) whether the State granted prior authorization.

The State conducts additional analyses to verify provider compliance with Medicaid policies and regulations. Reviews can be based on referrals, complaints received, or internal analyses. The State may focus on specific children with Medicaid who received services, on specific services, or on dental providers. If the State is looking at providers, it generates billing reports by provider, as well as detailed information about 20 randomly selected children with Medicaid who received services from each of the providers reviewed. For each sampled child, the State requests treatment records from the provider. Under the direction of a dentist, a dental hygienist reviews these records. Providers who are found to be out of compliance with Medicaid regulations may be subject to having their Medicaid payments recouped or to administrative sanctions, including withholding of Medicaid payments, referral to the Attorney General's Office and/or the State Board of Dentistry for investigation, and termination from the Medicaid program.

### **Related Work**

This report is part of a series. Other reports in this series will examine Medicaid dental providers in other States. An additional report covering multiple States will determine the extent to which children enrolled in Medicaid received dental services.

The first report in this series identified 23 general dentists and 6 orthodontists with questionable billing in New York.<sup>8</sup> Medicaid paid these providers \$13.2 million for pediatric dental services in 2012. Almost a third of the general dentists were associated with a single dental chain that had settled lawsuits for providing services that were medically unnecessary or that failed to meet professionally recognized standards of care to children.

In addition, a recent OIG audit found that providers inappropriately billed for orthodontic services provided to 43 of 100 sampled beneficiaries in New York City, totaling an estimated \$7.8 million in inappropriate reimbursement.<sup>9</sup> Some of these services were provided without the required approval, whereas other services were undocumented or were never provided. These deficiencies occurred because the State agency and providers did not ensure that cases were reviewed annually to determine

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<sup>8</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in New York*, OEI-02-12-00330, March 2014.

<sup>9</sup> OIG, *New York Improperly Claimed Medicaid Reimbursement for Orthodontic Services to Beneficiaries in New York City*, A-02-11-01003, October 2013.

the need for continuing care and did not ensure that services were adequately documented.

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## METHODOLOGY

We based our analysis on Medicaid paid dental claims provided by Louisiana with service dates from January 1, 2012, through December 31, 2012. We excluded claims for services with special payment rates, such as those submitted by Federally Qualified Health Centers; State and local agencies; and facilities operated by university dental-school clinics.<sup>10</sup> We analyzed claims from “rendering dental providers”—the providers who provided the services, as opposed to billing providers—to ensure that we compared claims from the providers who performed the services.

We focused our analysis on general dentists and oral surgeons. We analyzed the two provider types separately because their billing patterns varied significantly. We did not include pediatric dental specialists because the wide variation in their billing behavior made it difficult to analyze them as one peer group. Some pediatric dental specialists provide services that make them similar to general dentists, while others provide more complex services. In addition, we did not do a separate analysis of orthodontists or endodontists because there were too few to analyze.<sup>11</sup>

### General Dentists

Our analysis focused on 512 general dentists who provided services to 50 or more children with Medicaid during 2012.<sup>12</sup> These dentists served a total of 316,955 children with Medicaid. We developed a number of measures to identify dentists with questionable billing who are extreme outliers when compared to their peers. We developed these measures based on input from officials from CMS, The American Academy of Pediatric Dentistry, and The American Dental Association. We also discussed these measures—as well as the State’s oversight of Medicaid pediatric dental claims—with staff from the State Medicaid agency, i.e., the Louisiana Department of Health and Hospitals. We developed these measures to capture several different types of fraud, waste, and abuse. For these measures, we included only the children with Medicaid served by these dental providers; we did not include other children whom they served.

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<sup>10</sup> We also excluded services provided in a hospital setting because these services differ greatly from services provided in an office setting. In total, we identified 840 dental providers who provided services to children with Medicaid in 2012 on a fee-for-service basis.

<sup>11</sup> Only seven orthodontists and three endodontists received payment for services in 2012.

<sup>12</sup> A total of 704 general dentists provided services to children with Medicaid in 2012.

For each general dentist, we calculated the following three measures for 2012:

- the average Medicaid payment per child served,
- the average number of services provided per day, and
- the average number of services provided per child per visit.

We developed four additional measures for general dentists who provided selected services in 2012. For each dentist who provided the following service, we calculated the proportion of children with Medicaid who received:

- fillings,
- extractions,
- stainless steel crowns, and
- pulpotomies.

For each measure, we analyzed the averages and the distribution for all general dentists.

Next, we set a threshold for each measure that, if exceeded, indicated that the dentist had billed an extremely high amount or number compared to other general dentists in the State. We used a standard technique for identifying outliers, known as the Tukey method.<sup>13</sup> Under the Tukey method, outliers are values greater than the 75th percentile plus 1.5 times the interquartile range. Additionally, under this method, *extreme* outliers are values greater than the 75th percentile plus 3 times the interquartile range. For this study, we employed this more conservative approach to identify extreme outliers. We considered dentists who exceeded one or more of these thresholds to have questionable billing.

### **Oral Surgeons**

Unlike general dentists, who provide a variety of services, oral surgeons typically perform a more complex set of procedures. For this analysis, we analyzed 41 oral surgeons who provided services to 50 or more children with Medicaid in 2012.<sup>14</sup> These oral surgeons served a total of 8,358 children with Medicaid.

For this analysis, we calculated three measures for each oral surgeon:

- the average Medicaid payment per child served,

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<sup>13</sup> See J.W. Tukey, *Exploratory Data Analysis*. Addison-Wesley, 1977.

<sup>14</sup> A total of 58 oral surgeons provided services to children with Medicaid in 2012. Of these, 41 oral surgeons provided services to 50 or more children with Medicaid.



- the average number of services provided per day, and
- the average number of services provided per child per visit.

As with our analysis for general dentists, for each of these measures, we set the thresholds for extreme outliers at the 75th percentile plus 3 times the interquartile range. Oral surgeons who exceeded these thresholds were extreme outliers compared to their peers and were considered to have questionable billing.

### **Additional Analysis**

For each general dentist or oral surgeon who exceeded one or more of the thresholds, we conducted Internet searches on the provider's background and analyzed his or her claims and payment history. In a few cases, we excluded dentists or oral surgeons who were actually specialists but had not indicated this on their claims. For the remaining providers, we determined which providers worked for a dental chain in 2012, based on the billing names associated with their claims.<sup>15</sup> Finally, we researched public records available on LexisNexis and from the Louisiana State licensing board to determine whether the providers had ever been sanctioned by the board.

### **Limitations**

We designed this study to identify general dentists and oral surgeons who warrant further scrutiny. None of the measures we analyzed confirm that a particular provider is engaging in fraudulent or abusive practices. Some providers may be billing extremely large amounts or numbers for legitimate reasons.

### **Standards**

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

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<sup>15</sup> We considered a company to be a dental chain if it had five or more locations within a State or around the country.

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## FINDINGS

### **Twenty-six general dentists and one oral surgeon in Louisiana had questionable billing in 2012**

We identified 26 general dentists and 1 oral surgeon with questionable billing.<sup>16</sup> We identified these providers by looking at general dentists and oral surgeons in Louisiana who served more than 50 children with Medicaid in 2012.

The providers with questionable billing are extreme outliers when compared to their peers. They make up 5 percent of the general dentists and oral surgeons we reviewed, and they provided care to 9 percent of the children with Medicaid served by the providers we reviewed.<sup>17</sup> Medicaid paid these 27 providers \$12.4 million for pediatric dental services in 2012.

Almost a third of the providers with questionable billing worked for two dental chains. In addition, four of the providers with questionable billing had previously been sanctioned by the State Board of Dentistry.

These billing patterns indicate that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about quality of care and whether children treated by these providers were harmed by these procedures. Although some of their billing may be legitimate, providers who bill for extremely large numbers of services warrant further scrutiny.

### ***Six General Dentists Received Extremely High Payments Per Child***

General dentists in Louisiana received an average payment of \$264 for each child with Medicaid. Six dentists, however, received more than two times this amount, or an average of more than \$700 per child.<sup>18</sup> These dentists received more than \$2,000 per child for a total of 237 children. One of these dentists received more than \$8,000 for services provided to one child over the course of three visits. Extremely high payments raise concerns about whether these dentists are billing for unnecessary services or services that they did not provide. See Table 1 for more information on

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<sup>16</sup> Several dental providers exceeded multiple questionable billing thresholds.

<sup>17</sup> The 512 general dentists and 41 oral surgeons we reviewed served a total of 318,960 children with Medicaid; some children were seen by both a general dentist and an oral surgeon.

<sup>18</sup> Dental providers commonly exceeded (rather than just *meeting*) the thresholds for questionable billing, and therefore the numbers in the text are sometimes greater than those for the thresholds presented in the tables on pages 8 and 9.

general dentists with extremely high average payments or numbers of services.

**Table 1: General Dentists With Extremely High Average Payments or Large Numbers of Services**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Average Payments Per Child	\$264	\$663	6
Average Number of Services Per Day	27	134	3
Average Number of Services Per Child Per Visit	4	6	10

Source: OIG analysis of Louisiana Medicaid claims data, 2013.

Note: Three dentists exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

### ***Three General Dentists Provided an Extremely Large Number of Services Per Day***

General dentists in Louisiana provided an average of 27 services per day to children with Medicaid. Three dentists each averaged 146 or more services per day. These dentists provided extremely large numbers of services on certain days of the year, with 1 dentist providing 376 services in a single day. If this dentist spent only 5 minutes performing each service, it would have taken over 31 hours to complete all of these services. An extraordinarily large number of services per day raises concerns that a dentist may be billing for services that were not necessary or were never provided, as well as raising concerns about the quality of care being provided.

### ***Ten General Dentists Provided an Extremely Large Number of Services Per Child Per Visit***

General dentists in Louisiana provided an average of four services per Medicaid child during a single visit. Ten dentists, however, averaged 6 or more services per child per visit, with 1 dentist averaging 11 services per child per visit.

These dentists provided extremely large numbers of services to certain children during a single visit, raising concerns both about potential fraudulent billing and about quality of care. Seven of these dentists provided more than 20 services in a single visit to a total of 170 children. One dentist provided more than 30 services to a child during a single visit.

These services primarily consisted of large numbers of fillings and direct pulp caps. (A direct pulp cap is an alternative to a root canal.)

Additionally, as a part of these services, these dentists also provided a large number of x-rays, which can raise concerns about potentially unnecessary exposure to radiation. For example, 3 of these dentists provided 6 x-rays per visit to at least 700 children; 2 of these dentists provided 6 x-rays to more than 1,200 children. On average, general dentists provided only one x-ray per child per visit.

***Thirteen General Dentists Provided Selected Services to an Extremely High Proportion of Children They Served***

When compared to their peers in the State, 13 general dentists provided selected services to an extremely high proportion of children with Medicaid that they served.<sup>19</sup> This billing behavior warrants further scrutiny, as it may indicate billing for services that were not medically necessary or were never provided. It also raises concerns about quality of care and whether or not children treated by these dentists were harmed by these procedures. See Table 2 for more information on general dentists who provided selected services to an extremely high proportion of children.

**Table 2: General Dentists Who Provided Selected Services to an Extremely High Proportion of Children With Medicaid They Served**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Proportion of children who received pulpotomies	3%	13%	6
Proportion of children who received extractions	11%	36%	6
Proportion of children who received stainless steel crowns	6%	26%	1
Proportion of children who received fillings	33%	91%	1

Source: OIG analysis of Louisiana Medicaid claims data, 2013.

Note: One dentist exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

*Pulpotomies.* Six general dentists provided pulpotomies to an extremely high proportion of children with Medicaid that they served. Fourteen

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<sup>19</sup> As previously noted, pulpotomies, stainless steel crowns, and certain extractions and fillings require prior authorization.

percent or more of the children served by these dentists received pulpotomies, compared to an average of only 3 percent of children served by all general dentists who provided pulpotomies. One dentist provided pulpotomies to 19 percent of the children that he served.

In addition, these dentists provided a large number of pulpotomies per child during a single visit in 2012. For example, one of these dentists provided 13 pulpotomies during the same visit to a 3-year old child. During this same visit, the dentist provided the child a total of 31 services, including 10 stainless steel crowns and 4 fillings.

*Extractions.* Six general dentists performed extractions on an extremely high proportion of the children with Medicaid that they served. Forty percent or more of the children served by these dentists had one or more teeth extracted, compared to an average of 11 percent of children served by general dentists performing extractions in the State. One dentist performed extractions on 70 percent of the children he served.

*Stainless Steel Crowns.* One general dentist provided stainless steel crowns to an extremely high proportion of the children with Medicaid that she served. Thirty-two percent of the children served by this dentist received stainless steel crowns, compared to an average of 6 percent of children served by all general dentists who provided stainless steel crowns. This dentist provided four or more stainless steel crowns during a single visit to over 100 children with Medicaid. These children ranged in age from 1 to 8 years, with an average age of 4 years. In the most extreme example, this dentist provided 10 stainless steel crowns to a 2-year-old child during a single visit.

*Fillings.* One general dentist provided fillings to an extremely high proportion of the children with Medicaid that he served. Ninety-two percent of the children served by this dentist received fillings, compared to an average of 33 percent of children served by all general dentists who provided fillings.

### ***One Oral Surgeon Provided an Extremely Large Number of Services Per Day***

Oral surgeons in Louisiana provided an average of 10 services per day to children with Medicaid in 2012. One oral surgeon, however, provided an average of 31 services per day. Moreover, he provided 50 or more services on 12 days and 73 services in 1 day. This provider primarily performed extractions, which made up 61 percent of the services he provided in 2012. Given that procedures performed by oral surgeons may take more time than routine dental services, this provider's billing patterns

raise concerns both about potential fraudulent billing and about quality of care and children's safety.

### ***Almost a Third of the Providers With Questionable Billing Worked for Two Dental Chains***

Of the 27 dental providers with questionable billing, 8 worked for 2 dental chains. A concentration of dental providers with questionable billing in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

Four of the eight providers worked for a chain that operates mobile school-based clinics around the country. This chain has been the subject of investigations arising from complaints that dentists affiliated with it had treated children without their parents' permission and had provided medically unnecessary services.<sup>20</sup> The Senate Finance and Judiciary Committees also investigated this chain, citing a potential pattern of treatment without parental consent.<sup>21</sup> For example, according to the Committees' report, a 4-year-old "medically fragile" boy in Arizona was treated without a parent's consent, receiving pulpotomies and stainless steel crowns while being physically restrained by three staff members. Subsequent examinations initiated by the family suggested that the dental work provided was unnecessary.

Another four providers worked for a Louisiana-based chain. All four providers performed extractions on an extremely high proportion of the children with Medicaid that they served. In addition, two of these providers received extremely high payments per child.

### ***Four of the Providers With Questionable Billing Had Actions Taken Against Them by the State Board of Dentistry***

Two of the general dentists with questionable billing had previously been subject to disciplinary action by the Louisiana Board of Dentistry. The Board initiated disciplinary action against one dentist for illegally or illegitimately prescribing, dispensing, or administering habit-forming or other legally controlled substances, as well as failing to maintain accurate logs of controlled substances. The Board initiated disciplinary action against the other dentist for failing to provide access to treatment records.

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<sup>20</sup> Sydney P. Freedberg, *Dental Abuse Seen Driven by Private Equity Investments*, Bloomberg News, May 16, 2012. Accessed at <http://www.bloomberg.com/news/2012-05-17/dental-abuse-seen-driven-by-private-equity-investments.html> on April 25, 2014.

<sup>21</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

Additionally, two other dentists had received violations from the Board for advertising that included fraudulent, false, deceptive, or misleading content.

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## CONCLUSION AND RECOMMENDATIONS

Dental providers who participate in Medicaid provide much-needed access to dental services for children in the program. When children lack such access, untreated decay and infection in their mouths can result in more complicated and expensive dental and medical interventions later in life. At the same time, we have concerns about the extreme billing patterns of a number of general dentists and one oral surgeon in Louisiana. Specifically, these 27 providers—representing 5 percent of the providers we reviewed—received extremely high payments per child; provided an extremely large number of services per day; provided an extremely large number of services per child per visit; and/or provided certain selected services to an extremely high proportion of children. Medicaid paid these providers \$12.4 million for pediatric dental services in 2012. Although some of their billing may be legitimate, providers who bill for extremely large numbers of services warrant further scrutiny.

Our findings raise concerns that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about the quality of care provided to these children. Prior OIG reports have also found vulnerabilities in the oversight of Medicaid dental providers. Additionally, OIG has identified some specific vulnerabilities regarding the practices of certain dental chains. Notably, almost a third of the providers with questionable billing worked for two chains. A concentration of such providers in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits. Further, four of the providers with questionable billing had actions taken against them by the State Board of Dentistry.

Together, these findings demonstrate the need to improve the oversight of Medicaid pediatric dental services. OIG is committed to conducting additional studies of dental providers. We are also committed to examining access to Medicaid dental services and to continuing to conduct investigations and audits of specific dental providers with questionable billing.

Louisiana must use the tools at its disposal to effectively identify and fight fraud, waste, and abuse, while at the same time ensuring that children have adequate access to quality dental care in the Medicaid program.

Therefore, we recommend that the Louisiana Department of Health and Hospitals:

### **Enhance its monitoring of dental providers to identify patterns of questionable billing**

The State should enhance its monitoring of Medicaid dental providers. To do this, it should use this report's measures to better identify providers with patterns of questionable billing. In addition, the State should monitor dental chains to determine whether providers with questionable billing are concentrated in certain



chains. The State should also ensure that it is appropriately authorizing services prior to payment. Further, as the State transitions to managed care, it should continue to collect detailed data that will allow it to conduct proactive data analysis. The State should also ensure that managed care entities employ adequate safeguards to monitor dental providers. Such monitoring can result in cost savings, as well as ensuring that children receive quality dental care.

**Take appropriate action on the dental providers identified as having questionable billing**

In a separate memorandum, we will refer to the State the dental providers whom we identified as having questionable billing. The State should review these providers' billing patterns; review dental records and supporting documentation; and/or perform unannounced site visits. Then the State should determine what action(s) are most appropriate. These actions include, but are not limited to (1) law enforcement actions, if fraud is identified; (2) referral to the State's board of dentistry for licensure violations; (3) recoupment of payments, if the State determines that claims were paid in error; (4) revocation of Medicaid billing privileges; (5) education about how to appropriately bill for pediatric dental services; and (6) no action, if the State determines that a given provider does not demonstrate a vulnerability to the program or to children with Medicaid.

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## AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

The Louisiana Department of Health and Hospitals (the Department) concurred with both of our recommendations. The Department noted that as a result of our review, it has implemented corrective actions to address both recommendations.

The Department concurred with our first recommendation and described its efforts to enhance its monitoring of dental providers. As of July 1, 2014, all children with Medicaid in Louisiana are provided dental services through the Medicaid Dental Benefits Manager (DBM). The Department stated that it requires the DBM to monitor, investigate, and report egregious billing patterns of dental providers serving Medicaid recipients. Additionally, the Department said that its Program Integrity Unit will closely monitor the new DBM to ensure that activities to prevent and detect fraud, waste, and abuse are in place to ensure the programmatic and fiscal integrity of the dental plan. The Department added that it will put measures in place to identify providers with questionable billing patterns and that it will recommend safeguards, such as auditing of records, to the DBM in order to provide assurance that Medicaid recipients receive quality, medically necessary dental care.

The Department concurred with our second recommendation and described its plans to take appropriate action regarding the dental providers identified as having questionable billing. The Department stated that it will perform a comprehensive audit of these providers by requesting dental records and supporting documentation. In addition, the Department said that it will perform a thorough review of these providers' practice types against their respective billing histories to validate the outlier analysis. The Department stated that it will take appropriate actions, depending on what it finds in its analysis.

The full text of the Department's comments is provided in the Appendix.

# APPENDIX

## Agency Comments

Bobby Jindal  
GOVERNOR



Kathy H. Kliebert  
SECRETARY

## State of Louisiana

Department of Health and Hospitals  
Bureau of Health Services Financing

July 24, 2014

Mr. Brian P. Ritchie  
Acting Deputy Inspector General for Evaluation and Inspections  
Department of Health & Human Services  
Office of Inspector General  
330 Independence Avenue, SW  
Washington, DC 20201  
Office of Audit Services

Subject: Audit: **OEI-02-14-00120**

Dear Mr. Ritchie:

In response to the draft audit report entitled "Questionable Billing for Medicaid Pediatric Dental Services in Louisiana", the Louisiana Department of Health and Hospitals (DHH) has reviewed the report, and we concur with your office's recommendations.

As a result of your review, we have implemented the following corrective actions:

- Enhance monitoring of dental providers:

As of July 1, 2014, Louisiana Medicaid and LaCHIP recipients are provided dental services through Managed Care of North America (MCNA), the Medicaid Dental Benefits Manager (DBM) for the state of Louisiana. The DBM manages the dental health care services for all Medicaid recipients who are eligible to receive dental benefits, whether they receive other health care services through fee-for-service (legacy) Medicaid or Bayou Health Shared Savings and Prepaid Health Plans. The DBM is required to have a comprehensive network of qualified and properly screened dental providers. As a part of our efforts to combat fraud, waste, and abuse, DHH requires the DBM to monitor, investigate, and report egregious billing patterns of dental providers serving Louisiana Medicaid recipients. Additionally, the Program Integrity Unit within DHH will closely monitor the new DBM to ensure that fraud, waste, and abuse prevention and detection activities are in place to ensure the programmatic and fiscal integrity of the dental plan. Measures will be in place to identify providers with questionable billing patterns, and safeguards will be recommended to the DBM in order to provide assurance that recipients receive quality, medically necessary dental care. Auditing records will be a part of that safeguard process.

Bienville Building • 628 North 4<sup>th</sup> Street • P.O. Box 91030 • Baton Rouge, Louisiana 70821-9030  
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## APPENDIX A

### Agency Comments (continued)

Ritchie, Brian P.  
July 24, 2014  
Page 2

- Audit the 27 dental providers identified by the OIG:

Upon receipt of the data and/or listing of providers identified in the OIG report, DHH will perform a comprehensive audit by requesting dental records and supporting documentation. A comprehensive analysis of each of the identified providers' billing patterns is necessary to isolate questionable claims and anomalies. This area of review will be significant because Louisiana has small group of providers with very large practices that target our Medicaid population. Once the identities of the twenty-seven providers are known, we will perform a thorough review of their practice type against their billing history to validate the outlier analysis and determine whether the seemingly excessive billing practices are anomalies, an abuse of the billing system, or merely the result of a high volume-low margin business model. Dependent upon DHH's independent findings, we will take appropriate actions based on the results which may include but are not limited to termination/exclusion, recoupment/sanctions, and if necessary, referral to the appropriate law enforcement agencies.

In relation to this audit, we would like to thank your staff for their courtesy, and we look forward to working with your office in the future.

If you have any questions or need any additional information about this matter, please do not hesitate to contact me.

Sincerely,

*/S/*

J. Ruth Kennedy  
Medicaid Director

JRK/JK

c: Michael Breland  
Mary Johnson  
John Korduner  
Jeff Reynolds  
Bill Root

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## ACKNOWLEDGMENTS

This report was prepared under the direction of Jodi Nudelman, Regional Inspector General for Evaluation and Inspections in the New York regional office, and Nancy Harrison and Meridith Seife, Deputy Regional Inspectors General.

Lucia Fort and Judy Kellis served as the team leaders for this study. Central office staff who provided support include Clarence Arnold, Meghan Kearns, and Christine Moritz.

# Office of Inspector General

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## **Office of Audit Services**

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## **Office of Evaluation and Inspections**

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## **Office of Investigations**

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## **Office of Counsel to the Inspector General**

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.