



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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# Ohio Medicaid Program

## *Review of Incontinence Supplies Provided Through the Medicaid Program*

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*An Operational Review by the:*

**Fraud, Waste and Abuse  
Prevention Division**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Tom Hayes, Director  
Ohio Department of Job and Family Services  
30 East Broad Street, 32<sup>nd</sup> Floor  
Columbus, OH 43266-0423

Dear Director Hayes:

This report discusses the results of our review of incontinence supplies provided to waiver and non-waiver Medicaid recipients between April 1, 1997 and March 31, 2001. During our review period, ODJFS paid about \$44.5 million in claims related to incontinence supplies. The review was performed at the request of the Office of Ohio Health Plans (OHP) and contains recommendations to reduce the costs and improve the effectiveness of incontinence supply services. The report also includes comparative data on incontinence supplies provided to participants in Medicaid waiver programs. Collectively, we believe our recommendations would result in at least \$1.8 million in annual savings to the Medicaid program.

We would like to thank OHP staff and the other agencies who administer the Home and Community Based Services program for their participation and cooperation during our review. If you have any questions or concerns, please contact Johnnie L. Butts, Jr., Chief of the Fraud, Waste and Abuse Prevention Division at (614) 466-3212.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

August 29, 2002



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## **EXECUTIVE SUMMARY**

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*The Ohio Department of Job and Family Services (ODJFS) Office of Ohio Health Plans (OHP) requested that the Auditor of State perform a review of disposable incontinence supplies, a group of specific commodities covered under Medicaid's Durable Medical Equipment Program. The objective of our review was to analyze the types of incontinence services provided to Medicaid recipients under waiver and non-waiver programs, and to identify opportunities to improve the efficiency and effectiveness of these services. In performing our review, we analyzed paid claims data residing in OHP's Medicaid Management Information System, interviewed state officials responsible for administering related aspects of the Medicaid program, and conducted field reviews of five providers of incontinence services.*

*From April 1, 1997 to March 31, 2001, OHP paid \$44.5 million for Medicaid services relating to incontinence supplies. During this period, Ohio processed claims for 586,813 incontinence supply services.*

### ***Incontinence Supply Fee Schedule May Pay More than Prevailing Rates***

*We reviewed the fee schedule that Ohio uses for reimbursing Medicaid providers of incontinence supplies and found that for like items, Ohio pays 37% more than other peer states, 32% more than wholesale supply providers, 23% more than local retail store prices, and 28% more than the advertised prices of DME supplies on the internet. By adopting a fee schedule more in line with prevailing rates for incontinence supplies, we believe Ohio could save at least \$1.8 million annually.*

*Recommendation: The ODJFS Office of Ohio Health Plans should consider reducing the current fee schedule for disposable incontinence supplies to more closely match industry and retail prices.*

### ***Medicaid Maximum Exceeded***

*Medicaid recipients are entitled to receive a maximum of 300 diapers per month and/or 300 pads every two months. We identified recipients who exceeded the maximum over our review period, which led to overpayments of \$194,479.96. About 91 percent of the time, the maximum was exceeded because recipients were receiving incontinence supplies from more than one provider during the month in question. We provided ODJFS/OHP with data reports detailing disbursement overages.*

*Recommendation: The ODJFS Office of Ohio Health Plans should modify Medicaid claims processing edits to reject claims for incontinence supplies that exceed monthly allowances. These edits should encompass claims submitted by different providers for the same recipient. To facilitate the effectiveness of an edit, we also suggest that the rules concerning under pads (billed under procedure code A4554) be restated in monthly terms rather than the current two-month limitation.*

## ***Providers' Claims Do Not Include Valid Diagnostic Codes***

***For Medicaid to cover the costs of incontinence supplies, ODJFS requires that a prescription include a diagnosis of the specific disease or injury that caused the condition of incontinence. Patients with a diagnosis of incontinence only or without a medical diagnosis are not eligible for reimbursement. However, because the Medicaid claims processing system does not include an edit check for valid diagnosis codes, providers are not held accountable for this requirement at the time of claims processing. However Providers are held responsible for having the correct diagnosis codes upon post-payment audit.***

***Overall, we found that 71% of paid services did not have a valid diagnosis code in the claim submitted for reimbursement. One provider was reimbursed for services using a invalid diagnosis code on 100% of its claims, calling into question the \$163,398.45 paid to this provider. We examined patient records during our field reviews that did not contain a valid diagnosis, which suggests that a failure to include a diagnosis code on claims may be more than just an oversight on the part of the Provider.***

***Recommendation: ODJFS' Office of Ohio Health Plans should reinforce with providers the need to include a qualifying diagnostic code when submitting claims. In addition, OHP should screen claims for inappropriate diagnostic codes to encourage compliance with Medicaid rules and to prevent payment of inappropriate claims. Requiring diagnostic codes will help ensure that recipients are eligible for incontinence services.***

## ***Other Observations from Provider Field Reviews***

***We conducted field reviews of four providers, including one provider who we visited to follow up on questions raised during our assessment of waiver services. These reviews were done to determine whether the Provider's claims to Medicaid for reimbursement of incontinence services were in compliance with regulations. One of the providers was in general compliance with Medicaid rules; while the three other providers were noncompliant in several areas. Specifically, the providers failed to (1) have valid physicians' prescriptions before providing incontinence supplies, (2) properly document customer requests for supplies, and (3) as noted above, include a diagnosis that qualified recipients for incontinence supplies.***

***Overall, we believe that incontinence rules, which were last updated in September 1998, are clear and contain proper safeguards (with the exception of needing to include valid diagnostic codes on reimbursement claims). However, as discussed above, we noted several pockets of noncompliance that would benefit from additional educational guidance.***

***Recommendation: ODJFS' Office of Ohio Health Plans should reinforce Medicaid incontinence rules associated with the above areas of noncompliance through additional educational guidance to administrators and providers.***

## ***Comparison of Services Provided to Waiver and Non-Waiver Recipients***

***Our review included an analysis of claims history data for incontinence supplies. We compared waiver program recipients with non-waiver recipients. Specifically, we analyzed the quantities and types of supplies used, the diagnoses leading to the need for supplies, and the demographics of recipients and providers. We also compared waiver and non-waiver programs by average recipient age, recipient location (county), most frequent provider locations, and primary diagnosis used to justify incontinence service. Appendix 2 contains the results of our comparisons.***

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## **ABBREVIATIONS USED IN THIS REPORT**

AOS	Auditor of State
CMS	Center for Medicare and Medicaid Services
DME	Durable Medical Equipment
HCBS	Home and Community Based Services
ICF	Intermediate Care Facility
IOW	Individual Options Waiver
NF	Nursing Facility
ODA	Ohio Department of Aging
ODJFS	Ohio Department of Job and Family Services
OD/MRDD	Ohio Department of Mental Retardation and Developmental Disabilities
OHCW	Ohio Home Care Waiver
OHP	Ohio Health Plans
PASSPORT	Pre-Admission Screening System Providing Options and Resources Today
RFW	Residential Facilities Waiver
SNF	Skilled Nursing Facility
SUR	Surveillance Utilization Review

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## **BACKGROUND**

The Ohio Department of Job and Family Services (ODJFS) Office of Ohio Health Plans (OHP) paid \$44,539,801.61 for incontinence supplies, from April 1, 1997 to March 31, 2001. OHP requested that our office perform a review of disposable incontinence supplies, including incontinence supplies furnished under Medicaid waiver programs. The purpose of the review was to analyze the types of incontinence services provided to Medicaid recipients under waiver and non-waiver programs, and to identify opportunities to improve the efficiency and effectiveness of these services.

Incontinence supplies fall under a group of specific commodities covered under Medicaid's Durable Medical Equipment Program. Durable medical equipment includes equipment which can stand repeated use and is primarily and customarily used to serve a medical purpose. It also includes certain medical supplies which are "consumable, disposable, or have a limited life expectancy" (OAC 5101:3-10-02(A)(2)). Requirements for providers of durable medical equipment services are covered in ODJFS' Durable Medical Equipment Manual, which is a part of the Ohio Medicaid Provider Handbook.

## **Medicaid Requirements for Incontinence Supplies**

Incontinence supplies are among the eligible services provided to Medicaid recipients by Durable Medical Equipment suppliers. OAC 5101:3-10-21 (effective September 1, 1998) lists the requirements of providing incontinence supplies. A copy of OAC 5101:3-10-21 is shown in Appendix I. The following summarizes these requirements:

- Medicaid consumers must be more than 36 months of age.
- The consumer cannot be a resident of a nursing home or intermediate care facility for the mentally retarded.
- Incontinence must be secondary to a disease, developmental delay/disability, or injury of the brain or spinal cord which results in irreversible loss of control of the urinary bladder and/or anal sphincter.
- A prescription that is written, signed, and dated by the treating physician must be obtained every twelve months. The prescription must be signed and dated not more than sixty days prior to the first date of service by the recipient's attending physician.
- The prescription must specify the applicable diagnosis of the specific disease, injury, developmental delay/disability which causes incontinence. The prescription must also specify the type of incontinence.
- A prescription that lists only incontinence or incontinence supplies and does not specify the reason for the incontinence does not meet the requirements.
- Providers must ascertain from the consumer or their care giver on a monthly basis the required type and amount of incontinence garments and/or related supplies.

## **Medicaid Waiver Programs**

Section 2176 of Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, established a waiver program under which states can be reimbursed for providing home and community-based services (HCBS). Under the HCBS waivers, states can designate specific target populations that can receive a wider range of HCBS than normally covered under the non-waiver state plan. Waiver requests are submitted by states to the Center for Medicare and Medicaid Services (CMS) formerly known as HCFA, which is part of the U.S. Department of Health and Human Services. Waiver requests may be approved for a three-year period; each waiver may be renewed for five-year periods.

Eligibility for the HCBS waiver program is limited to Medicaid recipients who, in the absence of home and community services, would require long-term care in a nursing facility (NF), intermediate care facility for the mentally retarded (ICF/MR) or hospital as designated by the specific waiver. Regular HCBS waivers must be limited to one of the following target groups or any subgroup defined by the state; (1) Aged or disabled, (2) Mentally retarded or developmentally disabled, (3) Mentally ill.

Recipient eligibility for participation in a HCBS waiver is determined following the same income and asset regulations as those used to determine financial qualification for individuals seeking institutional care. A person must first apply for Medicaid eligibility, if an applicant does not qualify for Medicaid financially, but otherwise meets the requirements of the HCBS program, it may be possible to place the individual in a waiver on the basis of health assistance need.

## **Ohio Waiver Programs**

Ohio's waiver programs are available in all 88 counties. The programs' primary objectives are to better serve Medicaid recipients who have disabilities or chronic conditions by allowing them to obtain care through a home or community based service as an alternative to being placed in an institution. ODJFS currently oversees four HCBS waiver programs.

**Ohio Home Care Waiver (OHCW)** This program serves any Medicaid eligible recipients under age 60 who would otherwise require the services of a nursing facility, either for skilled or intermediate level of care, or any person over age 60 that would otherwise require the services of a nursing facility for skilled care.

**Pre-admission Screening System Providing Resources Today (PASSPORT)** This program is for Medicaid eligible recipients 60 and older who otherwise require an intermediate level of care in a nursing facility. This program is administered by Ohio Department of Aging (ODA).

**Individual Options Waiver (IOW)** This program serves any Medicaid eligible recipient that became injured prior to reaching the age of 22 years old and would otherwise require the services of an intermediate care facility for people who have mental retardation. This program is administered by Ohio Department of Mental Retardation and Developmental Disabilities (OMRDD).

**Residential Facility Waiver (RFW)** This program serves any Medicaid eligible recipient that became injured prior to reaching the age of 22 years and would otherwise require the services of an intermediate level care facility for people who have mental retardation. In order to receive services provided by the RFW waiver the recipient would need to live in a facility such as a group home that is licensed by OMRDD. This program is administered by Ohio Department of Mental Retardation and Developmental Disabilities (OMRDD).

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***OBJECTIVES, SCOPE  
AND METHODOLOGY***

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This report discusses our review of Ohio's Medicaid waiver programs and reimbursement policies in regard to incontinence supplies. The objective of our review was to make some comparative assessments of

Medicaid recipients who receive incontinence supplies under various waiver programs, to follow up on several areas identified during earlier work in this area, including an analysis of patient records maintained by five providers of incontinence services, and to identify any areas where administration of the program could be improved. The scope of our review was covered the period of April 1, 1997 to March 31, 2001.

To accomplish our review objectives we:

- Reviewed Ohio Medicaid rules and regulations relating to incontinence supplies and Waiver programs. Information gathered on Waiver programs can be found in Appendix 2.
- Analyzed Ohio Medicaid claims history for DME providers for the period of April 1, 1997 through March 31, 2001, to compare incontinence services provided to waiver and non-waiver program recipients. Our analysis was limited to incontinence supplies billed under the following ODJFS' local level codes.

Y9131 Adult Large	Y9132 Adult Small
Y9133 Child	Y9136 Pads/Liners
Y9138 Child XL	Y9140 Adult Medium
A4554 Under pads	

- Profiled incontinence services supplied under Waiver Programs, including the quantities and types of supplies used, the diagnoses used to justify the services, and the locations of both recipients and providers. (A separate report on the number of recipients and the dollar amount spent on waiver clients was forwarded to OHP.)
- Compiled and analyzed data on incontinence items that were supplied in quantities greater than the maximum allowed amount. (A separate report detailing recipient claim data on incontinence quantities that were supplied over the maximum allowable limits was forwarded to OHP.)

- Interviewed waiver program administrators/agencies, from ODJFS, OMRDD, and ODA.
- Obtained pricing information from OAMES members on manufacturers and retailers of incontinence supplies.
- Obtained reimbursement rates for incontinence supplies from Ohio peer states, and visited local retail chains for price comparisons.
- Reviewed supporting records maintained by four DME providers who submitted claims for Medicaid incontinence services.

The work was performed between October 2001 and January 2002.

### **RESULTS**

Our analysis of incontinence services provided by Ohio's Medicaid program over a four-year period (April 1997 through March 2001) determined that Ohio Medicaid.

- Expended \$44.5 million for incontinence supplies;
- Processed claims for 586,813 incontinence supplies,

Appendix 2, Table 13 contains a more detailed break out of incontinence statistics.

In addition, we determined that

- Just over 42 percent of incontinence expenditures (\$18.8 million of \$44.5 million) were for large, disposable garments (procedure code Y9131), the most expensive of the seven incontinence procedure codes.
- A large majority of adult incontinence supply recipients are women.
- The top 10 DME providers accounted for 49 percent of the \$44.5 million expended for incontinence supplies.
- About 45 percent of incontinence services and 44 percent of incontinence reimbursements are a result of participation in one of Ohio's four waiver programs.

We believe the following areas merit ODJFS' attention.

## **Medicaid Incontinence Fees Appear Higher Than Prevailing Fees**

To identify prevailing rates for incontinence supplies, we obtained detailed pricing data from manufacturers and wholesale distributors of incontinence supplies. We also gathered pricing information from major retail stores in central Ohio, DME suppliers on the internet and lastly, we gathered pricing information from Ohio peer states.

In general, Medicaid appears to reimburse providers an amount that is about 23 percent greater than what small quantities can be purchased for at local retail chain stores, 33 percent more than what wholesalers charge, and nearly 38 percent more than what peer states pay incontinent supply providers.

### **Wholesale Suppliers**

We obtained information from six of the nine wholesalers from a list of incontinence suppliers provided to us by the Ohio Association of Medical Equipment Suppliers (OAMES). We asked each provider for standard catalog wholesale prices without regard to discounts for volume, location, buying groups, etc. One of the companies contacted was a manufacturer of incontinence supplies that did not wholesale its products directly to DME providers. Two others did not furnish wholesale prices. Copies of the six price lists were reviewed to obtain the average price for each of the seven categories of incontinence supplies. See Table 1 for a summary of the price lists.

In cases where we were given a range of prices, the mean was used as the price in our calculation. If a wholesaler did not offer an item, the wholesaler was not included in the calculation of an average. We found that compared with wholesale prices, Ohio Medicaid is paying an average of 32.77% more for incontinence supplies as shown in Table 1.

**Table 1: Wholesale Pricing of Incontinence Supplies**

Supplier	Incontinence Item						
	Adult Large (Y9131)	Adult Small (Y9132)	Child (Y9133)	Pads/Liners (Y9136)	Child XL Youth (Y9138)	Adult Medium (Y9140)	Underpads (A4554)
<b>A</b>	\$0.45	\$0.36	n/a	\$0.34	n/a	\$0.41	\$0.39
<b>B</b>	\$0.56	\$0.40	n/a	n/a	n/a	\$0.42	\$0.20
<b>C</b>	\$0.60	\$0.32	\$0.32	\$0.15	\$0.57	\$0.49	\$0.18
<b>D</b>	\$0.48	\$0.39	\$0.37	\$0.22	\$0.27	\$0.36	\$0.23
<b>E (Brand 1)*</b>	\$0.68	\$0.49	\$0.45	\$0.21	n/a	\$0.57	\$0.62
<b>E (Brand 2)*</b>	\$0.53	\$0.38	\$0.33	\$0.21	\$0.33	\$0.41	\$0.45
<b>F</b>	n/a	n/a	n/a	\$0.23	n/a	n/a	\$0.25
<b>Average (Using Brand 1)</b>	\$0.56	\$0.39	\$0.38	\$0.23	\$0.42	\$0.45	\$0.31
<b>Average (Using Brand 2)</b>	\$0.52	\$0.37	\$0.34	\$0.23	\$0.39	\$0.42	\$0.28

\* Brand 1 represents this supplier's premium line; Brand 2 represents the same supplier's economy line.  
Source: FWAP survey of DME wholesale suppliers, October 2001.

### Local Retail Chains

We reviewed retail prices in the Central Ohio market during November, 2001. We recorded off the shelf prices of incontinence garments similar to those in the review. An observation made during the study was that child garments can widely vary depending on size and type. The results of our survey are shown in Table 2. Our study revealed that, compared with average retail prices in the Central Ohio area, Medicaid is paying 23.93% more for the same incontinence supplies.

**Table 2: Retail Prices in the Columbus, Ohio Market**

Ohio Code	Description	Big Bear	CVS	Kroger	Meijer	Rite Aid	Walgreen	Wal-Mart	Retail Avg.	Ohio Rates
Y9131	Adult Large	\$0.73	\$0.79	\$0.72	\$0.74	\$0.86	\$0.71	\$0.62	<b>\$0.74</b>	\$0.90
Y9132	Adult Small	\$0.83	\$0.78	\$0.73	\$0.60	\$0.58	\$0.65	\$0.58	<b>\$0.68</b>	\$0.69
Y9133	Child	\$0.34	\$0.37	\$0.24	\$0.20	\$0.41	\$0.00	\$0.14	<b>\$0.28</b>	\$0.45
Y9136	Pads/Liners	\$0.23	\$0.19	\$0.22	\$0.27	\$0.24	\$0.24	\$0.21	<b>\$0.23</b>	\$0.45
Y9138	Child XL	\$0.33	\$0.41	\$0.28	\$0.22	\$0.43	\$0.00	\$0.22	<b>\$0.31</b>	\$0.52
Y9140	Adult M.	\$0.65	\$0.63	\$0.66	\$0.61	\$0.73	\$0.60	\$0.53	<b>\$0.63</b>	\$0.80
A4554	Underpads	\$0.00	\$0.30	\$0.33	\$0.29	\$0.23	\$0.46	\$0.29	<b>\$0.32</b>	\$0.32

Source: FWAP survey of local area retailers, November, 2001.



### DME Providers on the Internet

We conducted a search on the internet to determine the average prices for DME providers which are not a part of the Medicaid system. Five providers who offered home delivery of incontinence supplies were selected at random, and an average of their retail prices was calculated. We found that compared with home delivery, Ohio is paying an average of 28.62% more for all incontinence supplies as shown in Table 3.

**Table 3: Incontinence Prices Charged by Internet DME Providers**

Ohio Code	Description	Bargain Babies	Magic Medical	Diaper-site	Health Pursuit CSC	Diapers America	Average Price	Ohio Rates
Y9131	Adult Large	\$0.40	\$0.54	\$0.74	\$0.74	\$0.69	\$0.62	\$0.90
Y9132	Adult Small	\$0.34	\$0.43	n/a	n/a	\$0.52	\$0.43	\$0.69
Y9133	Child	\$0.15	n/a	\$0.50	\$0.50	\$0.23	\$0.35	\$0.45
Y9136	Pads/Liners	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.45
Y9138	Child XL	\$0.16	n/a	\$0.57	\$0.57	n/a	\$0.43	\$0.52
Y9140	Adult Medium	\$0.30	\$0.43	\$0.55	\$0.55	\$0.52	\$0.47	\$0.80
A4554	Underpads	\$0.20	\$0.25	\$0.25	\$0.26	\$0.27	\$0.25	\$0.32

Source: FWAP survey of DME companies on the internet.

### Peer States

Ohio's Medicaid program currently uses a fee schedule to reimburse providers for incontinence supplies. Our review included a survey of Medicaid programs in fifteen states, including all states that would be considered peers of Ohio. We found that three states (Arkansas, Indiana and Kentucky) limit incontinence reimbursement on a monthly or annual basis. Three states, Alabama, North Carolina and West Virginia, use a form of flat fee reimbursement, and one state, Georgia, does not cover incontinence supplies. Two states (New York and Illinois) use a fee schedule available only to state approved providers. Table 4 compares rates of the six remaining peer states with Ohio's reimbursement schedule. We found that Ohio pays, on average, 37.89% more than other states for the same items.

**Table 4: Fee Schedules Used in Peer States**

Code	Description	IN	MI	MN	PA	WV	WI	Avg. Rate	Ohio Rates
Y9131	Adult Large	\$0.25	\$0.59	\$0.86	\$0.37	\$0.68	\$0.70	\$0.57	\$0.90
Y9132	Adult Small	\$0.25	\$0.50	\$0.55	\$0.19	\$0.68	\$0.49	\$0.44	\$0.69
Y9133	Child	\$0.25	\$0.33	n/a	n/a	n/a	\$0.32	\$0.30	\$0.45
Y9136	Pads/Liners	\$0.25	\$0.33	n/a	\$0.18	n/a	n/a	\$0.25	\$0.45
Y9138	Child XL	\$0.25	\$0.56	n/a	n/a	n/a	\$0.54	\$0.45	\$0.52
Y9140	Adult Medium	\$0.25	\$0.51	\$0.64	\$0.25	\$0.68	\$0.59	\$0.49	\$0.80
A4554	Underpads	\$0.25	\$0.26	n/a	\$0.26	\$0.32	\$0.25	\$0.27	\$0.32

Source: FWAP survey of state Medicaid programs peer to Ohio, 2001.

**Overall Price Comparisons**

Table 5 shows a comparison of areas that we reviewed, including a composite average of prices and the overall lowest prices for each item.

**Table 5: Incontinence Supply Price Comparisons**

Ohio Codes	Description	Ohio Rate	Average Wholesale	Average Retail	Average Internet	Average in Peer States	Composite Average Price	Lowest Price
Y9131	Adult Large	\$0.90	\$0.54	\$0.74	\$0.62	\$0.57	\$0.62	\$0.54
Y9132	Adult Small	\$0.69	\$0.38	\$0.68	\$0.43	\$0.44	\$0.48	\$0.38
Y9133	Child	\$0.45	\$0.36	\$0.28	\$0.35	\$0.30	\$0.32	\$0.28
Y9136	Pads/Liners	\$0.45	\$0.23	\$0.23	\$0.32	\$0.25	\$0.26	\$0.23
Y9138	Child XL	\$0.52	\$0.40	\$0.31	\$0.43	\$0.45	\$0.40	\$0.31
Y9140	Adult Medium	\$0.80	\$0.43	\$0.63	\$0.47	\$0.49	\$0.51	\$0.43
A4554	Underpads	\$0.32	\$0.32	\$0.32	\$0.25	\$0.27	\$0.29	\$0.25

Source: FWAP survey of OAMES suppliers, peer states, retail stores, and DME internet supplies.

Overall, the pricing information collected from all sources during this effort suggests that the ODJFS reimbursement rate exceeds comparable rates. In addition, we found evidence that the rates are potentially so lucrative that less credible providers may be attracted to the area. For example, we audited a provider who operated his business out of his home with little more than a cell phone. The provider has an agreement with an incontinence supplier who will direct ship DME supplies to the end customer. The provider was paying the supplier \$ .48 for each large adult garment ordered and ODJFS reimbursed the provider \$ .90 for each one sold. The provider makes a profit of \$ .42 for each garment sold which is fairly consistent with other pricing data we gathered. We further found that the provider has recently begun submitting claims to ODJFS in advance of delivering the garments to the Medicaid recipient. The latter is occurring supposedly in order to get Medicaid reimbursement in order to pay the supplier who now demands payment before they ship to the recipient.

While we took issue with several other aspects of this provider's billing practices, we believe the provider's situation reflects some changes that have reduced operating costs in the incontinent supply community since the last time ODJFS reviewed its rates. Some of these changes include:

- ✓ reduced need for warehouse or warehouse staff since manufacturers ship products directly to the recipient
- ✓ fewer support staff required due to improved technology in telecommunicating and computer equipment
- ✓ lower overhead since a reduced amount of square footage is required for business enterprise or it's even run as a home business

Incontinence supply providers are important to the Medicaid program and those providers have a right to expect reasonable payment for the valuable services they provide. However, the current Medicaid fee schedule requires Ohio to pay prices that are higher than wholesale and retail prices, and greater than other states' Medicaid reimbursement rates. Changing business environments and other factors may suggest a need for to reassess rates.

We formulated a potential set of new rates in order to more clearly demonstrate the potential savings from a more realistic yet conservative pricing model. We developed our model using the knowledge obtained from our price review, recognizing the need for providers to be adequately compensated for their services and with consideration of Medicaid being a volume procurer where overpaying a few cents per item can represent a substantial increase in cost to taxpayers. Although we believe ODJFS could reasonably chose a lower rate, we concluded that an adjusted reimbursement schedule with a modest 16.09% reduction, as show below in Table 6, would result in annual savings of over \$1.8 million.

**Table 6: Calculation of Potential Savings with an Adjusted Reimbursement Schedule**

Code	Current Rate	New Rate	Proposed Reduction	Percentage of Reduction	Units Reimbursed 4/1/97 to 3/31/01	Annualized Units Reimbursed	Annual Savings
Y9131	\$0.90	\$0.75	\$0.15	16.67%	22,032,901	5,508,225	\$826,233.79
Y9132	\$0.69	\$0.60	\$0.09	13.04%	6,279,853	1,569,963	\$141,296.69
Y9133	\$0.45	\$0.35	\$0.10	22.22%	2,604,516	651,129	\$65,112.90
Y9136	\$0.45	\$0.35	\$0.10	22.22%	11,350,563	2,837,641	\$283,764.08
Y9138	\$0.52	\$0.45	\$0.07	13.46%	5,125,515	1,281,379	\$89,696.51
Y9140	\$0.80	\$0.65	\$0.15	18.75%	8,220,359	2,055,090	\$308,263.46
A4554	\$0.32	\$0.30	\$0.02	6.25%	20,756,812	5,189,203	\$103,784.06
<b>Totals</b>				16.09%	76,370,519	19,092,630	\$1,818,151.49

Source: MMIS Claims Processing for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554).

## Dispensed Supplies Greater Than Maximum Allowed

Our analysis of claims data identified instances of incontinence supplies being dispensed in quantities greater than the maximum allowed amount. Per OAC 5101:3-10-03, the combined monthly allowable limit for disposable incontinence garments and pads/liners (Y9131, Y9132, Y9133, Y9136, Y9138, Y9140) is 300 units per month. Disposable under pads/chux (A4554) are limited to 300 units per two-month period.

In instances where quantities of disposable undergarments and pads/liners were dispensed in excess of the maximum allowed, those reimbursements primarily involved multiple providers, and included some recipients who received supplies from three to four providers each month. In one instance, a recipient received 14,536 units over 31 months from two providers, an average of almost 469 units per month.

For recipients receiving disposable under pads (chux), we identified instances where the two-month maximum was exceeded in one month. For example, one recipient received 390 units in May and another 540 units in June, which meant that the two-month maximum was exceeded by 630 units.

In all, we identified recipients who exceeded the monthly limit during our review period. About 30 percent of the units supplied to these recipients exceeded the monthly limit, representing overpayments of \$194,479.96. Table 7 provides additional details.

**Table 7: Reimbursements for Excess Incontinence Supplies**

Incontinence Item	Total Paid	Units of Service	Excess Units	Excess Paid
<b>Briefs</b>	\$629,454.75	962,897	283,097	\$185,063.16
<b>Underpads</b>	\$33,885.01	108,019	30,019	\$9,416.81
<b>Total</b>	<b>\$663,339.76</b>	<b>1,070,916</b>	<b>313,116</b>	<b>\$194,479.96</b>

Source: MMIS Claims Processing for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554)

## Inappropriate Diagnostic Codes

Pursuant to the OAC 5101:3-10-21, in order for a claim for incontinence supplies to be valid, a diagnosis must be identified on the prescription identifying the disease or disability that led to incontinence. Patients with a diagnosis of incontinence only or without a medical diagnosis are not eligible for Medicaid reimbursement.

The Ohio Medicaid Provider Handbook and the Ohio Administrative Code, Section 5101:3-1-195, (B) instructs providers to enter the ICD-9<sup>1</sup> in order to specify the diagnosis or nature of the injury of a patient as related the service provided when filing a claim for reimbursement. As a result, we believe the burden is on the provider to supply the correct code in order for its claim to qualify for reimbursement.

Overall, less than one third (28.7 percent) of line items in incontinence claims included a qualifying diagnosis code. Waiver claims tended to include a qualifying diagnosis more often than non waiver claims. As shown in Table 8, 37.6 percent (121,026 of 321,576 line items) of waiver claims correctly included a disease or disability diagnostic code other than incontinence, while only 17.9 percent (47,390 of 265,237 line items) of non-waiver claims included a correct diagnosis code. We also observed a difference between waiver and non-waiver claims in what caused a claim to be incorrect. Waiver claims were more likely to be missing a valid diagnosis code, while non-waiver claims were more likely to have an incorrect code. For example, one provider was reimbursed \$163,398.45 for incontinence supplies during our review period, and used diagnosis code 78830 (Urinary Incontinence) an invalid diagnoses... to justify 98% of those charges.

**Table 8: Comparison of Diagnostic Codes Used**

	Waiver Recipients		Non Waiver Recipients		Total	
	Line Items	Percent	Line Items	Percent	Services	Percent
<b>No Diagnostic Code</b>	<b>165,863</b>	<b>51.58%</b>	<b>34,080</b>	<b>12.85%</b>	<b>199,943</b>	<b>33.97%</b>
<b>Incontinence Diagnostic Codes</b>	<b>34,687</b>	<b>10.79%</b>	<b>183,767</b>	<b>69.28%</b>	<b>218,454</b>	<b>37.23%</b>
<b>Correct Disease or Disability Codes</b>	<b>121,026</b>	<b>37.64%</b>	<b>47,390</b>	<b>17.87%</b>	<b>168,416</b>	<b>28.70%</b>
<b>Totals</b>	<b>321,576</b>		<b>265,237</b>		<b>586,813</b>	<b>100%</b>

Source: MMIS Claims Processing for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554)

During our reviews of providers' documentation used to support incontinence claims, we looked at whether the documentation included a diagnosis that justified incontinence services. Our intent was to determine whether documentation maintained by providers might contain valid diagnoses, even if many claims did not. Although results varied by provider, documentation maintained by three providers generally lacked valid diagnoses. Table 9 summarizes our results.

<sup>1</sup> ICD-9 The International Classification of Diseases, 9<sup>th</sup> Revision- is a coding system used to specify a diagnosis or injury. It was designed to code and classify morbidity data from the inpatient and outpatient records, physician office and for the indexing of hospital records by disease and operations.

**Table 9: Summary of Primary Diagnostic Codes Stated on Provider Claims**

Provider	Claims Sampled	Claims Reviewed	Claims with Proper Primary Diagnosis	Percent of Claims Reviewed with Proper Diagnosis
Provider A	239	239	126	53%
Provider B	120	120	108	90%
Provider C	102	26	18	69%
Totals	461	385	252	65%

Source: AOS Provider audits, performed during November 2001 to January 2002. Audit Period April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554)

### Observations from Reviews of DME Provider Records

We conducted a review of patient file documentation kept by four DME providers who supply incontinence items. These reviews were done to determine whether the Provider's claims to Medicaid for reimbursement of incontinence services were in compliance with regulations and supported claims for payment. These compliance audits/review included on-site reviews of provider records used to support incontinence supply claims. Specifically, we tested for whether or not provider records contained

- ✓ a properly dated and signed prescription,
- ✓ a valid diagnosis that warranted incontinence supplies,
- ✓ evidence that consumers were routinely contacted to validate a need for supplies, and
- ✓ evidence that items claimed for reimbursement were actually supplied.

Overall, we believe that incontinence rules, which were last updated in September 1998, are clear and contain proper safeguards (with the exception of needing to include valid diagnostic codes on reimbursement claims). However, as discussed below, we noted several pockets of noncompliance that would benefit from additional educational guidance or audit coverage.

One of the providers was generally in compliance with Medicaid rules; while the other three providers were noncompliant in several areas. The most prevalent areas of noncompliance involved providers failing to (1) have valid physicians' prescriptions before providing incontinence supplies, (2) properly document customer requests for supplies, and (3) as noted above, include a diagnosis that qualified recipients for incontinence supplies.

Regarding issues involving prescriptions, we found that some provider patient files lacked prescriptions or Certificates of Medical Necessity (CMNs) to validate the medical necessity of incontinence supplies. We also found that supplies were being shipped prior to and after the valid date of existing CMNs and/or prescriptions.

In addition, we observed prescriptions from physicians that simply stated, "Incontinence Supplies" or Diapers PRN, and lacked diagnosis codes, specification of garment type, amount, refill requirements, and/or size needed for the client. For example, we found providers who included diaper wipes (billed as Y9139) on almost all customer orders. However, this appears to have been remedied by Medicaid Assistance Letter No. 392, which effective April 1, 2001 required prior authorization of supplies billed under procedure code Y9139.

Regarding issues involving customer requests, we found inconsistencies in procedures employed by providers to refill/ship customer supplies. We observed patient refill records that were incomplete or missing data required by Medicaid rules. For some providers, supplies were automatically shipped each month unless the customer contacted the company to change their order. We also observed instances where customers called in to the provider for extra supplies outside of what was prescribed on the original prescription or CMN, and the providers filled the request and billed Medicaid.

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**RECOMMENDATIONS**

Based on work on the Medicaid incontinent supply program, we believe the following policy and procedure changes will reduce program costs, enhance program effectiveness, and increase provider communications.

- ⇒ The ODJFS Office of Ohio Health Plans should consider reducing the current fee schedule for disposable incontinence supplies to more closely match industry and retail prices.
- ⇒ The ODJFS Office of Ohio Health Plans should modify Medicaid claims processing edits to reject claims for incontinence supplies that exceed monthly allowances. These edits should encompass claims submitted by different providers for the same recipient. To help improve the effectiveness of the edit, we also suggest that the rules concerning under pads (billed under procedure code A4554) be restated in monthly terms rather than the current two-month limitation.
- ⇒ ODJFS' Office of Ohio Health Plans should reinforce with providers the need to include a qualifying diagnostic code when submitting claims. In addition, OHP should screen claims for inappropriate diagnostic codes to encourage compliance with Medicaid rules and to prevent payment of inappropriate claims. Requiring diagnostic codes will help ensure that recipients are eligible for incontinence services.
- ⇒ Overall, we believe that incontinence rules, which were last updated in September 1998, are clear and contain proper safeguards (with the exception of needing to include valid diagnostic codes on reimbursement claims). However, as discussed above, we noted several pockets of noncompliance. Therefore, we are recommending that ODJFS' Office of Ohio Health Plans reinforce Medicaid incontinence rules through additional educational guidance to administrators and providers.

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## **APPENDIX 1 Incontinence Garments Rules**

In order for Medicaid to reimburse for incontinence garments and related supplies the following conditions of OAC 5101:3-10-21 Incontinence Garments and Related Supplies, effective date September 01, 1998, must be met,

- the Medicaid consumer is more than thirty-six months of age;
- the consumer is not a resident of a nursing facility or intermediate-care facility for the mentally retarded.
- incontinence is:
  - secondary to disease which results in irreversible loss of control of the urinary bladder and/or anal sphincter
  - secondary to injury of the brain or the spinal cord which results in irreversible loss of control of the urinary bladder and/or anal sphincter
  - attributed to developmental delay or developmental disability
- a prescription that is written, signed, and dated by the treating physician must be obtained at least every twelve months. The prescription must be obtained by the provider prior to the first date of service in the applicable twelve-month period and must specify:
  - the applicable diagnosis of the specific disease or injury causing the incontinence
  - developmental delay or disability, including applicable diagnoses
- type of incontinence
  - stress incontinence is considered a type of incontinence and does not meet the definition of disease or injury as specified by Medicaid rules
  - consumers with stress incontinence that is secondary to other disease or injury causing irreversible loss of control of the urinary bladder and/or anal sphincter may be eligible for incontinence garments and related supplies providing all requirements are met
- a prescription that only lists incontinence or incontinence supplies and does not specify the reason for the incontinence does not meet the requirement of Medicaid rules
- providers must ascertain from the consumer or the consumer's care giver on a monthly basis the required type and amount of incontinence garments and/or related supplies.
  - the providers must maintain on file written documentation of the required type and amount of incontinence garments and/or related supplies requested for each month. The documentation must include the date that the provider ascertained the required type and amount from the consumer or consumer's care giver. The date that the

provider ascertained the required type and amount must be prior to but not more than fourteen days prior to the date that the incontinence supplies are dispensed.

- the type and amount required may be ascertained verbally or in writing. For each month's worth of incontinence garments and supplies, the date of service entered on the Medicaid claim (dispensing date) should not be prior to the date that the provider ascertained the type and amount of incontinence supplies required for the month.
- documentation of the type and amount of incontinence garments and/or related supplies requested must include the first and last name of the provider's employee that took the request and the first and last name of the consumer, or consumer's care giver, making the request.
- documentation of the type and amount required must be obtained and on file prior to dispensing the incontinence garments and/or related supplies.

## APPENDIX 2

### Comparisons of Waiver and Non-waiver Incontinence Services

To gain a better understanding of waiver program operations and procedures, we interviewed waiver program administrators from ODJFS (Home Care), the Ohio Department of Aging (PASSPORT), and the Ohio Department Mental Retardation and Developmental Disabilities (Individual Options and Residential Facility). We also spoke with case/work managers with the Central Ohio Area on Aging, Franklin and Cuyahoga County MRDD, and ODJFS Waiver-Regions.

In addition, we analyzed claims history data for waiver and non-waiver program recipients for disposable incontinence garments, including: (1) the quantities and types of supplies used by both recipient types, (2) the diagnoses leading to the need for incontinence supplies, (3) demographics such as recipient locations and provider sources, and (4) other significant differences between the waiver and non-waiver populations. As shown in Table 10, Ohio Health Plans reimbursed providers \$44,539,801.61 for disposable incontinence supplies, with about 56 percent and 30 percent of the reimbursements being provided to non-waiver and PASSPORT recipients, respectively.

**Table 10: Incontinence Supplies and Reimbursements**  
**April 1, 1997 through March 31, 2001**

Type of Service	Allowed Charge	Percent of Total	Units Dispensed	Percent of Total
Fee for Service (non waiver)	\$24,859,836.54	55.81%	41,661,835	54.55%
Ohio Home Care	\$3,844,995.72	8.63%	7,072,850	9.26%
PASSPORT	\$13,161,833.99	29.55%	23,363,859	30.59%
Individual Options	\$2,221,174.80	4.99%	3,584,834	4.69%
Residential Facilities	\$451,960.56	1.02%	687,141	0.91%
<b>Totals</b>	<b>\$44,539,801.61</b>	<b>100.00%</b>	<b>76,370,519</b>	<b>100.00%</b>

Source: MMIS Claims History for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554).

Table 11 shows the number of recipients serviced by each waiver program.

**Table 11: Waiver Capacities for SFY 2001 and 2002**

Waiver Agencies	Administrating Agency	Available Slots	Waiting List
Ohio Home Care Waiver	ODJFS	8,208	4,000+
PASSPORT	ODA	24,488	0
Individual Options Waiver	MRDD	3,322	17,619
Residential Facility Waiver	MRDD	3,434	5,577

Source: Office of OHP-Fact Sheet HCBS April 2001 and AOS agency interviews. November 2001

Table 12 shows the number of services (line items) and number of items included in those services (units of service).

**Table 12: Breakout of Incontinence Supply Costs by Program, Unit and Line Items  
Audit Period April 1, 1997 to March 31, 2001**

	Allowed Charge	Units of Service	Line Items
PASSPORT	\$13,161,833.99	23,363,859	196,912
Individual Options Waiver	\$2,221,174.80	3,584,834	24,924
Residential Facility Waiver	\$451,960.56	687,141	5,290
Home Care Waiver	\$3,844,995.72	7,072,850.00	52,969
FFS Medicaid	\$24,859,836.54	41,661,835	306,718
<b>Totals</b>	<b>\$44,539,801.61</b>	<b>76,370,519</b>	<b>586,813</b>

Source: MMIS Claims Processing for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554)

Table 13 summarizes and compares waiver/FFS non-waiver program information.

**Table 13: SUMMARY OF WAIVER PROGRAM DATA**

		<u>Home Care</u>	<u>Passport</u>	<u>Individual Options</u>	<u>Residential Facility</u>	<u>FFS-Non-Waiver</u>
Administrating Agency		ODJFS	ODA	MRDD	MRDD	ODJFS
*Total Allowed Charges		\$584,579,898.08	\$605,204,322.41	\$457,340,148.32	\$335,637,917.03	\$6,251,501,612.01
* Incontinence Allowed Charges \$44,539,801.61		\$3,844,995.72	\$13,161,833.99	\$2,221,174.80	\$451,960.56	\$24,859,836.54
Average Recipient Age (Years)		33	78	26	47	44
<u>Recipient Geographic's</u>	#1	Cuyahoga	Cuyahoga	Franklin	Franklin	Cuyahoga
(Sorted by Units of Service)	#2	Franklin	Hamilton	Cuyahoga	Cuyahoga	Franklin
	#3	Summit	Summit	Summit	Hamilton	Hamilton
	#4	Montgomery	Franklin	Hamilton	Clermont	Summit
	#5	Hamilton	Lucas	Stark	Ross	Montgomery
<u>Provider-Location</u>	#1	Cuyahoga	Ashtabula	Cuyahoga	Hamilton	Cuyahoga
(Sorted by Units of Service)	#2	Franklin	Hamilton	Franklin	Putnam	Colorado
	#3	Summit	Colorado	Putnam	Franklin	Franklin
	#4	Putnam	Montgomery	Summit	Cuyahoga	Montgomery
	#5	Montgomery	Stark	Hamilton	Montgomery	Hamilton
<u>Primary Diagnosis</u>	#1	788.3-Incontinence of Urine	788.3-Incontinence of Urine	343.9-Infantile Cerebral Palsy, Unspecified	319-Mental Retardation, Unspecified	625.6-Stress Incontinence, Female
	#2	788.30-Urinary Incontinence, Unspecified	788.30-Urinary Incontinence, Unspecified	788.3-Incontinence of Urine	788.33-Mixed Incontinence (female)(male)	788.3-Incontinence of Urine
	#3	343.9-Infantile Cerebral Palsy, Unspecified	625.6-Stress Incontinence, Female	319-Mental Retardation, Unspecified	788.30-Urinary Incontinence, Unspecified	788.30-Urinary Incontinence, Unspecified
	#4	340-Multiple Sclerosis	436-CVA	788.30-Urinary Incontinence, Unspecified	788.3-Incontinence of Urine	343.9-Infantile Cerebral Palsy, Unspecified
	#5	625.6-Stress Incontinence, Female	428.0-Congestive Heart Failure	788.34-Incontinence without Sensory Awareness	343.9-Infantile Cerebral Palsy, Unspecified	788.34-Incontinence without Sensory Awareness
<u>Disposable Incontinence Items</u>		<u>Quantities</u>	<u>Quantities</u>	<u>Quantities</u>	<u>Quantities</u>	<u>Quantities</u>
Adult Large Size Garment	Y9131	1,433,713	7,626,404	816,260	279,827	11,876,697
Adult Small Size Garment	Y9132	664,555	745,031	542,555	25,983	4,301,729
Child Size Garment	Y9133	391,662	8,270	75,123	2,860	2,126,601
Pads/Liners	Y9136	632,242	4,409,082	258,809	50,548	5,999,882
Child XL Size Garment	Y9138	689,233	56,991	230,799	3,364	4,145,128
Adult Medium Garment	Y9140	791,282	2,099,277	781,388	139,266	4,409,146
Under pads (Chux) All Sizes	A4554	2,470,163	8,418,804	879,900	185,293	8,802,652

\* For 7 Specific Codes Only

Source: MMIS Claims Processing for April 1, 1997 - March 31, 2001 (Incontinence Codes Y9131, Y9132, Y9133, Y9136, Y9138, Y9140, A4554)

## **Ohio Home Care**

Home Care Waiver is Medicaid's integrated program, created by ODJFS, providing home care services for persons with disabilities. It was formed on July 1, 1998 by combining two programs: the Disability Waiver and the Medically Fragile Waiver (formerly the Ventilator Waiver). During the period under review, 0.66% of all reimbursements under this waiver program went for incontinence supplies. Since 1998, independent providers have been used to service Ohio Home Care recipients. Under the current rules, a provider can be either an agency or an individual approved by Medicaid.

During our review period, \$3,844,995.72 was paid for claims for incontinence supplies filed on behalf of participants in the Ohio Home Care waiver program. As of November 16, 2001 there were 8,208 slots available. We found that an additional 500 slots have been authorized verbally and will be available for individuals on a waiting list of over 4,000 when written approval is obtained from CMS.

OHC has four operational regional offices that administer the waiver program throughout all 88 counties. Case managers do not have a role in the ordering or reordering of incontinence supplies. After a physician's order is signed, a DME provider may act as an intermediary in the ordering of supplies.

## **PASSPORT**

Passport (Pre-Admission Screening System Providing Options and Resources Today) was created in 1984 to provide an alternative to nursing home placement by offering home care to recipients aged 60 and older.

During our review period, \$13,161,833.99 was paid for claims for incontinence supplies filed on behalf of participants in the PASSPORT program. In fiscal year 2001, there were 24,488 participants in the program.

We found that incontinence items represented 2.17% of total Passport reimbursements during our review period and that the average age of a Passport recipient is 78. Administrative processing is handled by 13 Passport Administrative Agencies throughout the state (eleven are non-profit groups and two are governmental agencies).

This program differs from other waiver services in its enrollment procedures. For persons seeking services offered by the Passport program, enrollment is done either by the typical Medicaid application procedure or what's called a "Presumptive Enrollment". Presumptive enrollment entails case managers from one of the thirteen Planning and Service Areas of the Ohio Department of Aging going to the homes of persons seeking service and completing the enrollment application. The application is then relayed to Medicaid for approval. Prior to the approval by Medicaid-ODJFS, the Department of Aging predetermines whether the application will be approved and initiates Passport services on that basis. Once Medicaid approves the application, services already received by the recipient are covered retroactively.

If the application is not approved Passport will enroll the recipient into another community service plan. Charges incurred by Passport not reimbursed by Medicaid, e.g. diaper wipes, are charged against Title III of the Older Americans Act of 1965. In this regard PASSPORT does not request prior authorizations from ODJFS. Several Titles of the Act provide for supportive in-home and community-based services. Title III supports a range of services including nutrition, transportation, senior center, health promotion, and homemaker services.

Incontinence supplies-are obtained by a client in two ways:

- the client goes to their physician, their condition is diagnosed, and a prescription is written for supplies.
- a client can call their case manager and let them know that they have a need for incontinence supplies. The case manager calls the physician and explains the need of supplies, a physician is then sent out to diagnosis the condition. Once the prescription is written it is relayed to the case manager, then on to the pharmacy of choice by the client. Once received, the pharmacy contacts the physician for verification of the diagnosis, and supplies needed.

Refills are processed in four ways by Passport:

- client calls the pharmacy/provider
- the client's caregiver or family member calls the pharmacy/provider
- the case manager receives a call from the client to call in a refill
- an arrangement is made with the pharmacy/provider to automatically ship out supplies to the client on a regular basis.

Case Managers can have caseloads of 40 to 60 clients which are categorized into three types;

- Intensive-The case manager performs all functions for the client.  
To include appointments, providers, and pharmacy (refills) contacts.
- Support- The case manager and the client work together.
- Consumer-The recipient works primarily on their own with little assistance from the case manager. The case manager still overviews the client's case.

We learned that the Department of Aging is working on a new waiver program called "Choices" that will be made up of 200 current Passport participants during the model waiver phase.

## **Individual Options Waiver**

The IO waiver provides residential support as an alternative to institutionalization in an ICF/MR. This program is administered by Ohio Department of Mental Retardation and Developmental Disabilities, which has delegated some administrative functions to county boards of MRDD. It offers adaptive and assistive equipment and environmental modifications, respite care, interpreter services, homemaker/personal care services, program specialist services, social work services, transportation and other services.

During our review period, \$2,221,174.80 was paid for claims for incontinence supplies filed on behalf of participants in the Individual Options waiver program. The program currently has 3,322 authorized slots, with 3,306 currently filled. Under IO, a slot created for one individual who leaves the program can't be filled with another recipient for at least 30 days. Although 500 additional slots were created in April, 2001, there are waiting lists for slots that are maintained by county agencies. At this time there are waiting lists in all 88 counties, ranging from a list of 4 in Monroe County to 2,243 in Cuyahoga County, for a total of 17,619 statewide.

We found that incontinence items represented 0.49% of total Individual Options reimbursements during our review period. A waiver manager expressed a concern over the quality of incontinence supplies provided to recipients. In an attempt to maximize profit margins, providers often supply the lowest quality items, which do a minimal job. It was suggested that specifications for minimum levels of quality be set that would be acceptable under Ohio's Medicaid program.

## **Residential Facilities Waiver**

This waiver program applies to those who were injured before turning 22 and who would otherwise require the services of an intermediate level of care facility for people with mental retardation. The recipient must live in a residential care facility that is licensed by MRDD. A 'Residential Care Facility' is a home that provides accommodations for unrelated individuals.

During our review period, \$451,960.56 (See Appendix 2) was paid for claims for incontinence supplies filed on behalf of participants in the Residential Facilities waiver program. There are currently 3,434 authorized RFW slots, with 3,001 filled. Waiting lists for this are maintained at the county level. At this time there are waiting lists in 66 of Ohio's 88 counties. There is a waiting list for those slots because at this time there are more slots than beds. Also, under this waiver program a slot for a recipient who leaves the program can never be duplicated. The level of care needed will be renewed annually. We found that incontinence items represented 0.13% of total Residential Facilities Waiver reimbursements during our review period.

Waiver managers told us that they would like to see coverage of wipes included under their waiver program. They made the case that this is a health issue in a group home situation where sharing of wash cloths, etc. could lead to cross contamination.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**REVIEW OF INCONTINENCE SUPPLIES PROVIDED THROUGH THE MEDICAID PROGRAM  
STATEWIDE**

**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  
AUGUST 29, 2002**