



OHIO AUDITOR OF STATE
KEITH FABER



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

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

RE: Pediatric Home Respiratory Services, LLC DBA Pediatric Home Service (formerly Central Ohio Specialty Care, LLC)
Ohio Medicaid Number: 0118529 National Provider Identifier: 1578999553

We examined compliance with specified Medicaid requirements for provider qualifications, service documentation and service authorization for select payments related to the provision of durable medical equipment (DME) supplies during the period of January 1, 2019 through December 31, 2021 for Pediatric Home Respiratory Services, LLC dba Pediatric Home Service (PHS) (formerly Central Ohio Specialty Care, LLC).

Central Ohio Specialty Care, LLC 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 so as to fully disclose the extent of services provided and significant business transactions. In April, 2021, Central Ohio Specialty Care, LLC and its parent company Advanced Medical Equipment, LLC were acquired by Pediatric Home Respiratory Services, LLC which does business as PHS. Management of PHS 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 PHS's compliance with the specified Medicaid requirements for the selected payments in 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 PHS complied, in all material respects, with the specified requirements referenced above. We are required to be independent of PHS 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 PHS 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 PHS's compliance with the specified requirements.

Internal Control over Compliance

PHS 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 PHS's internal control over compliance.

Basis for Qualified Opinion

Our examination disclosed that, in a material number of instances of payments for rentals of an enteral nutrition infusion pump (procedure code B9002) that exceeded six months, PHS did not maintain the required certificate of medical necessity (CMN) to authorize the payment.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, PHS has complied, in all material respects, with the select payments for DME supplies for the period of January 1, 2019 through December 31, 2021.

We identified improper Medicaid payments in the amount of \$3,733.14. This finding plus interest in the amount of \$367.05 (calculated as of August 18, 2023) totaling \$4,100.19 is due and payable to the Department upon its adoption and adjudication of this report. Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process. See Ohio Admin. Code § 5160-1-27.

This report is intended solely for the information and use of PHS, 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 18, 2023

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)

PHS is a DME supplier and received payment of approximately \$11.8 million for over 115,000 DME supplies¹ under the provider number examined. In April 2021, Central Ohio Specialty Care, LLC and its parent company Advanced Medical Equipment, LLC were acquired by Pediatric Home Respiratory Services, LLC. Pediatric Home Respiratory Services, LLC does business as Pediatric Home Service (PHS) which is headquartered in Roseville, Minnesota and has 24 locations in nine states, including four locations in Ohio. PHS indicated it reported this change in ownership to the Department; however, the Provider Network Management System did not reflect the updated information or the change in the business name as of the date of this report.

Purpose, Scope, and Methodology

The purpose of this engagement was to determine whether PHS's 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 payments for DME supplies as specified below for which PHS billed with dates of service from January 1, 2019 through December 31, 2021 and received payment. We obtained PHS's claims history from the Medicaid database of services billed to and paid by Ohio's Medicaid program. We removed all services paid at zero, third-party payments, Medicare crossover claims and managed care encounters². From the total paid fee-for-service population, we identified and selected the following payments:

- All instances in which the same recipient had DME supplies reimbursed by both fee-for-service and a managed care organization (MCO) on the same day (Recipients with Fee-For-Service and MCO Payments on Same Day Exception Test);
- All instances in which there were greater than six months of rental payments for an enteral nutrition infusion pump (procedure code B9002) for the same recipient (Recipients with Nutrition Pump Rentals for More than Six Months Exception Test);
- All instances in which more than one portable gas oxygen system (E0431 and K0738) was paid for the same recipient (Recipient with Multiple Portable Gas Oxygen Systems Exception Test);
- Select instances in which a home ventilator (E0465) was paid for the same recipient for more than one year (Recipients with a Home Ventilator More than One Year Exception Test; and

¹ Payment data from the Medicaid Information Technology System.

² With the exception of five services from one MCO which were also reimbursed by fee-for-service and were included in our testing.

Purpose, Scope, and Methodology (Continued)

- For the top 10 recipients in terms of dollars paid for incontinence garments, we selected three months of payments across the examination period (Top 10 Recipients with Incontinence Garments Exception Test).

The exception tests are shown in **Table 1**.

Table 1: Exception Tests	
Exception Tests	Selected Payments
Recipients with Fee-For-Service and MCO Payments on Same Day ¹	25
Recipients with Nutrition Pump Rentals for More than Six Months (B9002)	18
Recipient with Multiple Portable Gas Oxygen Systems (E0431 and K0738)	2
Recipients with a Home Ventilator for More than One Year (E0465)	246
Top 10 Recipients with Incontinence Garments ²	57
Total	348

¹ These payments include sterile water/saline (A4216 and A4217), irrigation syringe (A4322), waterproof tape (A4452), tracheal suction catheter (A4605), non-sterile gloves (A4927), foam dressing for wound cover (A6209), hydrocolloid dressing for wound cover (A6234), gauze (A6402), disposable canister (A7000), tubing used with suction pump (A7002), distilled water (A7018), disposable filter (A7038), tracheostomy/larygectomy tube (A7521), tracheostomy tube collar/holder (A7526), enteral feeding supply kit (B4035), nasogastric tubing (B4082), enteral formula (B4155 and B4161) and enteral supplies (B9998).

² These payments include adult sized disposable brief/diapers (T4521, T4522, T4523 and T4543), adult sized protective underwear/pull-on (T4526, T4528 and T4544), youth sized brief/diapers (T4533), disposable liner/shield/guard/pad/undergarments (T4535) and disposable underpads (T4541).

A notification letter was sent to PHS setting forth the purpose and scope of the examination. During the entrance conference, PHS described its documentation practices and billing process. During fieldwork, we obtained an understanding of the document and business management system used and reviewed service documentation. We sent preliminary results to PHS and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

Results

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

Table 2: Results				
Exception Tests	Payments Examined	Non-compliant Payments	Non-compliance Errors	Improper Payment
Recipients with Fee-For-Service and MCO Payments on Same Day	25	5	5	\$360.74
Recipients with Nutrition Pump Rentals for More than Six Months	18	6	8	\$407.40

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Table 2: Results				
Recipient with Multiple Portable Gas Oxygen Systems	2	1	1	\$40.00
Recipients with a Home Ventilator More than One Year	246	3	3	\$2,700.00
Top 10 Recipients with Incontinence Garments	57	3	3	\$225.00
Total	348	18	20	\$3,733.14

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 owners and administrative staff names to the Office of Inspector General's exclusion database and the Department's exclusion/suspension list and found no matches. In addition, we haphazardly selected two prescribing physicians and ensured the physician was licensed in Ohio and had an active Ohio Medicaid provider number.

B. Service Documentation

We tested compliance with Ohio Admin. Code § 5160-10-01 which requires a provider maintain documentation to support proof of delivery. In addition, "if a provider delivers directly to a recipient, proof of delivery must include signature of recipient or authorized representative...If a provider used a third-party shipper, acceptable proof of delivery includes the tracking slip or returned postage-paid delivery invoice." We obtained the proof of delivery from PHS and compared it to the required elements.

Per Ohio Admin. Code § 5160-1-17.2, by signing the provider agreement the provider certifies and agrees to submit claims only for services actually performed.

Recipients with Fee-For-Service and MCO Payments on Same Day Exception Test

The 25 payments consisted of two recipients in which DME supplies were reimbursed by both fee-for-service and an MCO on the same service date. For one recipient, we determined the recipient was not enrolled in managed care on the date of service and identified the one MCO payment as an improper payment. For the second recipient, we determined the recipient was enrolled in managed care on the date of service and we identified the four fee-for-service payments as improper payments. These five errors resulted in an overpayment amount of \$360.74.

Recipients with Nutrition Pump Rentals for More than Six Months Exception Test

According to Ohio Admin. Code § 5160-10-01, some covered DME items may be rented and then purchased. The monthly payment for the "rental/purchase" of a DME item is 10 percent of the Medicaid maximum specified for purchase. During a rental period and for ninety days afterward, all rental amounts paid apply toward purchase.

The 18 payments examined contained two monthly rental payments for one recipient that exceeded the maximum purchase amount. These two errors are included in the improper payment of \$407.40.

B. Service Documentation (Continued)

Recipient with Multiple Portable Gas Oxygen Systems Exception Test

The two payments examined consisted of one recipient in which two portable gas oxygen system rentals were billed in the same month. Guidance from the Center for Medicare & Medicaid Services in 2015 states, "...code K0738 describes a feature of an oxygen concentrator that allows the beneficiary to fill portable gaseous oxygen cylinders from a stationary concentrator. This feature may be integrated into the stationary concentrator or be a separate component. When code K0738 is billed, code E0431 must not be used." We identified an error for the payment billed with the code E0431 which resulted in an improper payment amount of \$40.00.

Recipients with a Home Ventilator More than One Year Exception Test

All 246 payments examined were supported by a proof of delivery.

Top 10 Recipients with Incontinence Garments Exception Test

All 57 payments examined were supported by a proof of delivery.

Recommendation

PHS should implement a quality review process to ensure that billing practices fully comply with requirements contained in the Ohio Medicaid rules. In addition, PHS should ensure that services billed to Medicaid are consistent with the benefits covered by the program. PHS should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

C. Service Authorization

A DME provider is required to maintain a completed and signed 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. 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 PHS to confirm that the CMN authorized the payment examined and was signed by the prescribing practitioner. We did not test CMNs for the recipients with fee-for-service and MCO payments on the same day.

Recipients with Nutrition Pump Rentals for More than Six Months Exception Test

The 18 payments examined contained six instances in which there was no CMN to authorize the nutrition pump.

Recipient with Multiple Portable Gas Oxygen Systems Exception Test

PHS maintained a signed CMN authorizing a portable gas oxygen system.

Recipients with a Home Ventilator More than One Year Exception Test

The 246 payments examined contained three instances in which there was no CMN to support the payment which resulted in an improper payment amount of \$2,700.00.

C. Service Authorization (Continued)

Top 10 Recipients with Incontinence Garments Exception Test

The 57 payments examined contained two instances in which there was no CMN to support the payment and one instance in which the CMN did not include the incontinence supply that was delivered. These three errors resulted in an improper payment amount of \$225.00.

Recommendation

PHS should develop and implement controls to ensure that all services billed are authorized by a signed CMN. PHS should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

Official Response

PHS declined to submit an official response to the results noted above.

OHIO AUDITOR OF STATE KEITH FABER



PEDIATRIC HOME RESPIRATORY SERVICES, LLC

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 9/26/2023

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