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**PRIMESOURCE HEALTHCARE OF OHIO, INC.
BUFFALO GROVE, ILLINOIS**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO PODIATRY SERVICES

David Fleming, President & Chief Executive Officer
PrimeSource Healthcare of Ohio, Inc.
2100 East Lake Cook Road, Suite 1100
Buffalo Grove, Illinois 60089

RE: *Medicaid Provider Number 2734554*

Dear Mr. Fleming:

We have examined PrimeSource Healthcare of Ohio, Inc.'s (the Provider's) compliance with specified Medicaid requirements for provider qualifications and service documentation related to the provision of debridement and evaluation and management services provided at two facilities in Montgomery County during the period of January 1, 2009 to June 30, 2011. We confirmed that the services rendered were performed by a physician who had a license through the Ohio Medical Board that was active at the time of service. We tested documentation for 150 debridement and 172 evaluation and management services to verify that there was support for the date of service and that the documentation supported the type of service paid by Ohio Medicaid. In addition, we tested the service documentation to determine if it contained the required elements. The accompanying Compliance Examination Report identifies the specific requirements examined for compliance.

Provider's Responsibility

The Provider entered into an agreement with the Ohio Department of Medicaid to provide services to Medicaid recipients (the Provider Agreement). The Provider Agreement outlines the responsibility to adhere to the terms of the agreement, State statutes and rules, Federal statutes and rules, and the regulations and policies set forth in the Medicaid Handbook including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Therefore, the Provider is responsible for complying with the requirements and laws outlined by the Ohio Medicaid program.

Auditor's Responsibility

Our responsibility is to express an opinion and report on the Provider's compliance with the specified Medicaid requirements based on our examination. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code and conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Provider's compliance with those Medicaid requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. However, our examination does not provide a legal determination on the Provider's compliance with the specified Medicaid requirements.

Internal Control Over Compliance

The Provider is responsible for establishing and maintaining effective internal control over compliance with the specified Medicaid requirements referred to above. 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 complied, in all material respects, with the aforementioned requirements pertaining to provider qualifications and service documentation for services provided at the two Montgomery County facilities we examined for the period of January 1, 2009 through June 30, 2011. Our testing was limited to the specified Medicaid requirements detailed in the Compliance Examination Report. We did not test other requirements or other facilities and, accordingly, we do not express an opinion on the Provider's compliance with other requirements or at other facilities.

This report is intended solely for the information and use of the Ohio Department of Medicaid, the Medicaid Fraud Control Unit of the Ohio Attorney General's Office, the U.S. Department of Health and Human Services/Office of Inspector General, and other regulatory and oversight bodies and is not intended to be and should not be used by anyone other than these specified parties. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Sincerely,

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

December 16, 2013

Compliance Report for PrimeSource Healthcare of Ohio, Inc.

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. 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 patients. 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 diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services. See Ohio Admin. Code § 5160-1-01(A)

The Auditor of State performs examinations to assess provider compliance with Medicaid reimbursement rules to ensure that services billed to Ohio Medicaid are properly documented and consistent with standards for medical necessity. According to Ohio Admin. Code § 5160-1-17.2(D), 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 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(E)

The Provider's corporate office is located in Buffalo Grove, Illinois and it maintains a mailing address in Columbus, Ohio. The Provider is a professional medical group that furnishes audiology, dentistry, optometry and podiatry services to Ohio Medicaid recipients in long-term nursing facilities. The Provider's Medicaid provider numbers are 2719062, 2733019, 2734554 and 2758350 and, during the examination period, it rendered services in facilities located in 65 Ohio counties.

This examination was limited to Medicaid provider number 2734554 and podiatry services. This provider number became active in April, 2007. During the examination period, when Ohio Medicaid is the primary payer, the Provider received reimbursement of \$175,894.88 for 6,306 debridement services and \$269,803.32 for 7,289 evaluation and management services rendered in a nursing facility.

Podiatric physicians may perform covered services which consist of the medical, mechanical and surgical treatment of ailments of the foot, the muscles and tendons of the leg governing the foot, and superficial lesions of the hand other than those associated with trauma. The podiatric physician may also treat the local manifestation of systemic disease as they appear in the hand and foot. Ohio Admin. Code § 5160-7-02(A) A physician visit or an evaluation and management service is a face-to-face encounter by a physician with a patient for the purpose of medically evaluating or managing the patient. Ohio Admin. Code § 5160-4-06(A)(2)

Purpose, Scope, and Methodology

The purpose of this examination was to examine Medicaid reimbursements made to the Provider and determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the audit period and may be different from those currently in effect.

The scope of the engagement was limited to an examination of debridement and nursing facility evaluation and management services that the Provider rendered to Medicaid patients during the

period of January 1, 2009 through June 30, 2011. The scope was limited to services provided at two facilities located in Montgomery County.

We received the Provider's paid claims history from the Medicaid Management Information System database of services billed to and paid by Ohio's Medicaid program. We removed denied, third party, and Medicare cross-over claims. From the remaining population, we identified claims by Ohio County and judgmentally selected Montgomery County. From Montgomery County we selected the two facilities with the largest number of debridement and evaluation and management services rendered, Riverside Nursing & Rehabilitation Center and Forest View Care and Rehabilitation Center, and reviewed documentation for all such services rendered during our examination period at those two facilities. The Provider was reimbursed \$10,388.90 for the examined services at these two facilities. We also verified that the physician who rendered the services had a valid Ohio Medical license at the time of service delivery.

An engagement letter was sent to the Provider on May 2, 2013, setting forth the purpose and scope of the examination. An entrance conference was held with the Provider on May 30, 2013. During the entrance conference, the Provider described their documentation practices and their procedures for submitting billing to Ohio Medicaid program. Our fieldwork was performed during June and July, 2013. An exit conference was held with the Provider on January 9, 2014.

Results

A. Provider Qualifications

According to Ohio Admin. Code § 5101:3-3-19(G), podiatry services provided by a licensed podiatrists are reimbursable.

We verified through the Ohio e-License Center that all physicians who rendered podiatry services in our examination were licensed through the Ohio Medical Board and held a valid license during the examination period.

B. Service Documentation

Debridement Services

Ohio Admin. Code § 5101:3-7-03(C)(2) states that reimbursement of debridement of nails is limited to a maximum of one treatment within a 60-day period. Nail trimming, cutting or clipping of nails not associated with nail surgery are not covered, unless a systemic condition is present such as metabolic, neurologic, or peripheral vascular disease that may require scrupulous foot care by a professional an eligible prescriber. In addition, treatment of mycotic nails for an ambulatory and nonambulatory consumer are not covered unless the eligible prescriber attending the consumer's mycotic condition documents that there is clinical evidence of onychomycosis of the toenail and the consumer has mycosis/dystrophy of the toenail causing secondary infection and/or pain that results or would result in limitations of ambulation and require the professional skills of a podiatrist podiatric physician. See Ohio Admin. Code § 5101:3-7-04(B)(3)(6)(b)

We reviewed the supporting documentation for 150 debridement services to verify that the documentation included a systemic condition or clinical evidence of onychomycosis of the toenail. We found no exceptions.

Covered services for debridement are billed based on the number of nails treated; one to five or six to ten. We reviewed supporting documentation to determine if the correct code was billed based on the

number of nails treated. We also reviewed the documentation to verify that it supported the billed date of service. We found no exceptions.

Evaluation and Management Services

Podiatry services provided by a licensed podiatrist are limited to one visit per month for residents in a nursing facility setting. Ohio Admin, Code § 5101:3-3-19(G) Covered services for evaluation and management encounters are billed based on the complexity of the medical decision making component of the service rendered within a range of four billing codes. We noted that all services in our examination were billed in the middle two codes; neither the lowest or highest complexity codes were billed. We limited our examination to ensuring support was present for services rendered and, while we did gain an understanding of the Provider's coding process, we did not evaluate the accuracy of the billing code used.

We reviewed paid services for 172 evaluation and management services to confirm that the Provider did not bill in excess of the limits outlined in the Ohio Admin. Code. We also reviewed documentation to verify that it supported the date of service billed to and paid by Ohio Medicaid. We found no exceptions with the components of the service documentation examined.

Provider Response

A draft report was mailed to the Provider on December 16, 2013, and the Provider was afforded an opportunity to respond to this examination report. We did not receive a response from the Provider.

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PRIMESOURCE HEALTHCARE OF OHIO, INC.

FRANKLIN 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
JANUARY 23, 2014**