



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



Medicaid Contract Audit  
65 East State Street  
Columbus, Ohio 43215  
(614) 466-3340  
ContactMCA@ohioauditor.gov

## 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: DASCO

We examined 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, 2021 through December 31, 2022 for DASCO<sup>1</sup> for the following select payments:

- All instances in which rentals/supplies were billed more than 30 days after a recipient's date of death;
- All instances in which a recipient had more than 13 ventilator rental payments reimbursed in a calendar year;
- A random sample of oxygen concentrator rental payments and all instances of portable oxygen concentrator rental payments for the same recipient in the same month; and
- A random sample of heated humidifiers and all related supplies and additional humidifiers for the same recipient in the same month.

DASCO 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. DASCO is responsible for its compliance with the specified requirements. The Compliance Section of this report identifies the specific requirements examined. Our responsibility is to express an opinion on DASCO'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 (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether DASCO complied, in all material respects, with the specified requirements detailed in the Compliance Section. We are required to be independent of DASCO and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our compliance examination.

An examination involves performing procedures to obtain evidence about whether DASCO 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 modified opinion. Our examination does not provide a legal determination on DASCO's compliance with the specified requirements.

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<sup>1</sup> See DASCO's Medicaid Provider Numbers by Business Name in **Table 1** of the Compliance Section

***Internal Control over Compliance***

DASCO 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 DASCO's internal control over compliance.

***Basis for Qualified Opinion***

Our examination disclosed that, in a material number of instances, supplies/rentals were billed more than thirty days after a recipient's date of death and ventilator rentals exceeded limitations.

***Qualified Opinion on Compliance***

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, DASCO has complied, in all material respects, with the aforementioned requirements for the provision of durable medical equipment for the period of January 1, 2021 through December 31, 2022.

We identified improper Medicaid payments in the amount of \$22,590.93. This finding plus interest in the amount of \$1,357.31 (calculated as of July 24, 2024) totaling \$23,948.24 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 abuse<sup>2</sup> 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 in accordance with Ohio Admin. Code 5160-1-29(B).

This report is intended solely for the information and use of DASCO, 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

August 13, 2024

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<sup>2</sup> "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. See Ohio Admin. Code 5160-1-29(A).

**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 per Ohio Admin. Code 5160-1-17.2(D) and (E).

DASCO has one tax identification number for several businesses and has ten active Medicaid provider numbers. **Table 1** contains the provider's Medicaid provider numbers and National Provider Identifiers (NPI) by business name.

<b>Business Name</b>	<b>Provider Number</b>	<b>NPI Number</b>	<b>Status</b>
DASCO HME, LLC	0496739	1336897453	Active
DASCO HME, LLC	0473719	1053948679	Active
DASCO HME, LLC	0442774	1881291904	Active
DASCO HME, LLC	0404685	1982857637	Active
DASCO Home Medical Equipment	2919275	1144466467	Active
DASCO Home Medical Equipment	0172487	1740251628	Active
DASCO Home Medical Equipment, Inc	0159627	1396128484	Active
DASCO Home Medical Equipment, Inc	0172423	1689645558	Active
DASCO Home Medical Equipment, LLC	2341684	1275504946	Active
DASCO Home Medical Equipment, LLC	0353216	1316438849	Active

DASCO is a durable medical equipment supplier (Type 76) headquartered in Westerville, Ohio with 10 different locations in Ohio. DASCO received payment of \$10.5 million including managed care and fee-for-service payments for 190,617 DME supplies during the examination period<sup>3</sup>.

**Table 2** contains the supply/rental codes selected for this compliance examination.

<b>Procedure Code</b>	<b>Description</b>
A4604	Tubing with integrated heating element for use with positive airway pressure device
A7030	Full face mask used with positive airway pressure device, each
A7031	Face mask interface, replacement for full face mask, each
A7032	Cushion for use on nasal mask interface, replacement only, each
A7034	Nasal interface (mask or cannula type) used with positive airway pressure device, with or without head strap

<sup>3</sup> Payment data from the Medicaid Information Technology System.

DASCO  
 Franklin County  
 Independent Auditor's Report on  
 Compliance with Requirements of the Medicaid Program

<b>Table 2: Durable Medical Equipment</b>	
A7035	Headgear used with positive airway pressure device
A7036	Chinstrap used with positive airway pressure device
A7037	Tubing used with positive airway pressure device
A7038	Filter, disposable, used with positive airway pressure device
A7039	Filter, non-disposable, used with positive airway pressure device
E0431	Portable gaseous oxygen system, rental; includes portable container, regulator, flowmeter, humidifier, cannula or mask, and tubing
E0466	Home ventilator w non-invasive
E0470	Respiratory assist device, bi-level pressure capability, without backup rate feature, used with noninvasive interface, e.g., nasal, or facial mask
E0471	Respiratory assist device, bi-level pressure capability, without backup rate feature, used with noninvasive interface, e.g., nasal, or facial mask
E0562	Humidifier, heated, used with positive airway pressure device
E0600	Respiratory suction pump, home model, electric
E0601	Continuous airway pressure (CPAP) device
E1390	Oxygen concentrator, single delivery port
E1392	Portable oxygen concentrator
K0001	Standard wheelchair

Source: Appendix to Ohio Admin. Code 5160-10-01 and 5160-10-13

**Purpose, Scope, and Methodology**

The purpose of this examination was to determine whether DASCO 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 DASCO billed with dates of service from January 1, 2021 through December 31, 2022 and received payment.

We obtained DASCO 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 DASCO's 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/rentals billed more than 30 days after recipient's date of death (procedure codes E0431, E0466, E0600, E0601, E1390, K0001) in the (Supplies/Rentals After Date of Death Exception Test);
- All instances in which more than 13 ventilator rentals were reimbursed in a calendar year for the same recipient (procedure code E0466) (Ventilator Rentals Exceeding Limitations Exception Test);
- A sample of oxygen concentrator rental payments (procedure code E1390) (Oxygen Concentrator Rentals Sample) and portable oxygen concentrator rental payments (procedure code E1392) for the same recipient in the same month as sampled oxygen concentrator rental payments (Portable Oxygen Concentrator Rentals); and
- A sample of heated humidifiers (procedure code E0562) (Heated Humidifier Sample) and all related supplies and additional heated humidifiers (procedure codes A4604, A7030-A7032, A7034-A7039, E0431, E0470, E0471, E0562 and E0601) for the same recipient in the same month as the sampled heated humidifiers.

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

The exception tests and samples are shown in **Table 3**.

<b>Table 3: Exception Tests and Samples</b>			
<b>Universe</b>	<b>Population Size</b>	<b>Sample Size</b>	<b>Selected Services</b>
<b>Exception Tests</b>			
Supplies/Rentals After Date of Death			218
Ventilator Rentals Exceeding Limitations			17
<b>Samples</b>			
Oxygen Concentrator Rentals	18,823	85	85
Portable Oxygen Concentrator Rentals <sup>1</sup>			<u>3</u>
Total			88
Heated Humidifiers	1,011	79	79
Related Supplies and Additional Heated Humidifiers <sup>2</sup>			<u>339</u>
Total			418
<b>Total</b>			<b>741</b>

<sup>1</sup> for the same recipient in the same month as sampled oxygen concentrator rental payments

<sup>2</sup> for the same recipient in the same month as sampled heated humidifiers

A notification letter was sent to DASCO setting forth the purpose and scope of the examination. During the entrance conference, DASCO 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 DASCO and it submitted additional documentation prior to the completion of our fieldwork.

**Results**

The summary results are shown in **Table 4**. The non-compliance and basis for findings is discussed below in further detail.

<b>Table 4: Results</b>				
<b>Universe</b>	<b>Services Examined</b>	<b>Non-compliant Services</b>	<b>Non-compliance Errors</b>	<b>Improper Payment</b>
<b>Exception Tests</b>				
Supplies/Rentals After Date of Death	218	218	218	\$19,322.50
Ventilator Rentals Exceeding Limitations	17	5	5	\$2,925.00
<b>Samples</b>				
Oxygen Concentrator Rentals	85	0	0	\$0.00
Portable Oxygen Concentrator Rentals	<u>3</u>	<u>0</u>	<u>0</u>	<u>\$0.00</u>
Total	88	0	0	\$0.00
Heated Humidifiers	79	0	0	\$0.00
Related Supplies and Additional Heated Humidifiers	<u>339</u>	<u>6</u>	<u>6</u>	<u>\$343.43</u>
Total	418	6	6	\$343.43
<b>Total</b>	<b>741</b>	<b>229</b>	<b>229</b>	<b>\$22,590.93</b>

**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 obtained the proof of delivery from DASCO and compared it to the required elements.

*Supplies/Rentals After Date of Death Exception Test*

The 218 payments examined contained six instances in which proof of delivery was required to support the reimbursement. These six payments were supported by proof of delivery. The remaining 212 payments were monthly rental payments, so no proof of delivery was required.

*Heated Humidifiers Sample*

The 79 payments examined contained proof of delivery to support the reimbursements.

*Related Supplies and Additional Heated Humidifiers (for the same recipient in the same month as sampled heated humidifiers)*

The 339 payments examined contained 258 instances in which proof of delivery was required to support the reimbursement. We found two of the payments did not contain proof of delivery. These two errors are included in the improper payment amount of \$343.43.

The remaining 81 payments were for monthly rental payments so no proof of delivery was required.

**Recommendation**

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

**C. Authorization to Provide Supplies**

In accordance with Ohio Admin Code 5160-10-01, 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 per Ohio Admin. Code 5160-10-01.

We obtained CMNs from DASCO to confirm that the CMN complied with the requirements effective on the date of service.

*Supplies/Rentals After Date of Death Exception Test*

The 218 payments examined contained a CMN/prescription to authorize supply/rental.

*Ventilator Rentals Exceeding Limitations Exception Test*

The 17 payments examined contained a CMN/prescription to authorize the rental.

*Oxygen Concentrator Rentals Sample*

The 85 payments examined contained a CMN/prescription to authorize the rental.

*Portable Oxygen Concentrator Rentals (for the same recipient in the same month as sampled oxygen concentrator rental payments)*

The three portable oxygen concentrator rentals for the same recipient in the same month as sampled oxygen concentrator rental payments contained a CMN/prescription to authorize the rental.

*Heated Humidifier Sample*

The 79 payments examined contained a CMN/prescription to authorize the supply.

*Related Supplies and Additional Heated Humidifiers (for the same recipient in the same month as sampled heated humidifiers)*

The 339 payments examined contained a CMN/prescription to authorize the supply/rental.

**D. Medicaid Coverage**

*Supplies/Rentals After Date of Death Exception Test*

Ohio Admin. Code 5160-10-01 (C)(21) states that a provider is to confirm a recipient's current need before the next delivery.

All of the 218 payments examined were delivered and/or a rental payment billed more than 30 days after the recipient's date of death. These 218 errors resulted in the improper payment amount of \$19,322.50.

*Ventilator Rentals Exceeding Limitations Exception Test*

Per Ohio Admin. Code 5160-10-01 Appendix A, home ventilators are limited to one rental payment per month.

The 17 payments examined contained five instances in which two ventilator rentals were billed for the same recipient in the same month. These five errors resulted in the improper payment amount of \$2,925.00.

**D. Medicaid Coverage (Continued)**

*Related Supplies and Additional Heated Humidifiers (for the same recipient in the same month as sampled heated humidifiers)*

Per Ohio Admin. Code 5160-10-01 Appendix A, heated humidifiers are limited to one purchase per four years and CPAP devices are available by purchase or rental.

The 339 payments include one instance in which two heated humidifiers were billed in the same month and three instances in which there were two CPAP rentals for the same recipient in the same month.

These four errors are included in the improper payment amount of \$343.43.

**Recommendation**

DASCO should implement a process to ensure that services/rentals are not billed to after a recipient's date of death. In addition, DASCO should ensure services/rentals are within the limitations. DASCO should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

**Official Response**

DASCO indicated it currently has an automated process (not in place during the examination period) that pulls and stores proof of delivery for all shipments. In addition, DASCO indicated that it has an automated insurance eligibility check for all active rental patients and has created an order validation process to catch and prevent duplicate rental billings in the future.

**Auditor of State Conclusion**

DASCO described corrective actions it has taken, but it is beyond the scope of our examination to verify those statements and, accordingly, we express no opinion on the response.

# OHIO AUDITOR OF STATE KEITH FABER



**DASCO**

**DELAWARE 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 8/29/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

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[www.ohioauditor.gov](http://www.ohioauditor.gov)