



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

*Review of Medicaid Provider Reimbursements Made to
Risch Home Health Care, Inc.*

A Compliance Review by the

**Fraud, Waste and Abuse
Prevention Division**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490
www.auditor.state.oh.us

Robert Bradford, President
Risch Home Health Care, Inc.
533 North Columbus Street
Lancaster, OH 43130

Re: Medicaid Review of Provider Number #0549295

Dear Mr. Bradford:

We have completed our review of selected medical services rendered to Medicaid recipients by Risch Home Health Care period January 1, 1997 through March 31, 2001. We identified findings in the amount of \$21,583.02 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.

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,

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 25, 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 Risch Home Health Care Inc., Provider #0549295, doing business at 533 North Columbus Street, Lancaster, Ohio. We identified findings in the amount of \$21,583.02. The cited funds are recoverable as they resulted from Medicaid claims submitted by Risch Home Health Care, Inc. for services that did not meet reimbursement rules under the Ohio Medicaid Durable Medical Equipment Manual and the Ohio Administrative Code (OAC).

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, 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 from 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 durable medical equipment 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 August 22, 2001 with Robert Bradford, President, Mark Witchey, Vice President, and Jennifer Strope, Reimbursement 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 Services² (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, 1997 through March 31, 2001. To facilitate an accurate and timely review of paid claims, four statistical random samples, comprising 200 transaction control numbers (TCNs), which is the identifier for a durable medical equipment service bill for one recipient, were taken. Each sample consisted of 50 claims and were separated into the following areas: wheelchairs, oxygen, incontinence, and "other" claims (claims without any of the previously mentioned items). These claims represented 445 durable medical equipment services.

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

²Formally known as HCFA has federal oversight of the Medicaid program.

For the January 1, 1997, through March 31, 2001, review period, the Provider was reimbursed \$3,187,103.60 for 35,055 Medicaid durable medical equipment services, including \$53,542.05 for the 445 services in our sample.

To review our sample claims, we examined the amounts reimbursed by ODJFS and conducted an on-site review of durable medical equipment records. The review involved comparing durable medical equipment records with the claims payment history from MMIS.

The sample results and confidence ranges calculated were done so by calculating the projected audit value of the amount that should have been paid and subtracting it from the book value (actual paid amount).

In addition to our review of the four samples, we performed a computer analysis of all payments to look for reimbursements made for services to deceased recipients and duplicate payments.

Our work was performed between August 2001 to May 2002 on this audit in accordance with government auditing standards.

FINDINGS

We did not identify any areas of noncompliance from our review of claims for wheelchair services, oxygen services and “other” services. However, from our review of the sample of incontinence services, we identified findings associated with three areas: Missing Prescriptions in Incontinence Claims, Names Not Listed with Consumer Requests for Incontinence Supplies and Duplicate Payments for Incontinence and Oxygen Services. The findings amounted to \$21,583.02 and are discussed in more detail below.

Missing Prescriptions in Incontinence Claims

Pursuant to the Ohio Administrative Code, Section 5101:3-10-05 (A),

For each claim for reimbursement, providers must keep in their files a legible written or typed prescription, including a diagnosis, signed and dated not more than sixty days prior to the first date of service by the recipient’s attending physician. For incontinence garments and related supplies, a legible written or typed physician prescription, signed and dated not more than thirty days prior to the first date of service must be maintained on file by the provider; prescriptions for incontinence garments and related supplies must include all information required in accordance with rule 5101:3-10-21 of the Administrative Code [emphasis added]. For medical supplies only, other than incontinence and related supplies, an oral prescription with all the required information recorded in writing by the provider will suffice. . . .

The above applies to those claims for reimbursement starting on September 1, 1998. Before this time, the section not in italics applied for all prescriptions. Therefore, we reviewed the Provider’s

selected incontinence records for prescriptions based on the date of service. During the review, we found 2 TCNs, comprising 12 services, where the Provider had no evidence of a verbal or written prescription prior to September 1, 1998. As the Provider must maintain evidence of a written or oral prescription for these supplies and did not, the above claims were not eligible for reimbursement.

Names Not Listed with Consumer Requests for Incontinence Supplies

According to the Ohio Administrative Code, Section 5101:3-10-21 (D)(3),

(D) Providers must ascertain from the consumer or consumer's caregiver on a monthly basis the required type and amount of incontinence garments and/or related supplies.

(3) Documentation of the type and amount of incontinence garments and/or related supplies requested must include the first and last name of the provider's employee that took the request and the first and last name of the consumer, or consumer's caregiver, making the request.

As this rule applies only to dates of services after September 1, 1998, we reviewed documents after September 1, 1998 for documentation that the Provider ascertained the amount of the supplies and the employee(s) who documented the requests. During the review of the incontinence sample, we found 6 TCNs, involving 11 services, where the Provider had a request for incontinence supplies but the employees' and consumers' names were missing. As the Provider cannot receive reimbursement without the employees' and consumers' names, these claims were not eligible for reimbursement.

Projected Findings for Incontinence Services

We projected the error rate for the 8 TCNs with missing documentation across the total population of incontinence services. This resulted in a projected overpayment of \$107,709.86, with a 95 percent certainty that the actual finding fell within a range of \$195,140.05 to \$20,279.67. Because this range is larger than we require when projecting a sample result, we are making a finding for \$20,279.67 -- the lower amount in our range. We believe that using the lower amount is conservative because we can state with 97.5 percent certainty that the actual finding would have been at least this amount had we reviewed all of the Provider's claims for the audit period.

Duplicate Payments

According to the Ohio Medicaid Provider Handbook, Chapter 3334, Section V, Subsection B(6) (OAC Section 5101:3-1-198), overpayments, duplicate payments or payments for services not rendered are recoverable by the department at the time of discovery.

We reviewed the Provider's data for the period of January 1, 1997 through March 31, 2001, to

determine if the Provider received two reimbursements for the same recipient on the same date of service for the same billed procedure. We identified \$39,473.69 in potential duplicate payments, comprising 715 services, for incontinence and oxygen services. We then sent a sample of these payments to the Provider to request supporting documentation for the reimbursement claims. After making the appropriate adjustments for supporting documents supplied by the Provider, we found duplicate payments totaling \$1,303.35 and comprising 8 services.

PROVIDER'S RESPONSE

A draft report was mailed to the Provider on May 3, 2002, to afford them an opportunity to provide additional documentation or otherwise respond in writing. In response, the Provider submitted some additional documentation for our consideration on May 16, 2002. We amended our results as the documentation warranted.

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APPENDIX I

**Table 1: Summary of Record Analysis of Risch Home Health Care, Inc.
For the period January 1, 1997 to March 31, 2001**

Description	Audit Period January 1, 1997 - March 31, 2001
Total Medicaid DME Services Paid	\$3,187,103.60
Number of DME Services	35,055
Type of Examination	Four Statistical Random Samples of 50 TCNs each
Number of DME Services Sampled	445
Amount Paid for Services Sampled	\$53,542.05
Incontinence Sample	
Projected Finding From the Incontinence Sample	\$107,709.86
Upper Limit at 95% Confidence Level	\$195,140.05
Lower Limit at 95% Confidence Level	\$20,279.67* *used as finding
Upper Limit Population Projection	\$645,303.76
Lower Limit Population Projection	\$470,443.38
% Precision at 95% Confidence Level	15.67%

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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: Risch Home Health Care, Incorporated
533 North Columbus Street
Lancaster, Ohio 43130

Provider Number: 0549295

Review Period: January 1, 1997 through March 31, 2001

AOS Finding Amount: \$21,583.02

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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Columbus, Ohio 43216-1140
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Facsimile 614-466-4490

RISCH HOME HEALTH CARE

FAIRFIELD 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
JUNE 25, 2002**