



State of New Jersey

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September 22, 2017

BY CERTIFIED AND ELECTRONIC MAIL

David Dickerson, MD
Performance Orthopaedics & Sports Medicine, LLC
780 Route 37 West Suite 330
Toms River, NJ 08755

Re: Final Audit Report

Dear Dr. Dickerson:

As part of its oversight of the Medicaid and New Jersey FamilyCare (Medicaid) program, the New Jersey Office of the State Comptroller, Medicaid Fraud Division (OSC) conducted an audit of claims that you submitted under your Medicaid Provider Identification Number [REDACTED] and National Provider Identification Number [REDACTED] for the period from January 1, 2015 through April 26, 2017. OSC hereby provides you with the Final Audit Report (FAR) which includes MFD's findings and your response.

Executive Summary

OSC reviewed instances where you billed using the incorrect codes for certain procedures and, as a result, were overpaid for those services. Specifically, OSC identified instances when you submitted claims using procedure code 76942 in conjunction with codes 20600, 20605, and 20610. Prior to January 1, 2015, pursuant to the American Medical Association (AMA) Current Procedural Terminology (CPT) code guidelines, procedure code 76942 was the appropriate code to designate that a provider performed an ultrasound and such code was properly combined with another code when a provider performed an additional procedure such as an arthrocentesis (a procedure in which a needle is used to drain fluid from a joint) with an ultrasound. However, as of January 1, 2015, the AMA revised the use of these codes.

As of January 1, 2015, the AMA revised CPT codes 20600, 20605, and 20610 to reflect that these codes are to be used for billing when the following procedures are performed without an ultrasound: arthrocentesis, aspiration and/or injection small, intermediate, major joint or bursa (fluid filled sacs that reduce friction between joints). Simultaneously, the AMA created CPT codes 20604, 20606 and 20611 to be used for billing when arthrocentesis, aspiration and/or injection small, intermediate, major joint or bursa are performed with an ultrasound.

Based on the audit, OSC has determined that you were overpaid for 1111 instances when you improperly combined CPT code 76942 with 20600, 20605, or 20610. Since January 1, 2015, these claims should have been submitted in a bundled manner using CPT codes 20604, 20606, or 20611, as applicable. Accordingly, OSC is seeking recovery of \$220,213, which represents the difference between what you were paid in these instances and what you would have been paid if you had submitted claims that reflected the proper CPT codes for these services.

Background

Effective January 1, 2015, the AMA guidelines for CPT codes 20600, 20604, 20610 stated that these codes had been revised. Pursuant to the revisions, these codes are to be billed for arthrocentesis, aspiration, and/or injection small, intermediate, major joint or bursa without ultrasound guidance. At the same time, the AMA added three codes - 20604, 20606, and 20611 - to bill for arthrocentesis, aspiration, and/or injection small, intermediate, major joint or bursa with ultrasound guidance. In addition, the AMA advised in the CPT guidelines that providers should cease using code 76942 in conjunction with both the revised and newly created codes. Accordingly, since January 1, 2015, pursuant to the AMA guidelines, when a provider seeks payment from the Medicaid program, the provider should not bill using code 76942 in conjunction with codes 20600, 20604, 20605, 20606, 20610, or 20611. Rather, the provider should bill for services rendered using the revised or newly created codes for arthrocentesis services depending upon usage of ultrasound guidance.

The State's contract between the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) and the Managed Care Organizations (MCOs) requires adherence to applicable New Jersey laws and regulations. Pursuant to applicable Medicaid regulations, Medicaid providers must adhere to the AMA's billing and coding standards.

Objective

The objective of the audit was to evaluate your claims to determine whether these claims complied with state and federal requirements. The audit was conducted under the authority granted by state law and pursuant to guidelines established by state law and regulation, including requirements that providers adhere to the AMA's CPT guidelines.

Audit Scope

The initial audit scope entailed a review of claims that you billed for the period of January 1, 2015 through June 30, 2016. Based on the continuous use of unbundled CPT codes as explained above, the scope was expanded through April 26, 2017. The audit was conducted under the authority of the OSC enabling statute, *N.J.S.A. 52:15C-23*, and the Medicaid Program Integrity and Protection Act, *N.J.S.A. 30:4D-53 et seq.*

Audit Findings

Based on a review of claims billed on the same day for the same recipient for CPT code 76942 simultaneously with CPT codes 20600, 20605, or 20610 for the audit period of January 1, 2015 through April 26, 2017, OSC determined that in 1111 instances you submitted such claims for which you were overpaid a total of \$220,213. This amount is broken down as follows:

| <u>Proper CPT Code</u> | <u>Codes Used</u> | <u>Dollar Difference</u> |
|-------------------------------|--------------------------|---------------------------------|
| 20604 | 20600 & 76942 | \$ 4,689 |
| 20606 | 20605 & 76942 | \$ 12,452 |
| 20611 | 20610 & 76942 | \$203,072 |
| Total | | \$220,213 |

As a result, OSC seeks to recover \$220,213 for the period of January 1, 2015 to April 26, 2017.

Recommendations

OSC recommends that you reimburse Medicaid a total of \$220,213 for 1111 instances inappropriately billed for CPT code 76942 simultaneously with CPT codes 20600, 20605, or 20610 because those claims were submitted and paid contrary to state regulations, the MCO Contract, and AMA CPT guidelines. Also, OSC recommends that you and your staff seek appropriate training to foster compliance with regulations. In addition, you and your staff must stay current with coding and billing guidelines offered by the AMA and periodically check with payers for specific coverage guidance.

Auditee Response

In a written response, Dr. David Dickerson and Performance Orthopaedics & Sports Medicine, LLC agreed with the audit findings and provided a Corrective Action Plan to address the audit's recommendations. Dr. David Dickerson and Performance Orthopaedics & Sports Medicine, LLC also described the specific steps they have taken or will take to implement the recommendations made in the audit report. The full text of the

Dr. David Dickerson

Final Audit Report

response letter submitted by Dr. David Dickerson and Performance Orthopaedics & Sports Medicine, LLC is included as an Appendix to this report.

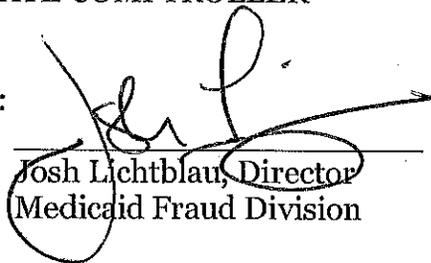
OSC Comments

OSC notes that you and Performance Orthopaedics & Sports Medicine, LLC agreed to reimburse the Medicaid program \$220,213 and provided a Corrective Action Plan that described the steps you have taken and will be taking to address the findings identified in the audit. Given these changes, no further action is necessary with respect to this audit.

Sincerely,

PHILIP JAMES DEGNAN
STATE COMPTROLLER

By:


Josh Lichtblau, Director
Medicaid Fraud Division

JL/mmm

Enc.

Cc: Kay Ehrenkrantz, Deputy Director
Michael McCoy, Manager of Fiscal Integrity
Don Catinello, Supervising Regulatory Officer
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Performance Orthopaedics
SPORTS MEDICINE

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September 20, 2017

To Whom It May Concern:

I am writing in response to your Draft Audit Report. We have reviewed all aspects of the report and agree to move forward in reimbursing the \$220, 213 referenced in the report. We plan to review with Horizon NJ Health personnel any further retractions of prior reimbursements outside of this report. We would like to move forward with finishing this audit.

As part of the remediation for the billing errors referenced in the report, we have changed the billing practices to encompass the AMA CPT guidelines you referenced. Also, to monitor continuing changes in the guidelines we have instituted a quarterly review of all changes in the CPT guidelines from the AMA using resources supplied by the American Academy of Orthopaedic Surgeons and the AMA. Also, [REDACTED] was sent to several courses to learn updates regarding current orthopaedic coding. We will be subscribing to an online billing and update service to keep updated on quarterly changes.

If you have any further questions, please feel free to email or call.

Sincerely,

David Dickerson MD