



Dave Yost • Auditor of State



**N.P.L. HOMECARE, INC.  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## **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: N.P.L. Homecare, Inc.  
Ohio Medicaid # 0919224

We have examined N.P.L. Homecare, Inc.'s (the Provider's) compliance with specified Medicaid requirements for recipient evaluation, 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 separate 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 NPL Home Care, Inc. 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.

N.P.L. Homecare, Inc.  
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

November 21, 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, during the examination period, received a total reimbursement of \$3,474,416.61 for wheelchairs and accessories consisting of 5,969 services ("items"). 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. See Ohio Admin. Code § 5101:3-10-16.

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, and tires and other parts used to customize a wheelchair. The Provider was reimbursed \$3,195,068.72 for 5,462 custom wheelchair and wheelchair accessories rendered in 122 nursing facilities during the examination period.

### 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:

Center Ridge Nursing Home DBA O'Neill Healthcare North Ridgeville  
38642 Center Ridge Road  
North Ridgeville, Ohio 44039

The Good Shepherd  
622 Center Street  
Ashland, Ohio 44805

**Purpose, Scope, and Methodology (Continued)**

Westpark Neurology and Rehabilitation Center  
4401 West 150<sup>th</sup> Street  
Cleveland, Ohio 44135

We obtained the Provider's claims history from the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program. From the population of paid services, we first extracted all custom wheelchairs and accessories and from that subpopulation, we extracted all items provided to a recipient residing in a nursing facility. From this population we selected the five nursing facilities with the highest paid line amount and then haphazardly selected three of those five facilities to test. We selected all of the 595 items rendered to 36 unique recipients at the three selected facilities to test the Provider's compliance.

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 and any relationships between the evaluators and prescribers and the Provider. We also inspected the serial numbers on a number of the 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 36 custom wheelchairs and the additional 559 accessories billed with these wheelchairs (595 items in total) and found no errors.

**A. Provider Qualifications**

*Provider Registration*

According to Ohio Admin. Code § 5160-10-01, eligible providers of DME must have a valid provider agreement and have a licensure, registration or exemption from licensure 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 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 eight practitioners who performed evaluations and the 13 practitioners who signed the letters of medical necessity. Using the Ohio eLicense Center, we searched the three physical therapists, five occupational therapists and 13 physicians who evaluated recipients and/or prescribed custom wheelchairs and accessories. We found that all of the practitioners met the qualifications to evaluate and/or prescribe custom wheelchairs and accessories.

## **B. Service Authorization**

### *Letter of Medical Necessity*

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 Letter of Medical Necessity for Power Wheelchairs and/or Custom Wheelchair (LMN). 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 written evaluation must be maintained by the billing provider. See Ohio Admin. Code § 5160-10-16(F)

We obtained copies of the LMN for each selected recipient from the MITS web portal, the nursing facility and the Provider. From the LMNs obtained through the MITS web portal, we noted the name of the evaluator that performed the evaluation and the prescribing physician. We compared the LMNs obtained from MITS, the nursing facility and the Provider and noted they all appeared to be consistent.

We also compared the date the evaluator signed the LMN to the date the prior authorization was submitted to verify that the evaluation was not performed more than 90 days prior. We found no instances of the evaluations being completed beyond the 90 day period.

We found one instance in which the LMN was not dated by the evaluator. This evaluation was signed by the physician on the same the date the prior authorization request was submitted.

## **Recommendation**

The Provider should improve its internal controls to ensure the LMN is complete prior to submission for prior authorization. The Provider should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

## **C. 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 documented the date of the delivery of items on the delivery ticket as well as the date that the claim was submitted for payment. We tested that the date of the delivery was prior to the date of claim submission for each recipient. We found no instance where the claim was submitted for payment prior to the recipient receiving the items.

We 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.

#### **D. Independence**

##### *Evaluators*

According to Ohio Admin. Code § 5160-10-16(F)(1) and (G)(1), 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, Ohio Admin. Code § 5160-10-16(F)(5) states that 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 the evaluators and other staff to determine whether there were any apparent conflicts of interest or any perceived independence issues between the evaluators at the facility and the Provider.

##### *Center Ridge Nursing Home DBA O'Neill Healthcare North Ridgeville*

We interviewed the Administrator, Therapy Technician, Therapy Director and two physical therapists who completed the LMNs during the examination period. The interviewees explained the process for evaluating recipients for custom wheelchairs. The interviewees all denied ever being approached by a representative of the Provider requesting they sign an already completed LMN and having any ownership in the Provider. None of the individuals reported any awareness of anyone at the facility with a financial interest in the Provider.

We also conducted a telephone interview with the facility's Medical Director during which he indicated that he had no ownership in the DME Provider, was never given compensation in exchange for referrals and was not aware of any therapist approached by a representative of the Provider to sign an already completed LMN.

We found no apparent conflicts of interest or any perceived independence issues between personnel at the facility and the Provider.

##### *The Good Shepherd*

We interviewed two representatives from the company contracted to provide therapy services at this facility and a physical therapist who currently completes wheelchair evaluations. The interviewees explained the process for evaluating recipients for custom wheelchairs. All interviewees denied ever being approached by a representative of the Provider requesting they sign an already completed LMN. In addition, they indicated that outside of a working lunch, they had never received, and were not aware of, any compensation for referrals from the Provider. The current occupational therapist indicated that when she was new to her position, the Provider gave input and guidance on completing the appropriate forms but never completed any portion of the form. Finally, the interviewees all stated that they do not have any ownership in the Provider and were not aware of anyone at the facility with a financial interest in the Provider.

We also interviewed the Director of Nursing, Business Manager and Charge Nurse and each stated that they were unaware of any compensation for referrals, any employees of the facility having ownership interest involving the Provider or any other conflicts of interest.

#### **D. Independence (Continued)**

In addition, we conducted a telephone interview with the facility's Medical Director, Administrator and the physical therapist who completed the LMNs during our examination period. The interviewees indicated that they had no ownership in the Provider and were never given compensation in exchange for referrals. The physical therapist indicated that she was never approached by a representative of the Provider with an already completed LMN.

We found no apparent conflicts of interest or any perceived independence issues between personnel at the facility and the Provider. While it was noted that the Provider supplied working lunches and offered assistance to a new therapist in proper documentation practices, these instances did not result in non-compliance with the Medicaid rules.

##### *Westpark Neurology and Rehabilitation Center*

We interviewed the Rehabilitation Director, Director of Nursing, physical therapy assistant, occupational therapy assistant, occupational therapist and physical therapist that currently complete the letter of medical necessities. The interviewees explained the process for evaluating recipients for custom wheelchairs. All of the interviewees denied ever being approached by a representative of the Provider requesting they sign an already completed LMN or having any ownership in the Provider and were not aware of anyone at the facility with a financial interest in the Provider.

We also conducted a telephone interview with the facility's Medical Director during which he indicated that he had no ownership in the Provider, was never given compensation in exchange for referrals and was not aware of any therapist approached by a representative of the Provider to sign an already completed LMN. We also interviewed a State Tested Nursing Assistant who stated that she was not aware of any compensation for referrals or any employees having ownership in the Provider.

We found no apparent conflicts of interest or any perceived independence issues between personnel at the facility and the Provider.

##### *Provider*

We obtained a list from the Provider of staff employed at the beginning of 2014 and at the end of 2014. We compared these two lists to all of the evaluators, prescribers and other employees encountered at the three nursing facilities to ensure that there were no names which could potentially indicate a financial interest.

We found no instances of exact or similar names.

During the entrance conference we inquired with the Provider as to whether there were any procedures in place to ensure that the evaluators were independent. Although the Provider has no formal procedures in place it did indicate an awareness of the restrictive rules regarding referrals and independence with the nursing facilities, evaluators and prescribers. The Provider indicated that it does provide lunches when performing in-services at facilities.

The Provider signed a confirmation of independence attesting that it met the requirements of the independence standards set forth in the Medicaid rules.

#### **E. Wheelchair Inspections**

We inspected the custom wheelchairs of recipients who continue to reside at the facilities and any custom wheelchairs donated to the facility after the death of a recipient.

**E. Wheelchair Inspections (Continued)**

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.



# Dave Yost • Auditor of State

**NPL HOME CARE INC.**

**LORAIN 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  
DECEMBER 5, 2017**