
**Auditor of State**
**Betty Montgomery**

# Ohio Medicaid Program

## *Audit of Medicaid Reimbursements Made to RSVP Home Care, Inc.*

*A Compliance Audit by the:*

**Fraud and Investigative Audit Group**
**Health Care and Contract Audit Section**

**Auditor of State**
**Betty Montgomery**

November 10, 2004

Tom Hayes, Director
Ohio Department of Job and Family Services
30 E. Broad Street, 32nd Floor
Columbus, OH 43266-0423

Re: RSVP Home Care, Inc. (Provider # 2163117)

Dear Director Hayes:

Attached is our report on Medicaid reimbursements made to RSVP Home Care, Inc. for the period January 1, 2001 through December 31, 2003. We identified $58,201.17 in findings that are repayable to the state of Ohio. Our work was performed in accordance with our interagency agreement to perform audits of Medicaid providers, and Section 117.10 of the Ohio Revised Code. The specific procedures employed during this audit are described in the scope and methodology section of this report.

We are issuing this report to the Ohio Department of Job and Family Services because, as the state agency charged with administering the Medicaid program in Ohio, it is the Department's responsibility to make any final determinations regarding recovery of the findings identified herein. We have advised RSVP Home Care, Inc. that if our findings are not repaid to ODJFS within 45 days of the date of this report, this matter can be referred to the Ohio Attorney General's office for collection in accordance with Section 131.02 of the Ohio Revised Code.

As a matter of courtesy, a copy of this report is being sent to RSVP Home Care, Inc., the Ohio Attorney General, and the Ohio State Medical Board. Copies are also available on the Auditor's web site (www.auditor.state.oh.us). If you have questions regarding our results, or if we can provide further assistance, please contact Cynthia Callender, Director of the Fraud and Investigative Audit Group, at (614) 466-4858.

Sincerely,

Betty Montgomery

Betty Montgomery
Auditor of State

c: RSVP Home Care, Inc.

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## ACRONYMS

| | |
|---|---|
| AMA | American Medical Association |
| CMS | Centers for Medicare & Medicaid Services |
| CPT | Current Procedural Terminology |
| DME | Durable Medical Equipment |
| HCPCS | Healthcare Common Procedural Coding System |
| LTCF | Long-Term Care Facility |
| MMIS | Medicaid Management Information System |
| ODJFS | Ohio Department of Job and Family Services |
| Ohio Adm.Code | Ohio Administrative Code |
| Ohio Rev.Code | Ohio Revised Code |
| OMPH | Ohio Medicaid Provider Handbook |

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## *SUMMARY OF RESULTS*

The Auditor of State performed an audit of RSVP Home Care, Inc. (hereafter called the Provider), Provider # 2163117, doing business at 4300 Boron Drive; Covington, KY 41015. We performed our audit at the request of the Ohio Department of Job and Family Services (ODJFS) in accordance with Section 117.10 of the Ohio Revised Code. As a result of this audit, we identified $58,201.17 in findings, based on reimbursements that did not meet the rules of the Ohio Medicaid Provider Handbook (OMPH) and the Ohio Administrative Code.

## *BACKGROUND*

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. Medicaid provides health coverage to families with low incomes, children, pregnant women, and people who are aged, blind, or who have disabilities. In Ohio, the Medicaid program is administered by ODJFS.

Hospitals, long term care facilities, managed care organizations, individual practitioners, laboratories, medical equipment suppliers, and others (all called "providers") render medical, dental, laboratory, and other services to Medicaid recipients. The rules and regulations that providers must follow are specified by ODJFS in the Ohio Administrative Code and the OMPH. The fundamental concept of 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 general principles regarding reimbursement for Medicaid covered services.[1] The Auditor of State, working with ODJFS, performs audits to assess Medicaid providers' compliance with reimbursement rules.

Durable medical equipment services are among the services reimbursed by the Medicaid program when delivered by eligible providers to eligible recipients. Durable medical equipment encompasses 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" [See Ohio Adm.Code 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.

Ohio Adm.Code 5101:3-1-17.2(D) states that providers are required: "To maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment based upon those records or until any audit initiated within the six year period is completed."

In addition, Ohio Adm.Code 5101:3-1-29(A) states in part: "…In all instances of fraud, waste, and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general."

[1] *See Ohio Adm.Code 5101:3-1-01 (A) and (A)(6)*

Ohio Adm.Code 5101:3-1-29(B)(2) states: " 'Waste and abuse' are defined as practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitute an overutilization of medicaid covered services and results in an unnecessary cost to the medicaid program."

## *PURPOSE, SCOPE, AND METHODOLOGY*

The purpose of this audit was to determine whether the Provider's claims to Medicaid for reimbursement of medical services were in compliance with regulations and, if warranted, calculate the amount of any recoverable overpayments. Within the Medicaid program, the Provider is listed as a supplier of medical equipment and supplies.

Following a letter of notification, we held an entrance conference at the Provider's place of business on May 4, 2004 to discuss the purpose and scope of our audit. The scope of our audit was limited to claims, not involving Medicare co-payments, for which the Provider rendered services to Medicaid patients and received payment during the period of January 1, 2001 through December 31, 2003. The Provider was reimbursed $3,233,562.85 for 35,506 services rendered on 7,462 recipient dates of service during the audit period. A recipient date of service is defined as all services received by a particular recipient on a specific date.

We used the Ohio Revised Code, the Ohio Administrative Code, and the OMPH as guidance in determining the extent of services and applicable reimbursement rates. We obtained the Provider's claims history from ODJFS' Medicaid Management Information System (MMIS), which lists services billed to and paid by the Medicaid program. This computerized claims data included but was not limited to: patient name, patient identification number, date of service, and service rendered. Services are billed using Healthcare Common Procedural Coding System (HCPCS) codes issued by the federal government through the Centers for Medicare & Medicaid Services (CMS).[2.]

Prior to beginning our field work, we performed a series of computerized analyses on the Provider's Medicaid payments to determine if reimbursements were made for potentially inappropriate services or service code combinations. These analyses included tests for:

- Services to deceased recipients for dates of service after the date of death.
- Potentially duplicate billed and paid services. (Defined as more than one bill for the same recipient, same date of service, same procedure, same procedure modifier, and same payment amount occurring on different claims.)
- Bills for non-covered services to recipients residing in nursing homes.

[2] *These codes have been adopted for use as the Health Insurance Portability and Accountability Act (HIPAA) transaction data set and are required to be used by states in administering Medicaid. There are three levels to the HCPCS. The first level is the five (5) digit Current Procedural Terminology (CPT) coding system for physician and non physician services promulgated by the American Medical Association. The second level entails alpha-numeric codes for physician and non physician services not included in the CPT codes and are maintained jointly by CMS and other medical and insurance carrier associations. The third level is made up of local level codes needed by contractors and state agencies in processing Medicare and Medicaid claims. Under HIPAA, the level three codes are being phased out but may have been in use during our audit period.*

- Bills for incontinence garment services to recipients less than 36 months of age.
- Supplies dispensed, billed, and paid in amounts greater than the Medicaid allowed maximum.

The tests for recipients less than 36 months of age and for supplies greater than the Medicaid maximum identified potentially inappropriate service code payments, but the other tests did not. When performing our audit field work, we reviewed the Provider's supporting documentation for the potentially inappropriate service code payments identified by our exception analyses.

To facilitate an accurate and timely audit of the Provider's remaining medical services, we divided the Provider's services into two subpopulations. The first subpopulation consisted of all 163 recipient dates of service (RDOS)[3], containing a total of 195 services, where oxygen services had been dispensed to Long-Term Care Facility patients. A complete census (100% review) was made of this subpopulation. The second subpopulation consisted of all other services where a potential exception had not been identified by our preliminary analyses. To reduce the costs of further record reviews, we employed a two-stage sampling approach to select records from this subpopulation. The first stage of the sample consisted of 77 randomly selected RDOS. After no errors were found in records from our first-stage sample, we opted not to proceed with the second-stage review, which involved 88 RDOS.

Our work was performed between February 2004 and June 2004.

## *RESULTS*

We identified $41,990.57 in findings from items billed in excess of the Medicaid allowed maximum and $16,210.60 in findings from undocumented or unallowable oxygen services. The bases for our results are discussed below.

### Supplies Dispensed Over the Medicaid Maximum

Ohio Adm.Code 5101:3-10-03 states:

> The "Medicaid Supply List" is a list of medical/surgical supplies, durable medical equipment, and supplier services, found in appendix A of this rule…
>
> ***

Appendix A stipulates the maximum number of items that Medicaid will allow and reimburse.

Our computer analysis identified 1,483 services, involving 18 codes or combination of codes (identified in Table 1), where the Provider appeared to have billed and was reimbursed for supplies over the allowed maximum. Upon further review of patient records, we accepted billings for two codes because of their medical necessity; however, a management recommendation regarding this situation is presented below. For the remaining 1,275 services,

[3] *A recipient date of service was defined as all services provided to a unique recipient on a specific date of service.*

we subtracted the maximum allowed Medicaid reimbursement from the amount billed by and paid to the Provider. The difference resulted in findings totaling $41,990.57.

**Table 1: Listing of Supplies Dispensed Over the Medicaid Maximum**

| HCPCS Code | Maximum Allowed Amount | Estimated Overpayment($) | Number of Exceptions |
|---|---|---|---|
| A4253 | 4 boxes of 50 per month | $50.00 | 1 exception |
| A4319 | 12 per month | $2,702.00 | 123 exceptions |
| A4324 | 60 per month | $910.45 | 9 exceptions |
| A4369 | 4 per month | $26.50 | 75 exceptions |
| A4402 | 8 per month | $120.90 | 68 exceptions |
| A4616 | 50 per 3 months | $4,476.35 | 264 exceptions |
| A4622** | 2 per month | $0.00 | None |
| A4627 | 1 per year | $92.00 | 4 exceptions |
| A6216, A6217, and A6402 | Combined max of $50.00 per month | $19,408.30 | 457 exceptions |
| A7000 | 3 per month | $127.50 | 17 exceptions |
| B4086 | 2 per month | $127.14 | 4 exceptions |
| B9002 | 1 per 8 years; rent to purchase | $2,795.00 | 38 exceptions |
| E0570 | 1 per 5 years | $399.00 | 3 exceptions |
| E0600 | 1 per 4 years; rent to purchase | $9,382.10 | 151 exceptions |
| E0776 | 1 per 8 years; rent to purchase | $450.00 | 22 exceptions |
| XX001 | 120 per month | $421.65 | 21 exceptions |
| Y2040** | 3 per year | $0.00 | None |
| A4526, A4530, A4534, and A4535 (diapers); A4554 (chux) | Diapers – 300 per month; Chux – 300 per 2 months; Disallow billings for recipients less than 36 months of age | $501.68 | 18 exceptions |
| ***Total*** | | ***$41,990.57*** | ***1,275*** |

Source of Medicaid Maximum Allowed: Ohio Adm.Code 5101: 3-10-03, Appendix A – Medicaid Supply List.

Source of Estimated overpayments and Exceptions: AOS analysis of the Provider's paid claims in MMIS and provider patient records for January 1, 2001 through December 31, 2003.

** See the following Management Recommendation.

**Maximum May be Exceeded with Prior Authorization**

During our review of the patient records relating to billings for "g-buttons" (A4622) and "trach tubes" (Y2040) over the Medicaid maximum, the Provider asserted that their client's health would have been endangered if the maximum had not been exceeded. We accepted this explanation and did not calculate an overpayment for these items. However, Medicaid rules cover situations such as this by allowing Providers to seek prior authorization for shipping items over the allowed maximum. Specifically, Ohio Adm.Code 5101: 3-1-31(F) states: "In situations

where the provider considers delay in providing items and/or services requiring prior authorization to be detrimental to the health of the consumer, the services may be rendered or item delivered and approval for reimbursement sought after the fact." Therefore, we are recommending that the Provider seek approval from Medicaid prior to filing similar claims for reimbursement in the future.

## Exceptions for Oxygen Services Provided to Long-Term Care Facility Patients

Our complete review of oxygen services dispensed to LTCF patients identified $16,210.60 in findings broken out as follows:

- $15,490.60 for inadequately documented oxygen concentrator services.
- $720.00 for erroneously charged portable oxygen contents.

### Undocumented Oxygen Concentrator Services

Ohio Adm.Code 5101:3-10-13(H) states in pertinent part:

> (1) All claims must show billed charges for one month's service…The amount of oxygen actually used each month (as determined from a meter reading or refill amount and delivery information) must be determined and documented by the provider prior to submitting the monthly claim for reimbursement. Documentation of the amount of oxygen used each month must be maintained in the provider's file.
>
> ***
>
> (3) Regardless of the delivery modality, I.E., gaseous system, liquid system, or concentrator, amounts less than seven hundred fifty cubic feet, or the equivalent, must be billed using the special codes established for that purpose and listed in Appendix A of rule 5101:3-10-03 of the Administrative Code.

We conducted a 100 percent review of 123 services and identified 101 services for oxygen concentrators where the Provider's documentation did not meet the requirements of Ohio Adm.Code 5101:3-10-13(H). We used the following logic to estimate the amount overpaid: 1) if patient charts lacked respiratory summary sheets, we took exception with the entire reimbursement because we could not verify that a service had been performed; 2) if we were able to verify that the Provider performed a service but unable to determine the amount of oxygen delivered because documentation lacked meter readings, we reduced the service to the lowest oxygen service level (Y2083) and considered the difference an overpayment; and 3) if meter readings were present but the Provider billed for more oxygen than supported by the meter readings, we reduced the allowable reimbursement to the supported amount. This resulted in $15,490.60 in findings.

**Unallowable Portable Oxygen Claims**

Ohio Adm.Code 5101:3-10-13(B) states:

> A portable oxygen system is covered if medically necessary as an adjunct to a stationary system which has been established as medically necessary. Additional criteria is as follows:
>
> ***
>
> (4) In a long term facility, rented oxygen systems are included in the cost report and are not separately billable. Purchased oxygen services will be denied as noncovered.
>
> ***

During our audit period, the Provider billed Medicaid for 72 oxygen services (CPT code Y2080) delivered by portable systems rented to residents of long term care facilities. In accordance with Ohio Adm.Code 5101:3-10-13(B)(4), the costs of these rented portable oxygen systems should have been billed to the long term care facility instead of directly to Medicaid, and included in the facility's cost report. Therefore, we took exception with the reimbursements for all 72 portable oxygen services, which resulted in $720.00 in findings.

## *PROVIDER'S RESPONSE*

To afford an opportunity to respond to our findings, we sent a draft report to the Provider on September 10, 2004. During an October 7, 2004 exit conference, the Provider stated that they agreed with our findings and planned to make restitution to the Ohio Department of Job and Family Services.

We also asked the Provider to prepare a corrective action plan addressing how the deficiencies identified in our report would be corrected. On October 13, 2004, we received a corrective action plan from the Provider to address recurrences of some of the exceptions noted in the report. We are referring the attached corrective action plan to ODJFS' Surveillance and Utilization Review Section for their review and follow up.

## APPENDIX I

### Summary of Findings
### RSVP Home Care, Inc.
### For the period January 1, 2001 to December 31, 2003

| Description | Audit Period January 1, 2001 to December 31, 2003 |
|---|---|
| Dispensed Supplies Greater than the Medicaid Maximum Allowed | $41,990.57 |
| Oxygen Services Dispensed to Long-Term Care Facility Patients:<br>• Undocumented Oxygen Concentrator Services<br>• Unallowable Portable Oxygen Claims | <br>$15,490.60<br>$720.00<br>$16,210.60 |
| **TOTAL** | **$58,201.17** |

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

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R.S.V.P.
HOME CARE INC.
RESPIRATORY SPECIALISTS

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COVINGTON, KY 41015
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RECEIVED
OCT 13 2004
BETTY MONTGOMERY
AUDITOR OF STATE

Auditor of State
Betty Montgomery
35 N. Fourth Street
First Floor
Columbus, Ohio 43215

Re: Medicaid Provider Audit (Provider # 2163117)

Dear Ms. Montgomery,

This letter is an acknowledgement of the $58,201.17 that the State of Ohio is requesting from RSVP Homecare Inc. After reviewing the summary of results our company will be paying the requested amount in full.

Since the original audit proceedings the following manual processes have now been identified as areas in which we should better utilize our computer system to ensure a better system of "checks and balances".

1. We have begun tracking all serialized inventory through our Mestamed software system.

2. We have assigned one person to be responsible for serialized inventory tracking. This process will ensure that the equipment is continually monitored from rental status through the purchase conversion.

3. Through the "special pricing" file in our computer system, we are able to add insurance parameters to control the types, and amounts of all supplies and equipment that may be dispensed to a patient under the Ohio Medicaid billing system. This special pricing file will not allow overages to occur, unless a prior authorization has been attached.

As stated above the procedures were previously done through manual processes, but we feel by maximizing all aspects of our computer system we can better track any overages that may be filed to Ohio Medicaid, or any insurance, & addressed in a more timely fashion.

Also, per the suggestion of Aric J Bizzarri, a representative of the Auditor of State, we have implemented the attached "LTCF Monthly Oxygen Log Report." This form will ensure that accurate billing for actual O2 usage in a LTCF is correctly submitted each month with the proper modifiers for accurate payment.

We feel that the implementation of the above procedures have addressed all items that were identified through the audit process. RSVP Homecare Inc. feels these corrective measures will bring us up to date with the Auditor of the States office. If any further information is needed please contact us at the number above.

Sincerely,

Michael Downing, R.R.T.
President

Auditor of State
Betty Montgomery

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**RSVP HOME CARE, INC.**

**COVINGTON, KENTUCKY**

**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**
**NOVEMBER 10, 2004**