LIFESAFE SECURITY CORPORATION
DYERSBURG, TENNESSEE

MEDICAID COMPLIANCE EXAMINATION REPORT

FOR THE PERIOD JANUARY 1, 2009 THROUGH DECEMBER 31, 2011

Dave Yost · Auditor of State

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LIFESAFE SECURITY CORPORATION
DYERSBURG, TENNESSEE

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO EMERGENCY RESPONSE SYSTEM SERVICES

LifeSafe Security Corporation
Mr. Paul Finley, President
5324 Highway 104 West
Dyersburg, Tennessee 38024

RE: *Medicaid Provider Number 0803974*

Dear Mr. Finley:

We examined your (the Provider's) compliance with specified Medicaid requirements for service documentation and service authorization related to the provision of emergency response services (ERS) during the period of January 1, 2009 through December 31, 2011. We tested service documentation to verify that there was support for the date of service and the procedure code paid by Ohio Medicaid. In addition, we tested service documentation to determine if it contained the required elements. We also examined the all services plans to determine if the Provider was authorized to render emergency response services. The accompanying Compliance Examination Report identifies the specific requirements examined.

Provider's Responsibility

The Provider entered into an agreement with the Ohio Department of Medicaid (ODM) to provide services to Medicaid recipients (the Provider Agreement). The Provider Agreement outlines the responsibility to adhere to the terms of the agreement, state statutes and rules, federal statutes and rules, and the regulations and policies set forth in the Medicaid Handbook including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Therefore, the Provider is responsible for complying with the requirements and laws outlined by the Medicaid program.

Auditor's Responsibility

Our responsibility is to express an opinion and report on the Provider's compliance with the specified Medicaid requirements based on our examination. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code and conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and, accordingly, included examining, on a test basis, evidence supporting the Provider's compliance with those Medicaid requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. However, our examination does not provide a legal determination on the Provider's compliance with the specified Medicaid requirements.

Internal Control Over Compliance

The Provider is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over compliance.

Basis for Adverse Opinion on Medicaid Services

Our examination disclosed that in a material number of instances there was no response plan, no documentation of required initial training before activation and/or no service documentation to support the service reimbursed. We also noted a material number of instances in which the installation date on the claim did not agree to the installation date on the service documentation.

Adverse Opinion on Compliance

In our opinion, the Provider has not complied, in all material respects, with the aforementioned requirements pertaining to response plans and service documentation for the period of January 1, 2009 through December 31, 2011.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Examination Report. We did not test other requirements and, accordingly, we do not express an opinion on the Provider's compliance with other requirements.

We found the Provider was overpaid by Ohio Medicaid for services rendered between January 1, 2009 and December 31, 2011 in the amount of $23,680.82. This finding plus interest in the amount of $1,946.21 totaling $25,627.03 is due and payable to the Ohio Department of Medicaid (ODM) upon ODM's adoption and adjudication of this examination report. When the Auditor of State identifies fraud, waste or abuse by a provider in an examination,[1] any payment amount in excess of that legitimately due to the provider will be recouped by ODM through its Fiscal Operations, the state auditor, or the office of the attorney general. Ohio Administrative Code § 5160-1-29(B)

This report is intended solely for the information and use of the Ohio Department of Medicaid, the Medicaid Fraud Control Unit of the Ohio Attorney General's Office, the U.S. Department of Health and Human Services/Office of Inspector General, and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Dave Yost
Auditor of State

February 17, 2015

[1] "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitutes an overutilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5160-1-29(A)

COMPLIANCE EXAMINATION REPORT FOR LIFESAFE SECURITY CORPORATION

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. The rules and regulations that providers must follow are specified in the Ohio Administrative Code and the Ohio Revised Code. The fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services. *See* Ohio Admin. Code § 5160-1-01(A) According to Ohio Admin. Code § 5160-1-17.2(D), Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. Ohio Admin. Code § 5160-1-17.2(E)

During the examination period, the Provider furnished 1,108 ERS installation and testing services and 73,364 monthly ERS service fees to 3,114 Medicaid recipients and received total reimbursement of $3,379,907.24 for 74,472 services. The Provider stated it contracts with three technicians in Ohio who install and repair equipment and provide training on the use of the equipment. In addition, the Provider stated that it contracts for an emergency response center through Security Central, a separate entity located in North Carolina.

Ohio Medicaid recipients may be eligible to receive ERS which are emergency intervention services composed of telecommunications equipment, an emergency response center and a medium for two-way, hands-free communication between the recipient and the emergency response center. *See* Ohio Admin. Code §§ 5160-46-04(H) and 5160-50-04(H)

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect.

The scope of the engagement was limited to ERS installation and testing (procedure code S5160) and ERS service fee, per month (procedure code S5161) that the Provider rendered to Medicaid recipients and received payment during the period of January 1, 2009 through December 31, 2011.

We received the Provider's claims history from the Medicaid Management Information System (MMIS) and the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program. We removed all services with a claim status of void, all services with a paid amount of zero and all services previously recouped by the Surveillance and Utilization Review Section of ODM. From the remaining sub-population we extracted all instances where more than one service was reimbursed for one recipient in one month to review as an exception test. We separated the remaining sub-population into two files: ERS installation and testing (procedure code S5160) and ERS service fee, per month (procedure code S5161) and selected a simple random sample from each file to facilitate a timely and efficient examination of the Provider's services as permitted by Ohio Admin. Code § 5160-1-27(B)(1).

An engagement letter was sent to the Provider September 19, 2014 setting forth the purpose and scope of the examination. An entrance conference was held on September 24, 2014. During the entrance conference the Provider described its documentation practices and processes for

submitting billing to the Ohio Medicaid program. Our fieldwork was performed following the entrance conference. A list of missing records was supplied to the Provider on several occasions during the course of our examination. On February 24, 2015 the Provider signed a statement indicating that all records provided for our examination were original, true, accurate and complete records for the services selected for examination.

Results

Statistical Sample - Emergency Response System Installation and Testing

We reviewed a statistical sample of 100 ERS installation and testing services and identified 174 errors. The overpayments identified for 45 of 100 services from our statistical random sample were projected across the Provider's total population of paid ERS installation and testing services (procedure code S5160). This resulted in a projected overpayment amount of $22,463.00 with a precision of plus or minus $4,724.00 at the 95 percent confidence level. Since the precision percentage achieved was greater than our procedures require for use of a point estimate, the results were re-stated as a single tailed lower limit estimate (equivalent to methods used in Medicare audits), and a finding was made for $18,510.00. This allows us to say that we are 95 percent certain that the population overpayment amount is at least $18,510.00.

Statistical Sample - Emergency Response System Service Fee, per Month

We reviewed a statistical sample of 100 ERS monthly service fees and identified 10 errors and an overpayment of $450.99.

Exception Test

We reviewed 199 services in 99 months of service where more than one monthly service fee was reimbursed for one recipient in one month and identified 120 errors and an overpayment of $4,719.83.

The non-compliance found during our examination and the basis for our findings is described below in more detail. While certain services had more than one error, only one finding was made per service.

A. Service Documentation

Statistical Sample - Emergency Response System Installation and Testing

Ohio Admin. Code §§ 5101:3-46-04, 5101:3-47-04 and 5101:3-50-04 state providers of ERS must maintain a written record of the date of delivery and installation of the ERS and provide the recipient, their authorized representative and caregivers with initial training regarding the use of the ERS. Effective October 25, 2010, providers of ERS are required to provide initial face-to-face training for the recipient and initial training to all designated responders prior to activation as well as maintain a written response plan that includes a summary of the recipient's health history and functioning level and the contact information for at least one individual who will service as the recipient's designated responder.

We reviewed 100 installation and testing services and identified the following errors:

- 39 services after October 25, 2010 in which there was no record of initial face-to-face training for the recipient and initial training to all designated responders prior to activation;
- 39 services after October 25, 2010 in which there was no written response plan;

- 5 services prior to October 25, 2010 in which there was no record of initial training for the recipient, their authorized representative and caregivers; and
- 1 service in which there was no record of the installation.

These 84 errors are included in the overall projection of $18,510.00

We also identified 89 services in which the date billed did not agree to the date on the service documentation, including 77 services in which the date billed was prior to the date of installation per the service documentation. Through a review of paid claims in the MITS system we determined that except for one recipient, only one installation was reimbursed for each recipient in our sample during our examination period and that no monthly service fees were reimbursed prior to the month of the installation fee for these services. For the recipient with two installations during our examination period, there was a one year lapse between monthly service fees associated with the first installation fee and the second installation fee. Due to the aforementioned, we did not identify overpayments for these errors.

Finally, we identified one service in which an installation and testing code was billed instead of a monthly service fee code. Both codes are reimbursed at the same rate so no overpayment was identified.

Statistical Sample - Emergency Response System Service Fee, per Month

Ohio Admin. Code §§ 5101:3-46-04, 5101:3-47-04 and 5101:3-50-04 state providers of ERS must maintain a record of the monthly test conducted on each recipient's ERS, including the date, time and results of the test.

We reviewed 100 monthly service fees and identified 10 services in which there was no record of the monthly test conducted or any other documentation to support that the system was in service during the month of the billing.

These 10 errors resulted in an overpayment of $450.99.

Exception Test

We reviewed 199 services in 99 months of service where more than one monthly service fee was reimbursed for one recipient in one month and identified 106 services in which there was no service documentation. In 65 of these instances, the Provider had service documentation for one monthly service fee so it appears that the second service was a duplicate billing.

These 106 errors resulted in an overpayment of $4,719.83.

We also identified 14 services in which a monthly service fee code was billed instead of an installation and testing code. Both codes are reimbursed at the same rate so no overpayment was identified.

Recommendation:

We recommend the Provider develop and implement internal controls to ensure only services rendered are billed. We further recommend the Provider familiarize itself with the Ohio Admin. Code that requires written response plans and develops a procedure to comply with this requirement. The Provider should also ensure documentation is maintained for training provided to recipients and responders and that services are billed with the date that the service was rendered.

The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

B. Service Authorization

Ohio Admin. Code §§ 5101:3-46-04, 5101:3-47-04 and 5101:3-50-04 state the EMS provider must be identified as a provider on the recipient's all services plan that is prior-approved by the designated case management agency.

We judgmentally selected 60 monthly services and reviewed the 60 applicable all services plans for 59 unique recipients to determine if the Provider was identified as a service provider. We noted no errors.

APPENDIX I
Summary of Statistical Sample Analysis
For the period January 1, 2009 to December 31, 2011

POPULATION
The population from which this subpopulation and sample was taken is all paid Medicaid services billed with procedure code S5160, emergency response system installation and testing, net of any adjustments.

SAMPLING FRAME
The sampling frame was paid and processed claims from MMIS and MITS. These systems contain all Medicaid payments, and all adjustments made to Medicaid payments, by the State of Ohio.

SAMPLE UNIT
The sampling units or elements of analysis that were used are paid services.

SAMPLE DESIGN
We used a simple random sample.

Description	Results
Number of Services in Population	1,108
Number of Services Sampled	100
Number of Services Sampled with Errors	45
Total Medicaid Amount Paid for Sample Population	$50,360.87
Amount Paid for Services Sampled	$4,557.16
Estimated Overpayment (Point Estimate)	$22,463.00
Precision of Overpayment Estimate at 95% Confidence Level	$4,724.00
Precision of Overpayment Estimate at 90% Confidence Level	$3,953.00
Single-tailed Lower Limit Overpayment Estimate at 95% Confidence Level (Calculated by subtracting the 90 percent overpayment precision from the point estimate) (Equivalent to the estimate used for Medicare Audits) *	**$18,510.00**

Source: AOS analysis of ODM MMIS and MITS information and the Provider's records

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LIFESAFE SECURITY CORPORATION

OUT OF STATE

CLERK'S CERTIFICATION
This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 14, 2015

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