Dave Yost · Auditor of State

Ohio Medicaid Program

Audit of Medicaid Reimbursements Made to Lincare, Inc. – Licking County

A Compliance Audit by the:

Medicaid/Contract Audit Section

Dave Yost • Auditor of State

October 20, 2011

Ms. Jenna Pederson
Corporate Compliance Officer
Lincare, Inc.
19387 US 19N
Clearwater, FL 33764

Dear Ms. Pedersen:

Attached is our audit report on Medicaid reimbursements made to Lincare Inc., Medicaid provider number 2142050, for the period November 1, 2007 to October 29, 2009. Our audit was performed according to our authority in Ohio Rev. Code § 117.10 and our letter of arrangement with the Ohio Department of Job and Family Services (ODJFS). We identified $7,854.48 in findings for improper charges to Ohio Medicaid plus $971.83 in interest totaling $8,832.31 that is due and payable to ODJFS. The findings in the report are a result of non-compliance with Medicaid reimbursement rules published in the Ohio Administrative Code. After October 20, 2011, additional interest will accrue at $1.72 per day until repayment occurs. Interest is calculated pursuant to Ohio Admin. Code § 5101:3-1-25.

We are forwarding this report to ODJFS because it is the state agency charged with administering Ohio's Medicaid program. ODJFS is responsible for making a final determination regarding recovery of our findings and any accrued interest. However, if you agree with the findings contained herein, you may expedite repayment by contacting ODJFS' Office of Legal Services at (614) 466-4605.

Copies of this report are also being sent to 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 the Ohio Respiratory Care Board. In addition, copies are available on the Auditor of State website at www.auditor.state.oh.us.

88 E. Broad St. / Ninth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

Questions regarding this report should be directed to Charles Brown, III, Chief Auditor of the Medicaid/Contract Audit Section, at (614) 466-7894 or toll free at (800) 282-0370.

Sincerely,

Dave Yost,
Auditor of State

cc: Ms. Stacey Murphy, Region Reimbursement Manager, Lincare, Inc.
Ohio Department of Job and Family Services
Ohio Attorney General, Medicaid Fraud Control Unit
U. S. Department of Health and Human Services/Office of Inspector General
Ohio Respiratory Care Board

TABLE OF CONTENTS

ACRONYMS

AOS	Auditor of State
CMN	Certification of Medical Necessity
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
HCPCS	Healthcare Common Procedural Coding System
HIPAA	Health Insurance Portability and Accountability Act
MMIS	Medicaid Management Information System (Medstats)
ODJFS	Ohio Department of Job and Family Services
Ohio Admin. Code	Ohio Administrative Code
Ohio Rev. Code	Ohio Revised Code
PO2	Partial Pressure of Oxygen

This Page Intentionally Left Blank

SUMMARY OF RESULTS

The Auditor of State (AOS) performed an audit of Lincare Inc., provider number 2142050, doing business at 1949 Tamarack Rd., Newark, OH 43055 (Lincare or the Provider). The Provider's parent corporation is a national supplier of durable medical equipment with offices in cities all over the United States and throughout Ohio. The Provider was one of 34 separate Lincare, Inc. operations in Ohio during the audit period. Within the Medicaid program, the Provider is listed as a supplies and medical equipment provider.

We performed our audit of Medicaid reimbursements in accordance with Ohio Rev. Code § 117.10 and our letter of arrangement with the Ohio Department of Job and Family Services (ODJFS). As a result of this audit, we identified $7,854.48 in findings for improper charges, based on reimbursements that did not meet the rules of the Ohio Administrative Code in effect at the time the services were provided. Additionally, the AOS assessed accrued interest of $977.83 in accordance with Ohio Admin. Code § 5101:3-1-25 for a total finding of $8,832.31. The total amount of the findings is repayable to ODJFS as of the release of this audit report. Additional interest of $1.72 per day will accrue after October 20, 2011, until repayment.

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. In Ohio, the Medicaid program is administered by ODJFS.

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 recipients. The rules and regulations that providers must follow are specified by ODJFS in the Ohio Administrative Code and the Ohio Medicaid Provider Handbook. A 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 § 5101:3-1-01(A).

The Auditor of State performs audits to assess providers' compliance with reimbursement rules to ensure that services billed to Ohio Medicaid are properly documented and consistent with professional standards of care, medical necessity, and sound fiscal, business, or medical practices. According to Ohio Admin. Code § 5101:3-1-17.2(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 with the six year period is completed. When the AOS identifies fraud, waste or abuse by a provider in its audits[1], "any amount in excess of that legitimately due to the provider will be

[1] "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity;

recouped by ODJFS through its office of fiscal and monitoring services, the state auditor, or the office of the attorney general." Ohio Admin. Code § 5101:3-1-29(B).

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether the Provider's Medicaid claims for reimbursement of oxygen services were in compliance with regulations and if not, to identify findings of non-compliance.

The scope of the audit was limited to claims for which the Provider rendered services to Ohio Medicaid recipients during the period of November 1, 2007 through October 29, 2009 (excluding Medicaid co-payments for Medicare or third-party insurance claims; or claims containing services outside of the audit period). The Provider was reimbursed $150,385.81 for 1,282 services during the audit period.

A review of the Provider's paid claims history was obtained from ODJFS' Medicaid Management Information System (MMIS) database containing services billed to and paid by the Medicaid program. The claims data included: patient name, patient identification number, date of service, and reimbursement per service billed. Providers bill services to the Medicaid program using the Healthcare Common Procedural Coding System (HCPCS) codes issued by the federal government through the Centers for Medicare & Medicaid Services (CMS).

Our claims history analysis revealed that four service codes accounted for 85 percent of the Provider's reimbursement during the audit period for oxygen services: oxygen concentrator, single delivery port (HCPCS code E1390), stationary liquid oxygen, rental (HCPCS code E0439), portable gaseous oxygen (HCPCS code E0431), and portable liquid oxygen (HCPCS code E0434). Oxygen services require that a physician authorize or certify the need for a patient to receive oxygen services by means of a certificate of medical necessity (CMN). We identified for review all oxygen services by the Provider where a portable and a stationary service were billed for the same recipient in the same month of service. Consequently, we requested and reviewed all documentation from the Provider justifying the oxygen services.

We also performed a series of computerized tests on the Provider's Medicaid payment history to determine if reimbursements were made for potentially inappropriate services or service code combinations. These included tests for the following exceptions:

- Potentially duplicate payments for the same recipient on the same date of service for the same procedure codes and procedure code modifiers, and for the same dollar amount.
- Payments made for services to deceased patients for dates of service after the date of death.
- Medical supplies dispensed in excess of the Medicaid maximum amount for a specified time period (e.g. week, month, year).

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 § 5101:3-1-29(A)(2)

The exception test for duplicate payments was negative, but the other two identified potentially overpaid services. When performing our audit fieldwork, we reviewed all available documentation for claims identified by our exception testing.

Audit fieldwork was performed between November 2010 and May 2011.

RESULTS

We identified findings of $7,209.85 from our review of oxygen services where both portable and non portable services were provided to the same patient in the same month. In addition, our exception testing identified findings of $644.63. Together our findings totaled $7,854.48, the bases of which are discussed below.

A. Portable Oxygen Services Lacking Documentation of Need Furnished in Combination with Stationary Oxygen Services

Our review identified 442 paid services where the Provider supplied the patient with both a stationary and a portable oxygen concentrator in the same month. The Provider must supply the patient with the most cost effective system to meet the clinical need prescribed by the physician. In order to receive portable oxygen services, the patient must be mobile within the home and there must be documentation on file stating the need for the portable oxygen is to allow the patient to accomplish activities outside of the home such as work and school. *See* Ohio Admin. Code § 5101:3-10-13(D)

Of the 442 paid services reviewed, we identified 432 errors in the billing and documentation of portable and stationary oxygen services that resulted in the disallowance of Medicaid reimbursements. These errors were as follows:

- 221 portable oxygen services where the Provider did not have documentation to support the need for portable oxygen;
- 201 services where the Provider did not submit a valid delivery ticket to show that the portable oxygen was delivered;
- 5 portable oxygen services that were billed and paid using a Medicare CMN after November 2007; and
- 5 oxygen concentrator services that were billed and paid using a Medicare CMN after November 2007.

The reimbursement for those services with identified errors was disallowed. While certain services had more than one error, only one finding was made per service. A total of 226 services had their reimbursements disallowed for a combined finding of $7,209.85.

B. Dispensed Supplies Greater Than Medicaid Maximum Allowed

We compared 26 non-oxygen procedure medical supply codes billed by the Provider against the dispensing limits published in the "Medicaid Supply List" (Ohio Admin. Code § 5101:3-10-03, Appendix A). We determined that two procedure codes had been billed in excess of the Medicaid dispensing limits resulting in an overpayment of $423.54. Our results are summarized in the table below.

Procedure Code	Description	Max # of Units	Overbilled Units	Potential Recipients/Services Billed Over Maximum
A7030	Full Face Mask, Interface CPAP	1 per year	3	$339.54
A7032	Replacement Nasal Cushion	1 per month	2	$84.00
		Total:	5	$423.54

Source: ODJFS Appendix A (for years 2006-2009)

C. Services billed after the Date of Death

Our computer analysis also identified two oxygen services for one recipient which the Provider claimed to have provided and billed after the recipient's date of death. According to Ohio Admin. Code § 5101:3-1-17.2(A) the Provider certifies and agrees in the agreement to provide Medicaid services: "(A) To … submit claims only for service actually performed …."

Since providing oxygen services to a deceased recipient is not authorized, we disallowed the reimbursement to the Provider for the two services to the deceased recipient and made a finding totaling $221.09.

D. Summary of Findings

We found the Provider was overpaid by Ohio Medicaid for oxygen services between November 1, 2007 and October 29, 2009 in the amount of $7,854.48. This finding resulted from our tests of portable oxygen services billed in conjunction with stationary oxygen services; tests of medical supply codes billed in excess of the limits published in the "Medicaid Supply List"; and services billed to a deceased recipient after the date of death. This finding is due and payable to ODJFS, plus interest in the amount of $977.83, totaling $8,832.31. After October 20, 2011, additional interest will accrue at the rate of $1.72 per day until the entire finding and interest is paid.

PROVIDER'S RESPONSE

A draft report along with a detailed list of services for which AOS took findings was mailed to the Provider on September 21, 2011. The Provider was afforded an opportunity to respond to the report. We received no response from the Provider.

Dave Yost • Auditor of State

LINCARE, INC.

LICKING 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
OCTOBER 20, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us