



Dave Yost • Auditor of State

**A & A MEDICAL SUPPLY L.L.C.
GEAUGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO DURABLE MEDICAL EQUIPMENT

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: A & A Medical Supply L.L.C.
Ohio Medicaid # 2676199

We have examined A & A Medical Supply L.L.C. (the Provider's) compliance with specified Medicaid requirements for provider qualifications, service authorization and service documentation related to the provision of durable medical equipment (DME), specifically custom wheelchairs and accessories, during the period of January 1, 2014 through December 31, 2014. Our examination was limited to custom wheelchairs and accessories provided to recipients at three long-term care facilities.

The Provider entered into an agreement (the Provider Agreement) with the Ohio Department of Medicaid (ODM) to provide services to Medicaid recipients and to adhere to the terms of the agreement, state statutes and rules and federal statutes and rules, including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Management of A & A Medical Supply L.L.C. is responsible for its compliance with the specified requirements. The accompanying Compliance Examination Report identifies the specific requirements examined. Our responsibility is to express an opinion on the Provider's compliance with the specified Medicaid requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Provider complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Provider complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Provider's compliance with the specified 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.

Opinion on Compliance

In our opinion, the Provider has complied, in all material respects, with the aforementioned requirements pertaining to the provision of custom wheelchairs and accessories to recipients at the three selected nursing facilities for the period of January 1, 2014 through December 31, 2014.

A & A Medical Supply L.L.C.
Independent Auditor's Report on
Compliance with Requirements of the Medicaid Program

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.

This report is intended solely for the information and use of the Provider and the ODM, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 27, 2017

COMPLIANCE EXAMINATION REPORT

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 prevention, diagnosis, evaluation or treatment of an adverse health condition. See Ohio Admin. Code § 5160-1-01(A) and (B)

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 from receipt of payment 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(D) and (E)

Ohio Medicaid recipients may be eligible to receive custom wheelchairs and accessories if the individual resides in a long term care facility; has obtained prior authorization from the ODM; has an evaluation performed by the appropriate licensed professional; and has a prescription signed by a physician. In addition, the evaluator must be fiscally, administratively and contractually independent from the DME provider and must not receive any form of compensation from the DME provider. See Ohio Admin. Code § 5160-10-16(F)

The Provider is a DME supplier and was reimbursed approximately \$3.8 million by Ohio Medicaid for 4,388 custom wheelchair and wheelchair accessories during the examination period. We tested all custom wheelchair and wheelchair accessories rendered to recipients at three nursing facilities which totaled \$395,817.93. The Provider has a second active Ohio Medicaid number of 2749566; however, there were no payments to this number during the examination period.

Prior to December 31, 2013, wheelchairs and wheelchair accessories were not directly reimbursable to the DME provider for recipients residing in a long-term care facility. Wheelchairs were the responsibility of the nursing facility and reimbursed to the nursing facility through the facility per diem. After December 31, 2013, DME providers were eligible to receive direct payment for custom wheelchairs and accessories for recipients residing in a long-term care facility, which includes nursing facilities. Accessories include items such as trays, armrests, batteries, tires and other parts used to customize a wheelchair.

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether the Provider's claims for reimbursement for custom wheelchairs and accessories 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 custom wheelchairs and accessories for recipients at three nursing facilities that the Provider billed to Ohio Medicaid and received payment for during the period of January 1, 2014 through December 2014. The nursing facilities were:

Country Club Retirement Center III
925 East 26th Street
Ashtabula, Ohio 44004

Park East Care and Rehabilitation
Center
3800 Park East Drive
Beachwood, Ohio 44122

St. Francis Home, Inc.
182 St. Francis Avenue
Tiffin, Ohio 44883

Purpose, Scope, and Methodology (Continued)

We obtained the Provider's claims history from the Medicaid database of services billed to and paid by Ohio's Medicaid program. From the population of paid services, we extracted all custom wheelchairs and accessories and then selected the three addresses with the highest paid line amount. We determined that the three addresses were nursing facilities. We selected all of the 509 items provided to the 37 unique recipients at these three nursing facilities to test the Provider's compliance with requirements of the Medicaid program.

A request for information was sent to the three facilities and a site visit was conducted at each facility during which we interviewed staff regarding their process for obtaining custom wheelchairs. We also inquired about the relationships between the evaluators and prescribers of the wheelchairs and the Provider. We also inspected the serial numbers on selected wheelchairs.

An engagement letter was sent to the Provider setting forth the purpose and scope of the examination. An entrance conference was held during which the Provider described its documentation practices, personnel and independence related procedures and billing process.

Results

We examined 37 custom wheelchairs and the additional 472 accessories billed with these wheelchairs (509 items in total) and identified no improper payments.

A. Provider Qualifications

Provider Registration

According to Ohio Admin. Code § 5160-10-01, eligible providers of DME must have a valid provider agreement and licensure, registration or exemption through the Ohio Respiratory Care Board to rent, sell or seek reimbursement for equipment.

Using the Ohio eLicense Center, we verified that the Provider had a Home Medical Equipment Facility Registration issued through the Ohio Respiratory Care Board in effect during our examination period. We also verified through the Medicaid Information Technology System (MITS) that the provider had active Medicaid agreement in effect during our examination period.

Licensing of Evaluator and Prescriber

According to Ohio Admin. Code § 5160-10-16(F)(1), recipients must be evaluated by a physician who is board certified as a physiatrist, orthopedic surgeon, neurologist, licensed physical therapist or licensed occupational therapist. The wheelchair must be prescribed by a physician who personally performed the evaluation or who has reviewed and agreed with the results of the evaluation of a qualified physician, physical therapist or occupational therapist.

We compiled the names of the five practitioners who performed evaluations and the 19 practitioners who signed the letters of medical necessity (LMN). Using the Ohio eLicense Center, we searched the five occupational therapists who evaluated recipients and the 18 physicians and one certified nurse practitioner who prescribed the custom wheelchairs and accessories. We found that all of the practitioners met the applicable qualifications. We found one physician had a prior disciplinary action related to licensure in another state but determined this had no relationship to the scope of this examination.

B. Independence

Evaluators

According to Ohio Admin. Code § 5160-10-16, the evaluator must be fiscally, administratively and contractually independent from the DME provider and must not receive any form of compensation (monetary or otherwise) from the billing DME provider. Additionally, the equipment prescription (part C of the LMN) must be prepared by the same professional that performs the assessment, in conjunction with the prescribing physician and must be signed by all team members involved in the wheelchair prescription process and by the equipment supplier. Providers, their employees, or anyone else having a financial interest in the delivery of the DME are prohibited from signing and accepting an item on behalf of a recipient. See Ohio Admin. Code § 5160-10-05(1)(a)

We conducted site visits at the three selected nursing facilities and interviewed staff, including the evaluators, to determine whether there were any apparent conflicts of interest or any perceived independence issues between the evaluators at the facility and the Provider.

Country Club Retirement Center

We interviewed a representative from the contracted company that provided therapy services and conducted a phone interview with an occupational therapist and a certified occupational therapy assistant who completed the LMNs during the examination period. The interviewees all denied ever being approached by a representative of the Provider requesting they sign an already completed LMN. All interviewed denied having any ownership in the Provider. None of those interviewed reported any awareness of anyone at the facility with a financial interest in the Provider.

Park East Care and Rehabilitation Center

We interviewed a representative from the contracted company that provided therapy services to residents at this facility. This representative was not working at the facility during our examination period but stated she was made aware of previous instances in which an evaluator signed an LMN that was completed by one of the Provider's employees. We also interviewed an occupational therapist from the same contracted company who stated she had reviewed and signed completed LMNs given to her by an employee of the Provider. She explained that she was in school, had not been instructed on how to complete the forms, and was not aware she should not sign an LMN that she did not complete. She further stated that at some time she discontinued this practice and could not recall the number of such completed LMNs she signed, the names of the recipients or the timeframe in which she engaged in this practice.

We also conducted telephone interviews with the facility's Medical Director and with an occupational therapist who previously worked at the facility. Both individuals reported having no ownership in the Provider, receiving no compensation in exchange for referrals, and had no experience or awareness of Provider's employees completing the LMN for the evaluator.

We reviewed the LMNs for all of the wheelchairs at this facility during the examination period. We found two evaluators had completed these LMNs and all identified the same Provider employee. Although there were instances where the exact language was used on different LMNs, other information on the same page of the LMNs was client specific. There was no indication that the evaluator had not completed the form. Although there were reported instances where the Provider's employee improperly supplied completed LMNs, we were unable to determine which LMNs were involved and which recipients were impacted.

B. Independence (Continued)

St. Francis Home

We interviewed two representatives from the contracted company that provided therapy services to residents at this facility and conducted a telephone interview with the facility's Medical Director. The interviewees all denied ever signing an LMN that had been completed by the Provider, having any ownership in the Provider or any awareness of anyone at the facility with a financial interest in the Provider. The Medical Director stated he was never given compensation in exchange for referrals.

Provider

We inquired with the Provider as to its procedures to ensure that evaluators are fiscally, administratively and contractually independent. The Provider has no formal procedures in place; however, it did indicate an awareness of the rules regarding referrals and independence. The Provider stated it reviewed issues around referrals and independence during monthly staff meetings.

The Provider denied knowledge of any employee presenting a completed LMN to an evaluator for a signature and did not believe its employees would have the expertise to properly complete an LMN. The Provider signed a confirmation of independence attesting that it met the requirements of the independence standards set forth in the Medicaid rules.

We reviewed the Provider's Medicaid Agreement, the Ohio Secretary of State's website for Business Services, and obtained a Comprehensive Business Report which compiles information from public records and commercially available data. We compared the names of all of the individuals interviewed and all of the evaluators and prescribers of the services at the three facilities to the identified owners and employees of A & A Medical Supply L.L.C. We found no match in this comparison and no owners with similar names to those identified in our selected services.

Recommendation:

The Provider should develop formal procedures to ensure evaluators are independent and should develop internal controls to ensure employees are aware of, and compliant with, independence requirements. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

C. Service Authorization

Letter of Medical Necessity (LMN)

For authorization of a custom wheelchair, the recipient must be evaluated and the evaluation must be performed no earlier than 90 days prior to the submission of the prior authorization request. The results of the evaluation must support the information submitted on the LMN for Power Wheelchairs and/or Custom Wheelchairs. If the evaluator personally reported the results of the evaluation on the required LMN form as well as signed and dated the form, a copy of the form would be considered the written evaluation and must be signed by the prescribing physician. In addition, a copy of the dated and signed evaluation must be maintained by the billing provider. See Ohio Admin. Code § 5160-10-16(F)

We obtained a copy of the LMN for each selected recipient from the MITS web portal and compared the date the evaluator signed the LMN to the date the prior authorization was submitted. We found no instances of the evaluations being completed beyond the 90 day period.

D. Service Documentation

According to Ohio Admin. Code § 5160-10-05(A)(1), providers are required to maintain proof of delivery documentation for items dispensed. In addition, the claim form should not be submitted for payment until the recipient has received the item. Additionally, the item actually supplied must be the item in the quantity specifically approved by ODM on the "Prior Authorization" form. See Ohio Admin. Code § 5160-10-06(D) and (E)

We obtained a copy of the delivery ticket showing the items ordered, the cost of the items and the items that were delivered to the recipient. We noted the date the items were delivered to the recipient as well as the signature of the recipient, the recipient's authorized representative or the signature of a representative of the nursing facility confirming the delivery of all items ordered.

We compared the date of the delivery of items to the date that the claim was submitted for payment. We found no instance where the claim was submitted for payment prior to the recipient receiving the items.

We also haphazardly selected two recipients from each of the three facilities and compared the items approved on the prior authorization form to the items delivered per the delivery ticket. We found no instances in which the item approved on the prior authorization form varied from the item delivered.

E. Wheelchair Inspections

We inspected the custom wheelchairs of recipients who continued to reside at the facilities at the time of our site visit. We also inspected any custom wheelchairs donated to the facility after the death of a recipient.

We visually verified that each wheelchair was custom in nature and did not appear to be a regular or standard manual wheelchair. We compared the serial number from the delivery ticket to the serial number on the custom wheelchair. In the instances where we could not confirm the serial number due to the placement on the chair or due to the recipients' position in the chair, we confirmed the model of the wheelchair was the same as was listed on the delivery ticket. We found no errors.

Official Response

The Provider was afforded an opportunity to respond to this examination report. The Provider declined an exit conference to discuss the results of this examination and also declined to submit an official response to the results noted above.

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A&A MEDICAL SUPPLY

GEAUGA COUNTY

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
JANUARY 16, 2018**