



OHIO AUDITOR OF STATE
KEITH FABER



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

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

RE: Crosby's Drugs, Inc.
Ohio Medicaid Number: 1884420 National Provider Identifier: 1346237146

We were engaged to examine compliance with specified Medicaid requirements for proof of delivery and service authorization related to the provision of durable medical equipment (DME) during the period of January 1, 2019 through June 30, 2022 for Crosby's Drugs, Inc. for the following select payments:

- All instances in which supplies were delivered seven or more days after a recipient's date of death;
- All instances in which incontinence supplies were reimbursed for recipients under 36-months of age;
- All instances in which the same supply was reimbursed for the same recipient more than once in a month;
- All instances in which coverage limitations were exceeded during the examination period for an enclosed wheeled walker with a posterior seat;
- All instances in which Crosby's Drugs was reimbursed for the same recipient, supply and month as another provider;
- All instances in which the amount paid per supply was \$200 or more; and
- All incontinence supplies with the four highest paid procedure codes for five recipients.

Crosby's Drugs entered into an agreement with the Ohio Department of Medicaid (the Department) to provide services to Medicaid recipients and to adhere to the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules, including the duty to maintain all records necessary and in such form to fully disclose the extent of services provided and significant business transactions. Crosby's Drugs is responsible for its compliance with the specified requirements. The Compliance Section of this report identifies the specific requirements examined.

Internal Control over Compliance

Crosby's Drugs 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 Crosby's Drugs' internal control over compliance.

Basis for Disclaimer of Opinion

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from Crosby's Drugs confirming, to the best of their knowledge and belief, their representations made to us during the course of our compliance examination. We requested that Crosby's Drugs provide such a statement but Crosby's Drugs refused to do so.

Disclaimer of Opinion

Our responsibility is to express an opinion on Crosby's Drugs' compliance with select Medicaid requirements based on conducting the examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on Crosby's Drugs' compliance with the specified Medicaid requirements for the period of January 1, 2019 through June 30, 2022.

We identified improper Medicaid payments in the amount of \$9,335.63. This finding plus interest in the amount of \$1,241.38 (calculated as of April 22, 2024) totaling \$10,577.01 is due and payable to the Department upon its adoption and adjudication of this examination report. Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process per Ohio Admin. Code § 5160-1-27. If waste and abuse¹ are suspected or apparent, the Department and/or the Office of the Attorney General will take action to gain compliance and recoup inappropriate or excess payments per Ohio Admin. Code § 5160-1-29(B).

We are required to be independent of Crosby's Drugs and to meet our ethical responsibilities, in accordance with the ethical requirements established by the American Institute of Certified Public Accountants related to our compliance examination. This report is intended solely for the information and use of the Department and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

April 22, 2024

¹ "Waste and abuse" are 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 result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5160-1-29(A) and 42 CFR § 455.2.

COMPLIANCE SECTION

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 for the program are specified in the Ohio Administrative Code and the Ohio Revised Code. 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. See Ohio Admin. Code § 5160-1-17.2(D) and (E).

Crosby's Drugs is a Pharmacy (Type 70) provider located in Columbus, Ohio with a durable medical equipment & medical supplies taxonomy. Crosby's Drugs received payment of \$6.7 million including managed care and fee-for-service payments for 115,522 DME supplies² during the examination period.

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether Crosby's Drugs claims for payment 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 select payments for durable medical equipment as specified below for which Crosby's Drugs billed with dates of service from January 1, 2019 through June 30, 2022 and received payment.

We obtained Crosby's Drugs claims from the Medicaid database which contains services billed to and paid by Ohio's Medicaid program and by managed care entities (MCE) and verified that the services were paid to Crosby's Drugs' tax identification number. From this claims data, we removed denied services, services paid at zero, third-party payments and Medicare crossover claims. From the remaining total paid services population, we selected the following payments in this order:

- All instances in which supplies were delivered seven or more days after recipient's date of death (Supplies Delivered After Date of Death Exception Test);
- All instances in which incontinence supplies were reimbursed for recipients under 36-months of age (Incontinence Supplies to Recipients Under 36-Months Exception Test);
- All instances in which the same supply was reimbursed for the same recipient more than once in a month (Potential Duplicates Exception Test);
- All instances in which coverage limitations were exceeded during the examination period for an enclosed wheeled walker with posterior seat (Enclosed Wheeled Walker Exceeding Limitations Exception Test);
- All instances in which Crosby's Drugs was reimbursed for the same recipient, supply and month as another provider (Same Recipient, Supply and Month as Another Provider Exception Test);
- All instances in which the amount paid per supply was \$200 or more (Supplies with Paid Amount of \$200 or More Exception Test); and
- All incontinence supplies with the four highest procedure codes for five recipients (Top Four Incontinence Supply Codes for Five Recipients Test)

The exception tests and additional test are shown in **Table 1**.

² Payment data from the Medicaid Information Technology System (MITS).

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Table 1: Exception Tests and Additional Test	
Exception Tests	Selected Services
Supplies Delivered After Date of Death ¹	11 ⁷
Incontinence Supplies to Recipients Under 36-Months ²	24
Potential Duplicates ³	32
Enclosed Wheeled Walker Exceeding Limitations (procedure code E0144)	29
Same Recipient, Supply and Month as Another Provider ⁴	62
Supplies with Paid Amount of \$200 or More ⁵	15
Additional Test	
Top Four Incontinence Supply Codes for Five Recipients ⁶	447
Total	620

¹ Includes gloves, non-sterile, per 100 (procedure code A4927), food thickener, administered orally, per ounce (procedure code B4100), enteral formula, nutrition complete (procedure code B4154) and disposable under-pad, large (procedure code T4541)

² Includes adult sized disposable protect underwear, small (procedure code T4525), pediatric sized disposable brief/diaper, small/medium (procedure code T4529), pediatric sized disposable pull-on, small/medium (procedure code T4531), reusable protective under-pad, bed size each (procedure code T4537), reusable protective under-pad, chair size each (procedure code T4540) and disposable under-pad, large each (procedure code T4541)

³ Includes belt, strap, sleeve, garment, covering any type (procedure code A4467), gloves, non-sterile, per 100 (procedure code A4927), gauze, sterile, without adhesive border (procedure code A6402), compression stocking (procedure code A6530), enteral formula, nutrition complete intact nutrient (procedure code B4150), nebulizer with compressor (procedure code E0570), cervical flexible non-adjustable prefabrication (procedure code L0120), wrist hand orthosis, wrist extension control (procedure code L3908), adult sized disposable protective underwear-medium (procedure code T4526) and disposable under-pad- large (procedure code T4541)

⁴ Includes enteral formula, nutrition complete intact nutrient (procedure code B4150), enteral formula, nutrition complete calorie dense (procedure code B4152), enteral formula, nutrition complete (procedure code B4154), adult sized disposable brief/diaper, large (procedure code T4523), adult sized disposable protective underwear-medium (procedure code T4526), disposable liner/shield/guard/pad undergarment (procedure code T4535) and disposable under-pad, large (procedure code T4541)

⁵ Includes gradient compression stocking/sleeve (procedure code A6549), walker with trunk support (procedure code E0140), knee orthosis, adjustable positional, rigid support (procedure code L1832), knee orthosis, single upright with adjustment extension (procedure code L1843), knee orthosis single upright, thigh/calf adjustment extension (procedure code L1851), knee orthosis double upright thigh/calf adjustment extension (procedure code L1852) and Partial foot, shoe insert with longitudinal, toe filler (procedure code L5000)

⁶ Includes adult sized disposable protective underwear-medium (procedure code T4526), adult sized disposable protective underwear-large (procedure code T4527), adult sized disposable protective underwear-extra-large (procedure code T4528) and disposable under-pad, large each (procedure code T4541)

⁷ The test originally included 12 services but an MCE subsequently indicated that one of the claims was paid at zero so the number of selected services was 11.

A notification letter was sent to Crosby's Drugs setting forth the purpose and scope of the examination. During the entrance conference, Crosby's Drugs described its documentation practices and billing process. During fieldwork, we obtained an understanding of the electronic health record system used and reviewed service documentation. We sent preliminary results to Crosby's Drugs and it submitted additional documentation prior to the completion of our fieldwork.

Results

The summary results are shown in **Table 2**. While certain services had more than one error, only one finding was made per service. The non-compliance and basis for findings is discussed below in further detail.

Table 2: Results				
Universe	Services Examined	Non-compliant Services	Non-compliance Errors	Improper Payment
Exception Tests				
Supplies Delivered After Date of Death	11	11	20	\$390.12
Incontinence Supplies to Recipients Under 36-Months	24	12	13	\$455.40
Potential Duplicates	32	6	10	\$121.62
Enclosed Wheeled Walker Exceeding Limitations	29	11	19	\$1,192.50
Same Recipient, Supply and Month as Another Provider	62	8	8	\$845.90
Supplies with Paid Amount of \$200 or More	15	1	1	\$224.25
Top Four Incontinence Supply Codes for Five Recipients	447	60	75	\$6,105.84
Total	620	109	146	\$9,335.63

A. Provider Qualifications

Exclusion or Suspension List

Per Ohio Admin. Code § 5160-1-17.2(H), in signing the Medicaid provider agreement, a provider agrees that the individual practitioner or employee of the company is not currently subject to sanction under Medicare, Medicaid, or Title XX or is otherwise prohibited from providing services to Medicaid beneficiaries.

We compared identified administrative staff names to the Office of Inspector General exclusion database and the Department's exclusion/suspension list. We found no matches.

B. Service Documentation

Ohio Admin. Code § 5160-10-01 states acceptable proof of delivery for items delivered directly to a recipient includes the signature of the recipient or the recipient's authorized representative. For dates of service between June 12, 2020 and July 1, 2021 the signature requirement was waived during an emergency Medicaid rule suspension period (EMRSP). We verified with the three MCEs that they suspended the signature requirement during that same period.

We obtained the proof of delivery from Crosby's Drugs and compared it to the required elements.

B. Service Documentation (Continued)

Supplies Delivered After Date of Death Exception Test

The 11 claims examined contained five instances in which there was no proof of delivery to support reimbursement. These five errors are included in the improper payment amount of \$390.12.

Incontinence Supplies to Recipients Under 36-Months Exception Test

The 24 claims examined contained one instance in which there was no proof of delivery to support the reimbursement. This one error is included in an improper payment of \$455.40.

Potential Duplicates Exception Test

The 32 claims examined contained five instances in which there was no proof of delivery to support reimbursement. These five errors are included in the improper payment amount of \$121.62.

Enclosed Wheeled Walker Exceeding Limitations Exception Test

The 29 claims examined contained nine instances in which there was no proof of delivery to support the reimbursement. These nine errors are included in an improper payment of \$1,192.50.

Same Recipient, Supply and Month as Another Provider Exception Test

The 62 claims examined contained eight instances in which there was no proof of delivery to support the reimbursement. These eight errors resulted in the improper payment of \$845.90.

Supplies with Paid Amount of \$200 or More Exception Test

The 15 claims examined contained one instance in which there was no proof of delivery to support the reimbursement. This one error resulted in an improper payment of \$224.25.

Top Four Incontinence Supply Codes for Five Recipients Test

The 447 claims examined contained 60 instances in which there was no proof of delivery to support the reimbursement. These 60 errors are included in an improper payment of \$6,105.84.

Crosby's Drugs stated that at times the recipient would ask them to leave supplies and did not obtain signatures in these instances. Crosby's Drugs also disagreed that the requirement for signatures was waived only during the EMRSP.

Recommendation

Crosby's Drugs should develop and implement procedures to ensure that proof of delivery fully complies with requirements contained in the Ohio Medicaid rules. Crosby's Drugs should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

C. Authorization to Provide Supplies

A DME provider is required to maintain a completed and signed certificate of medical necessity (CMN) for each claim submitted for payment. A CMN is a written statement by a practitioner attesting that a particular item or service is medically necessary for an individual.

C. Authorization to Provide Supplies (Continued)

The CMN requirement was amended between June 12, 2020 and July 1, 2021 to allow attestation by a provider to establish medical necessity and the signature of the practitioner was optional due to the COVID-19 state of emergency. See Ohio Admin. Code § 5160-10-01.

We obtained CMNs from Crosby's Drugs to confirm that the CMN complied with the requirements effective on the date of service.

Supplies Delivered After Date of Death Exception Test

The 11 claims examined contained three instances in which there was no CMN/prescription to authorize the supply and one instance in which the CMN/prescription was not signed by a physician. These four errors are included in the improper payment amount of \$390.12.

Potential Duplicates Exception Test

The 32 claims examined contained four instances in which a CMN/prescription authorized one supply but two were reimbursed and one instance in which the CMN/prescription did not authorize the supply reimbursed. These five errors are included in the improper payment amount of \$121.62.

Enclosed Wheeled Walker Exceeding Limitations Exception Test

The 29 services examined contained three instances in which there was no CMN/prescription to authorize the supply. These three errors are included in an improper payment of \$1,192.50.

Top Four Incontinence Supply Codes for Five Recipients Test

The 447 services examined contained 15 instances in which there was no CMN/prescription to authorize the supply. These 15 errors are included in an improper payment of \$6,105.84.

The claims in the remaining tests included a signed CMN for all supplies.

Recommendation

Crosby's Drugs should develop and implement procedures to ensure that service authorizations are present and fully compliant with requirements contained in the Ohio Medicaid rules prior to billing. Crosby's Drugs should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

D. Medicaid Coverage

Requirements of Medicaid Provider Agreement

Per Ohio Admin. Code § 5160-1-17.2(A), by signing the Medicaid Provider Agreement the provider agrees to comply with the terms of the provider agreement, Revised Code, Administrative Code, and federal statutes and rules; and the provider certifies and agrees submit claims only for services performed.

D. Medicaid Coverage (Continued)

Supplies Delivered After Date of Death Exception Test

The 11 claims examined contained 11 instances in which the supply was delivered seven or more days after the recipient's date of death. These 11 errors are included in the improper payment amount of \$390.12.

Limitations

Incontinence Supplies to Recipients Under 36-Months Exception Test

Per the Appendix to Ohio Admin. Code § 5160-10-01 incontinence supplies are not reimbursable for children under 36-months of age.

The 24 claims examined contained 12 instances in which the recipient was under thirty-six months of age. These 12 errors are included in the improper payment of \$455.40.

Enclosed Wheeled Walker Exceeding Limitations Exception Test

Per the Appendix to Ohio Admin. Code § 5160-10-01 there is a coverage limitation for enclosed wheeled walkers with posterior seat walker of one purchase per five-years. We identified 14 recipients who received more than one enclosed wheeled with posterior seat walker during our examination period and requested prior authorization for the services over the coverage limitation.

The 15 walkers that exceeded the coverage limitation contained seven instances in which there was no prior authorization for the additional walker. These seven errors are included in the improper payment amount of \$1,192.50.

Recommendation

Crosby's Drugs should ensure that services billed to Medicaid are consistent with the benefits covered by the program and are consistent with limitations contained in the Ohio Admin. Code. Crosby's Drugs should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

Official Response

Crosby's Drugs declined to submit an official response to the results noted above.

OHIO AUDITOR OF STATE KEITH FABER



CROSBY'S DRUGS, INC.

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/18/2024

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This report is a matter of public record and is available online at
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