STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

Review of Medicaid Provider Reimbursements Made to Broadfield Services

A Compliance Review by the

Fraud, Waste and Abuse
Prevention Division

August 2002 *AOS/FWAP-03-003C*

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Torild Barbins, President
Broadfield Services
7927 Middle Ridge Road
Madison, Ohio 44057

Re: Medicaid Review of Provider Number #0204175

Dear Mr. Barbins:

We have completed our review of selected medical services rendered to Medicaid recipients by Broadfield Services for the period January 1, 1998 through March 31, 2001. We identified findings in the amount of $199,735.20, which must be repaid to the Ohio Department of Job and Family Services. A "provider remittance form" is located at the back of this report for remitting payment. We also identified questioned costs of $52,578.84 for services that appear to have been billed in excess of Broadfield Services' usual and customary fee for oxygen services. We are recommending that ODJFS as the program administrator make the final determination on these questioned costs and pursue the appropriate recovery action.

Please be advised that in accordance with Ohio Revised Code Section 131.02, if payment is not made to the Ohio Department of Job and Family Services within 45 days of receipt of this report, this matter will be referred to the Ohio Attorney General's office for collection.

As a matter of courtesy, a copy of this report is being sent to the Ohio Department of Job and Family Services, the Ohio Attorney General, and the Ohio State Medical Board. If you have any questions, please feel free to contact Johnnie L. Butts, Jr., Chief, Fraud, Waste and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

JIM PETRO
AUDITOR OF STATE

August 15, 2002

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ABBREVIATIONS

CMS	Center for Medicare and Medicaid Services (formerly known as HCFA)
CPT	Physician's Current Procedural Terminology
DME	Durable Medical Equipment
FWAP	Fraud, Waste and Abuse Prevention (Division of)
HCFA	Health Care Financing Administration (now known as CMS)
HCPCS	HCFA Common Procedure Coding System
MMIS	Medicaid Management Information System
ODJFS	Ohio Department of Job and Family Services
OAC	Ohio Administrative Code
ORC	Ohio Revised Code
TCN	Transaction Control Number

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SUMMARY OF RESULTS

The Auditor of State performed a review of Broadfield Services, Provider #0204175, doing business at 7927 Middle Ridge Road, Madison, Ohio 44057. We identified findings amounting to $199,735.20. The findings are recoverable as they resulted from Medicaid claims submitted by Broadfield Services for services that did not meet reimbursement rules under the Ohio Durable Medical Equipment Manual and the Ohio Administrative Code (OAC). Additionally, we also identified questioned costs of $52,578.84 for services that appear to have been billed in excess of the Provider's usual and customary fee for oxygen services.

BACKGROUND

The Auditor of State, working in cooperation with the Ohio Department of Job and Family Services (ODJFS), performs reviews to assess Medicaid providers' compliance with federal and state claims reimbursement rules. A Provider renders medical, dental, laboratory, or other services to Medicaid recipients.

Medicaid was established in 1965 under the authority of Title XIX of the Social Security Act and is a federal/state financed program which provides assistance to low income persons, families with dependent children, the aged, the blind, and the disabled. ODJFS administers the Medicaid program. The rules and regulations that providers must follow are issued by ODJFS in the form of an Ohio Medicaid Provider Handbook.

ODJFS' Medicaid Provider Handbook, General Information, Section II, Subsection (B),Chapter 3334, (OAC Section 5101:3-1-01), states in part, "Medical necessity" is the fundamental concept underlying the Medicaid program. A physician must render or authorize medical services within the scope of their licensure and based on their professional judgement of those services needed by an individual. "Medically necessary services" are services which are necessary for the diagnosis or treatment of disease, illness, or injury and meet accepted standards of medical practice.

Durable medical equipment services are among the services reimbursed by the Medicaid program when delivered by eligible providers to eligible recipients. Durable medical equipment encompasses equipment which can stand repeated use and is primarily and customarily used to serve a medical purpose. Requirements for providers of durable medical equipment services are covered in ODJFS' Durable Medical Equipment Manual, which is a part of the Ohio Medicaid Provider Handbook. All durable medical equipment services that are reimbursed by Medicaid must be prescribed by a physician. For ongoing services or supplies, a new prescription must be obtained at least every twelve months. Providers must keep copies of prescriptions which include a diagnosis in their files.

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection (B), and OAC Section 5101:3-1-172,(E), providers are required to "Maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years form the date of receipt of payment or until any initiated audit is completed, whichever is longer."

In addition, rule 5101:3-1-29 (C) of the OAC states: "In all instances of fraud and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general.

"Abuse" is defined in rule 5101:3-1-29 (B) as "...those provider practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and result in an unnecessary cost to the medicaid program..."

PURPOSE SCOPE AND METHODOLOGY

The purpose of this review was to determine whether the Provider's claims to Medicaid for reimbursement of oxygen services were in compliance with regulations and to calculate the amount of any overpayment resulting from non-compliance.

We informed the Provider by letter they had been selected for a compliance review. An Entrance Conference was held on October 8, 2001, with Torild Barbins, President, and Melissa Howle, Office Manager.

We utilized ODJFS' Ohio Medicaid Provider Handbook and the OAC as guidance in determining the extent of services and applicable reimbursement rates. We obtained the Provider's claims history from ODJFS' Medicaid Management Information System (MMIS), which lists services billed to and paid by Medicaid. This computerized claims data includes patient name, place of service, date of service, and type of procedure/service. These healthcare procedures and services are codified using one or more of the following five digit coding systems:

- Current Procedural Terminology (CPT)[1],
- Center for Medicare and Medicaid Service's[2] (CMS) Common Procedural Coding System (HCPCS), and
- ODJFS' local level codes.

The scope of our review was limited to claims for which the Provider was paid by Medicaid during the period January 1, 1998 though March 31, 2001. We used computer programs to analyze the Provider's paid claims history for that audit period. We specifically looked for "duplicate" payments – payments made twice for the same service to the same recipient on the same day. We also checked for other types of overpayments, such as payments for services to recipients who were deceased at the time of service.

[1]The CPT is published by the American Medical Association (AMA) for the purpose of providing a uniform language to describe medical services.

[2]The Center for Medicare and Medicaid Services (formerly known as HCFA) has federal oversight of the Medicaid program.

In addition, we reviewed a statistically random sample of the Provider's records, which were used to support Medicaid oxygen service claims paid by ODJFS, exclusive of those identified as duplicate or pertaining to a deceased recipient. The sample comprised 138 recipient dates of service, which is generally a charge for one recipient for one month's oxygen service. We examined the amounts reimbursed by ODJFS and conducted an on-site review of oxygen service records.

For the January 1, 1998, through March 31, 2001, review period, the Provider was reimbursed $306,115.18 for 1,687 oxygen services, including $24,841.26 for the 138 service dates in our sample; $3,491.74 for the 9 service dates with duplicate services; and $1,607.04 for the 8 service dates with services charged to deceased recipients.

Work performed on this audit was performed between October 25, 2001 and May 31, 2002 in accordance with government auditing standards.

FINDINGS

Our sample analysis identified findings in two areas: Unsupported Level of Service for Oxygen and No Meter Readings. We also identified findings associated with Duplicate Payments and Deceased Recipients. The total findings for all four categories were $199,735.20. In addition, we identified Questioned Costs totaling $52,578.84 for services that appear to have been billed in excess of the Provider's usual and customary fee for oxygen services. We are recommending that ODJFS as the program administrator make the final determination on these questioned costs and pursue the appropriate recovery action. We are also recommending that the Provider adopt procedures to ensure that billings for oxygen services are based on actual usage, not meter flows ordered in doctors' prescriptions.

The basis for the findings and the number of instances found in our sample are summarized in Table 1.

Table 1: Missing and Invalid Services

Basis for Exceptions	Number of Occurrences from Sample of 138
Unsupported Level of Service	17
No Meter Readings	78
Total Exceptions	**95**

Source: AOS analysis of Provider's medical records

Unsupported Level of Service for Oxygen

According to the Ohio Administrative Code, Section 5101:3-10-13 (C)(2), states

> The oxygen provider must have on file, prior to submitting any claim for reimbursement, a prescription from a physician who has examined the patient and signed and dated the prescription within thirty days prior to or thirty days after the first date of service. The prescription, or certification of medical necessity, must specify:
> (a) Diagnosis;
> (b) Oxygen flow rate; and
> (c) Duration (hours per day); or
> (d) Indications for usage.

During our review of oxygen services, we found 17 service periods where the Provider billed for a higher level of oxygen service than could be supported by the Provider's documentation. In 5 service periods, the Provider billed for oxygen services when the nursing home flow sheets indicated that the recipient did not use any oxygen during the month.

No Meter Readings

According to the Ohio Administrative Code, Section 5101:3-10-13 (F)(1),

> All claims must show billed charges for one month's service. . . . For recipients receiving gaseous or liquid oxygen, documentation of the amount of oxygen actually used each month (as determined from a meter reading) must be maintained in the provider's file.

All oxygen services are billed in cubic feet according to the amount of oxygen used. Providers must use the meter reading in part of the calculation to determine the cubic feet of oxygen used for the month's services. Therefore, a meter reading is essential in determining the correct code to bill for oxygen services. During our review of the 138 service periods, we found that19 service periods did not have meter readings to verify the oxygen used. In order to verify the 19 service periods, we asked the provider to send in additional documentation to determine the oxygen usage billed and reimbursed.

The Provider submitted additional documentation to support the 19 service periods; however, the additional documentation received was summary documentation and not the original meter readings used to calculate the amount of oxygen used. Therefore, to verify the meter readings, we requested the originals for all of the 138 service periods in our sample.

In our second review of the Provider's original documentation for meter readings, we found that 78 service periods did not have a meter reading documented in the patient file for the service in

question. In 5 service periods, there were several weeks of meter readings that were not provided or the meter readings had large variations that prevented us from determining the actual hours used.

Total Projected Finding

We projected the 95 errors for no meter readings and unsupported levels of service across the total population of oxygen services paid to the provider during the review period. This resulted in a total projected finding of $197,517.38.

Finding for Duplicate Payments

Our computer analysis of all the Provider's paid claims identified 9 potentially duplicated service periods where the Provider billed and was reimbursed for the same service billed for the same recipient on the same day. We reviewed these 9 service periods in their entirety. This review resulted in a finding of $1,966.84. In addition, when we reviewed these service periods, we found 1 service period erroneously billed for Y2076 QE; that should have been billed as Y2083. This resulted in an overpayment of $72.42. Thus, the total finding for these 9 service periods was $2,039.26.[3]

Finding for Deceased Recipients

In our deceased recipient test, we found 8 service periods where the Provider had received reimbursements for deceased recipients. The Provider had already refunded the State for seven of these services through a review by the Department of Job and Family Services. Therefore, only one service period for $178.56 should be repaid.

Questioned Costs Regarding Usual and Customary Fee

In order to supply medical services to Medicaid recipients, providers sign a provider agreement. The Ohio Administrative Code § 5101:3-1-172 states, in part:

> A "Provider Agreement" is a contract between the Ohio department of job and family services and a provider of medical ASSISTANCE services in which the provider agrees to comply with the terms of the "Provider Agreement," state statutes and ODJFS Administrative Code rules, and federal statutes and rules, and agrees to:
>
> (B) Bill the Ohio department of job and family services for no more than the usual and customary fee charged other patients for the same service.

[3] Findings for duplicate payments and deceased recipients were excluded from the sampled oxygen population to prevent double counting of the projected finding amount.

In addition, the Ohio Administrative Code § 5101:3-10-13 (A)(6), Oxygen: covered services and limitations, states billed charges shall be the provider's ***usual and customary charge*** for the oxygen actually used by the recipient.

Upon review of 5 contracts that the Provider held with long term care facilities during our audit period, we found that the Provider charged $75.00 to all of the long term care facilities for the use of oxygen concentrators.

We are questioning $52,578.84 of Medicaid's costs for concentrator services because they appear to exceed the Provider's usual and customary charges. The Provider charged Medicaid $178.56 per concentrator per month of service 95 percent of the time, while the rate charged by the Provider to the nursing facilities was $75 per month. We calculated the difference between what was paid to the Provider by Medicaid and the rate charged by the Provider to long term care facilities for the period of January 1, 1998, to October 31, 1999, which amounted to $156,575.14 for 1,483 service periods. This calculation excluded payments made to deceased recipients and duplicated payments. However, this calculation did include service periods for which we had projected findings for unsupported levels of service and no meter readings. Therefore, we adjusted our questioned costs to exclude the amount associated with service periods already projected to contain payment error.

We did not gather detailed information on what services are required for non Medicaid oxygen concentrators. However, due to the large disparity of $105.58 per month/per concentrator between what the Provider charged Medicaid and what was charged for patients in a same setting, we question whether the amounts billed Medicaid were a "usual and customary" charge. Medicaid, like a nursing home, is a volume purchaser and should expect to benefit from reductions or discounting of fees and charges. Therefore, we are recommending that ODJFS as the program administrator make the final determination on whether these questioned costs are appropriate under Ohio Administrative Code § 5101:3-1-172 and Ohio Administrative Code § 5101:3-10-13 (A) (6) and pursue the appropriate recovery action.

Need to Follow Provider Handbook Rule For Billing Oxygen Usage

During the course of our review, and through conversations with the Provider, we determined that the practices the Provider used in billing for Medicaid services did not follow the regulations for oxygen billing as promulgated in the Ohio Administrative Code.

The Provider told us that they base their billing on the liter flow listed on their prescriptions. According to the Ohio Administrative Code § 5101:3-10-13 (A)(6), Oxygen: covered services and limitations, the "billed charges shall be the provider's usual and customary charge for the oxygen *actually used* by the recipient." [italics added] Therefore, the oxygen usage determines the billed amount for services, not a prescribed liter flow. The amount of oxygen actually used each month (as determined from a meter reading) must be determined and documented by the Provider prior to submitting the monthly claim for reimbursement. Documentation of the amount of oxygen used each month should be maintained in the Provider's file for the recipient.

Because we already identified findings for the Provider's failure to maintain oxygen meter readings, we did not identify additional findings for the Provider's practice of billing according to a prescribed oxygen flow rather than actual oxygen usage. However, we believe the practice of not gathering and billing for oxygen usage accounts for the high level of non-compliance found in our sample.

We recommend that the Provider begin measuring oxygen usage in accordance with Ohio Administrative Code § 5101:3-10-13 (A)(6) and § 5101:3-10-13 (F)(1).

PROVIDER'S RESPONSE

A draft report was mailed to the Provider on June 18, 2002, to afford them an opportunity to provide additional documentation or otherwise respond in writing. We subsequently contacted the Provider on July 10, 2002 to discuss our findings. On July 12, 2002, we received a response from the Provider disagreeing with the audit findings, but stating their intent to arrange repayment of the findings.

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APPENDIX I

Table 3: Summary of Record Analysis for Broadfield Services For the period January 1, 1998 to March 31, 2001

Description	Audit Period January 1, 1998 - March 31, 2001
Total Medicaid Oxygen Single Services Paid	**$302,623.44**
Number of Recipient Dates of Service	**1,678**
Type of Examination	**Statistical random sample of single oxygen services per day.**
Number of Recipient Dates of Service Sampled	**138**
Amount Paid for Services Sampled	**$24,841.26**
Projected Overpayment	**$197,517.38**
Upper Limit at 95% Confidence Level	**$219,513.18**
Lower Limit at 95% Confidence Level	**$175,521.58**
Projected Overpayment	**$197,517.38[a]**

[a] Total findings were $199,735.20 when findings of $2,039.26 for duplicate services and $178.56 for services to deceased recipients are included.

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PROVIDER REMITTANCE FORM

Make your check payable to the Treasurer of State of Ohio and mail check along with this completed form to:

Ohio Department of Job and Family Services
Post Office Box 182367
Columbus, Ohio 43218-2367

Provider:	Broadfield Services 7927 Middle Ridge Road Madison, Ohio 44057
Provider Number:	0204175
Review Period:	January 1, 1998 through March 31, 2001
AOS Finding Amount:	$199,735.20
Date Payment Mailed:	
Check Number:	

IMPORTANT: To ensure that our office properly credits your payment, please also fax a copy of this remittance form to: Charles T. Carle at (614) 728-7398.

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88 East Broad Street
P.O. Box 1140
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800-282-0370
Facsimile 614-466-4490

BROADFIELD SERVICES

LAKE 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
AUGUST 15, 2002