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

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

RE: Edwards Health Care Services, Inc.
Ohio Medicaid Number: 2054093 National Provider Identifier: 1255330825

We examined compliance with specified Medicaid requirements for proof of delivery and service authorization related to the provision of 60 external ambulatory infusion insulin pumps (E0784) (test one) during the period of January 1, 2019 through December 31, 2021 for Edwards Health Care Services, Inc. (Edwards). We also tested the following select payments:

- All instances, or 21 items, in which a recipient had more than two external transmitters for interstitial continuous glucose monitoring system (CGMS) (procedure code A9277) reimbursed in a calendar year (test two);
- All instances, or 11 items, in which the claims data indicated items[1] for the same recipient and service date were reimbursed by both fee-for-service (FFS) and a managed care organization (MCO) (test three);
- All instances, or 60 items, in which Edwards was reimbursed for the same recipient, procedure code[2] and month as another Medicaid provider (test four);
- All instances, or 116 items, in which a recipient received diabetic items[3] from Edwards in which the encounter data had no prescriptions reimbursed from any Medicaid provider (test five); and
- All instances, or 271 items, in which a recipient received diabetic items[4] from Edwards in which the encounter data had no diabetic prescriptions reimbursed from any Medicaid provider (test six).

[1] These items include infusion insulin pump, non-needle cannula (A4230), insulin pump, syringe with needle (A4232), disposable sensor for interstitial CGMS (A9276) and CGMS (K0553).
[2] These items include infusion insulin pump, non-needle cannula (A4230), insulin pump, syringe with needle (A4232), disposable sensor for interstitial CGMS (A9276), external transmitters for interstitial CGMS (A9277), receiver external interstitial CGMS (A9278) and electric breast pump (E0603).
[3] These items include external infusion insulin pump, syringe cartridge (A4225), infusion insulin pump, non-needle cannula (A4230), insulin pump, syringe with needle (A4232), disposable sensor for interstitial CGMS (A9276), external transmitters for interstitial CGMS (procedure code A9277) and receiver external interstitial CGMS (A9278).
[4] These items include skin barrier wipes (A5120), disposable sensor for interstitial CGMS (A9276), external transmitters for interstitial CGMS (A9277), receiver external interstitial CGMS (A9278), external ambulatory infusion pump, insulin (E0784).

Edwards 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. Management of Edwards is responsible for its compliance with the specified requirements. Our responsibility is to express an opinion on Edwards's compliance with the specified Medicaid requirements based on our examination.

Edwards is durable medical equipment (DME) (Type 76) supplier and is headquartered in Hudson, Ohio and has seven branches in the eastern United States. Edwards received payment of approximately $38.7 million including managed care and FFS payments for over 147,0DME supplies[5].

The purpose of this examination was to determine whether Edwards' claims for payment complied with the Ohio Medicaid regulations. 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.

Results

Ohio Admin. Code § 5160-1-17.2(H) specifies that 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 identified seven owners and administrators and compared their names to the Office of Inspector General exclusion database and the Department's exclusion/suspension list and found no matches.

We tested compliance with Ohio Admin. Code § 5160-10-01 which requires a provider to maintain documentation to support proof of delivery which must include the signature of the recipient or authorized representative if delivered directly to a recipient or the tracking slip if a third-party shipper delivers the supply. In test six, we found one disposable sensor that did not have proof of delivery. This error resulted in an improper payment amount of $390.00.

We also tested compliance with Ohio Admin. Code § 5160-10-01(D)(3) which states DME items require a prescription or certificate of medical necessity (CMN)[6]. All items examined contained the required prescription or CMN.

Per the Appendix to Ohio Admin. Code § 5160-10-01 there is a coverage limitation for external transmitters for interstitial CGMS of two purchases per calendar year. In test two, we identified one instance in which there was no prior authorization for an external transmitter beyond the limitation. This error resulted in an improper payment amount of $685.00.

In test three, we determined that the MCO previously recouped the duplicate claim or the duplicate claim was paid at zero.

In test four, we verified that Edwards had a CMN/prescription and delivery slip to support the items reimbursed. We did not obtain documentation from the second DME supplier to determine if it also had a CMN/prescription and delivery slip to support the items reimbursed. It is outside of the scope of this compliance examination to determine if the utilization of these items was appropriate.

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[5] Payment data from the Medicaid Information Technology System (MITS).
[6] 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.

In test five and six, except for one error for no delivery slip, we determined that Edwards had a CMN/prescription and delivery slip to support the items reimbursed. We did not perform additional testing to determine if the recipient received prescription medication or diabetic prescriptions that were not included in the encounter data submitted by the MCO.

Recommendation

Edwards should ensure it maintains all delivery tickets and obtains prior authorization for items over coverage limitations. Edwards should address the identified issues to ensure compliance with the Medicaid rules and avoid future findings.

We also recommend that the Department takes steps to determine if the other DME provider in test four had documentation to support the reimbursement and if the recipients in tests five and six received prescription medication that would support the necessity of diabetic supplies. The Department should take these steps to determine if items are within appropriate limitations and are medically necessary. We provided the Department with information regarding tests four, five and six under separate communication for these purposes.

Official Response

Edwards responded with its agreement of our results and outlined its corrective action steps including obtaining written verification of delivery when not provided by the carrier and continued use of edit features to avoid duplicate shipments. We did not examine Edwards' response and, accordingly, we express no opinion on it.

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 Edwards complied, in all material respects, with the specified requirements detailed in the Compliance Section. We are required to be independent of Edwards 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 Edwards 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 Edwards' compliance with the specified requirements.

Internal Control over Compliance

Edwards 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 Edwards' internal control over compliance.

Opinion on Compliance

In our opinion, Edwards has complied, in all material respects, with the aforementioned requirements of external ambulatory infusion insulin pumps for the period of January 1, 2019 through December 31, 2021. Our testing was limited to the specific requirements detailed above. We did not test other requirements and, accordingly, we do not express an opinion on Edwards' compliance with other requirements.

We identified improper Medicaid payments in the amount of $1,075.00. This finding plus interest in the amount of $48.07 (calculated as of January 2, 2024) totaling $1,123.07 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. *See* Ohio Admin. Code § 5160-1-27.

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

January 2, 2024

OHIO AUDITOR OF STATE
KEITH FABER

EDWARDS HEALTH CARE SERVICES, INC.

SUMMIT 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 2/13/2024

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