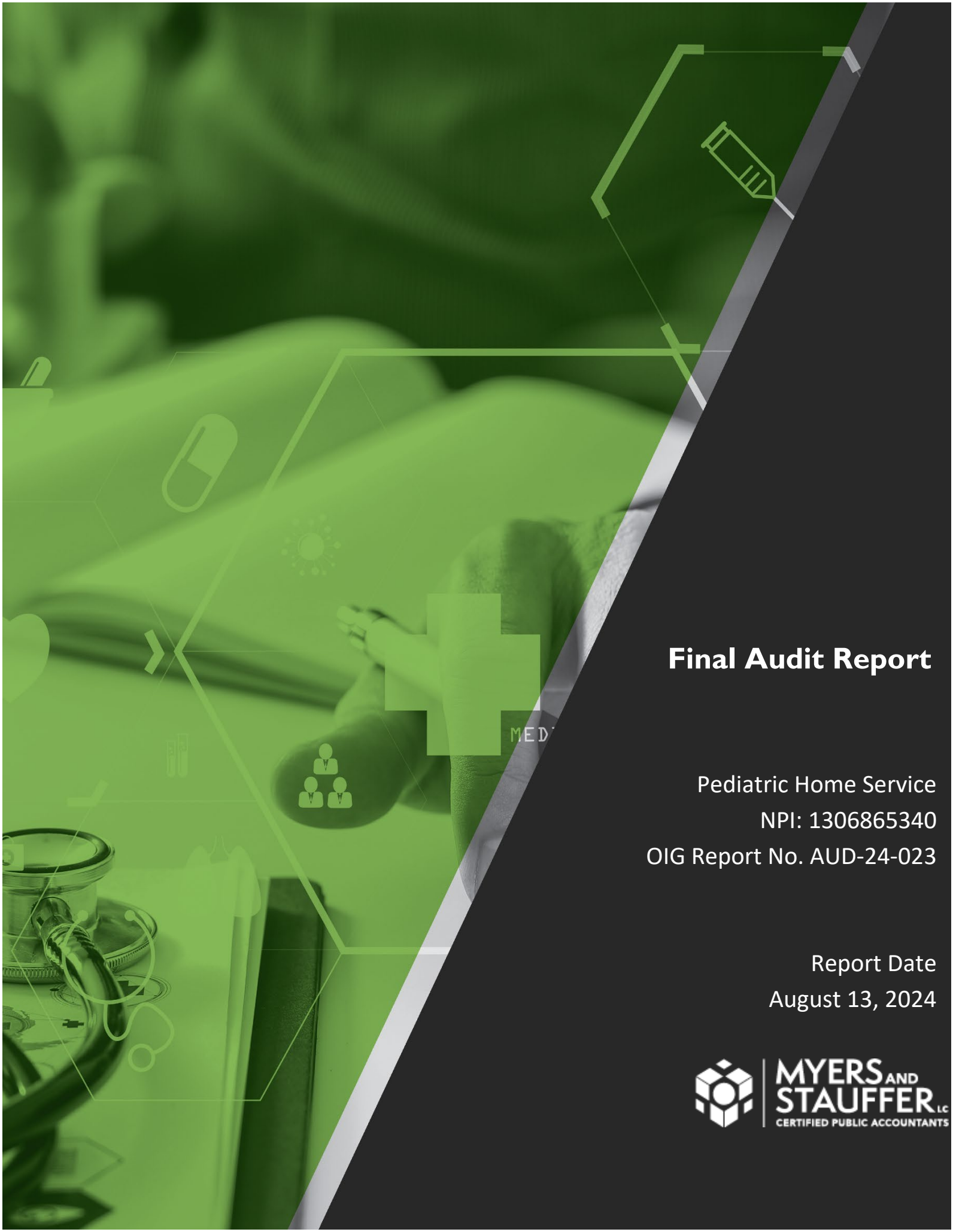

Final Audit Report

Pediatric Home Service
NPI: 1306865340
OIG Report No. AUD-24-023

Report Date
August 13, 2024

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Executive Summary

In coordination with the Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG), Myers and Stauffer LC (Myers and Stauffer) has completed the performance audit of Pediatric Home Service (Provider). The purpose of the performance audit was to determine whether paid managed care organization (MCO) medical supply claims billed and paid under the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements.

We conducted this audit in accordance with the performance audit provisions of Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to sufficiently obtain appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The purpose of this performance audit report is to clearly communicate the results of the audit to those charged with governance, Provider management, and the appropriate oversight officials.

The audit focused on certain paid MCO medical supply claims with dates of service during September 1, 2020, through August 31, 2022. The audit identified 31 of the 248 reviewed medical supply claims did not comply with relevant policies. This includes claims not reimbursed at the agreed upon/contracted rate and claims where the physician's signature on the medical order was not within 90 days of the start of services.

Background and Criteria

HHSC-OIG contracted Myers and Stauffer to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program. Myers and Stauffer was engaged to perform a claims audit of Pediatric Home Service (Provider). The audit focused on paid MCO medical supply claims having dates of service during the period September 1, 2020, through August 31, 2022.

The Provider is an independent children's home health care agency located at 1070 Arion Circle, Suite 164, San Antonio, TX 78216 and provides services across 10 states. The Provider has been partnering with health care professionals, payers, and family caregivers for over 30 years, offering services other than durable medical equipment (DME), such as infusion nursing/pharmacy, enteral nutrition, and homecare/private duty nursing.

According to the Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook, "Home health services include home health skilled nursing (SN), home health aide (HHA), physical therapy (PT) and occupational therapy (OT) services; DME; and expendable medical supplies that are provided to eligible Medicaid clients at their place of residence."

Claims for the medical supplies should comply with the Texas Administrative Code (TAC), Uniform Managed Care Manual, and MCO rules, if applicable.

Audit Objective

The objective of the claims audit was to determine whether paid MCO medical supply claims billed to, and paid under, the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies and contractual requirements. The specific state and federal Medicaid laws, regulations, rules, policies, and contractual requirements tested were agreed to by HHSC-OIG in the approved audit test plan.

Sampling Overview

For the period January 1, 2019, through December 31, 2021, HHSC-OIG developed algorithms to identify risk areas for Texas Medicaid providers. The algorithms identified $4,085,520 at risk of $20,926,436 total DME and medical supply reimbursements for the Provider. HHSC-OIG subsequently provided all at risk fee-for-service and MCO encounter claims for the period of July 1, 2019, through June 30, 2023, to Myers and Stauffer for review. After additional analysis, HHSC-OIG provided the final set of paid MCO claims data for two MCOs to Myers and Stauffer for audit purposes covering the period of September 1, 2020, through August 31, 2022, totaling $13,638,504 in provider reimbursement.

The claims data was analyzed and the audit universe was established to only include healthcare common procedure coding system code B9998 (not otherwise classified for enteral supplies) for paid Superior HealthPlan MCO claims.

A statistically valid random sample was selected from the claims universe created. The universe consisted of 5,029 claim lines for 240 unique recipients for which the Provider was reimbursed

$929,519. The sample included 248 claim lines for 120 unique recipients for which the Provider was reimbursed $91,333.

Audit Process

Scope

The scope of this audit included the review of Medicaid paid MCO medical supply claims with dates of service during the period September 1, 2020, through August 31, 2022.

Testing to determine medical necessity of supplies was outside the scope of the audit. However, Provider documentation was reviewed in order to determine that procedures were properly documented in accordance with the prior authorization process.

In gaining an understanding of internal controls, Myers and Stauffer limited the review to the Provider's overall internal control structure significant to the audit objectives. Myers and Stauffer determined significant internal controls to the audit objective include:

- **Control Environment:** The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
- **Control Activities:** The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system.
- **Monitoring:** Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Methodology

Myers and Stauffer conducted this performance audit in accordance with GAGAS and applicable TAC rules, including 1 TAC §371.1719, as appropriate. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Audit testing was performed to verify compliance in the following areas:

- Verified providers were enrolled and approved for participation in the Medicaid program.
- Verified medical supply was prior authorized by HHSC (if applicable).
- Verified medical supply was prescribed by a licensed physician or allowed licensed practitioner.
- Verified any Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms and Addendum to Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms utilized for medical supply were current.
- Verified records include:

- Signature and date of authorizing physician no more than 90 days prior to the date of the requested prior authorization or initiation of service.
- Procedure codes requested.
- Numerical quantities requested.

- Verified correct reimbursement was received for the medical supply provided by reviewing:
  - The provider's billed charges.
  - The published fee determined by HHSC.
  - MCO agreed upon/contracted rate information.
  - If manually priced, the manufacturer's suggested retail price and provider's documented invoice cost.
- Verified all required records to support medical supply claims were properly maintained.
- Verified the correct modifier(s) and payment rate reductions were applied depending on the type of medical supply documented.

In addition, inquiries; observations; inspection of documents and records; review of other audit reports; and/or direct tests were performed to assess the design, implementation and/or operating effectiveness of controls determined significant to the audit objectives stated in the scope.

Audit Results

Myers and Stauffer believes the evidence obtained during the course of the claims audit provides a reasonable basis for the findings and conclusions based on the audit objective. The audit was not intended to discover all possible errors and any errors not identified within this report should not lead to a conclusion the practice is acceptable. Due to the limited nature of the review, no inferences should be drawn from this report with respect to the Provider's overall level of performance.

Findings

Myers and Stauffer identified findings on 31 of 248 medical supply claims. The findings for the claims universe is listed in detail in Appendix A. The summary of findings and supporting policies follows in the table below:

List of Findings and Supporting Policies				
Finding No.	**Finding Type**	**Finding Definition**	**Number of Claims with Finding**	**Supporting Policy***
1	Incorrect Reimbursement	The claim was not reimbursed at the agreed upon/contracted provider rate.	28	Texas Medicaid Provider Procedures Manual (TMPPM) 2019-2022 Vol. 2 §2.6
2	Physician's Signature Outside Timeframe	The physician's signature indicated on the medical order form was not within 90 days of the start of services.	3	Superior HealthPlan (2020, 2021, 2022)

* Any references to Volume 2 of the TMPPM refer to the Medicaid Managed Care Handbook.

As demonstrated by the results of this audit, the Provider's overall internal control system appears to be functioning well as the incorrect reimbursement received on the claims in question was not a result of the Provider's action or lack of action. However, to address the remaining finding included in the table above, the Provider should continue to place additional emphasis on ensuring that the controls in place are designed to adequately review, document, and retain records to support that the billed services were provided in accordance with required regulations on a consistent basis.

Management's Response

A draft copy of this report was sent to the Provider on July 29, 2024. An exit conference was held on July 31, 2024, to discuss the preliminary findings. During the exit conference, the Provider did not contest the findings. On August 8, 2024, the Provider uploaded a letter stating they acknowledged the draft audit report findings and did not submit any additional documentation.

Final Determination of Overpayment

The Medicaid-paid claims with identified findings are listed in detail in Appendix A of this report. The corresponding overpayment amount in Appendix A is only applicable to the sampled claims Myers and Stauffer reviewed during the audit. The overpayment calculated from our sample is $3,657.37. The sample was not confirmed to be representative of the universe; therefore, it would not be appropriate to project the test results to the universe.

The total amount due to HHSC-OIG is $3,657.37 for the claims reviewed. Based on the finding cited in this Final Audit Report, the Provider is directed to:

- Remit the overpayment in the amount of $3,657.37 pursuant to 1 TAC §371.1719, Recoupment of Overpayments Identified by Audit. Payment is to be made to HHSC-OIG.

- Comply with all state and federal Medicaid laws, regulations, rules, policies and contractual requirements.

Appendix A - Detailed Findings

Pediatric Home Service
Project Number 033
NPI 1306865340

Original Claims Information											Audit Determination				
Sample Line Number	MCO Name	State Issued			Date of	Procedure Code	Procedure Modifier 1	Billed Units	Billed Amount	Paid Amount	Finding Type	Supporting Policy Reference	Recoupment Type	Corrected Claim Payment	Overpayment Amount
1	Superior HealthPlan	[redacted]				B9998	[redacted]		$184.00	$1,117.30	INCORRECT REIMBURSEMENT	A	1	$117.30	$1,000.00
6	Superior HealthPlan					B9998			$733.15	$709.50	INCORRECT REIMBURSEMENT	A	3	$733.15	-$23.65
9	Superior HealthPlan					B9998			$733.15	$709.50	INCORRECT REIMBURSEMENT	A	3	$733.15	-$23.65
10	Superior HealthPlan					B9998			$733.15	$709.50	INCORRECT REIMBURSEMENT	A	3	$733.15	-$23.65
14	Superior HealthPlan					B9998			$709.50	$704.20	INCORRECT REIMBURSEMENT	A	3	$709.50	-$5.30
15	Superior HealthPlan					B9998			$733.15	$623.18	INCORRECT REIMBURSEMENT	A	1	$511.01	$112.17
16	Superior HealthPlan					B9998			$733.15	$623.18	INCORRECT REIMBURSEMENT	A	1	$511.01	$112.17
17	Superior HealthPlan					B9998			$733.15	$623.18	INCORRECT REIMBURSEMENT	A	1	$511.01	$112.17
18	Superior HealthPlan					B9998			$733.15	$623.18	INCORRECT REIMBURSEMENT	A	1	$511.01	$112.17
19	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
20	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
21	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
22	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
23	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
24	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
25	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
26	Superior HealthPlan					B9998			$709.50	$603.08	INCORRECT REIMBURSEMENT	A	1	$494.52	$108.56
27	Superior HealthPlan					B9998			$733.15	$586.52	INCORRECT REIMBURSEMENT	A	1	$511.01	$75.51
28	Superior HealthPlan					B9998			$646.50	$549.53	INCORRECT REIMBURSEMENT	A	1	$452.55	$96.98
29	Superior HealthPlan					B9998			$733.15	$545.45	INCORRECT REIMBURSEMENT	A	1	$511.01	$34.44
108	Superior HealthPlan					B9998			$709.50	$494.52	PHYSICIAN'S SIGNATURE OUTSIDE TIMEFRAME	B	2	$0.00	$494.52
109	Superior HealthPlan					B9998			$709.50	$494.52	PHYSICIAN'S SIGNATURE OUTSIDE TIMEFRAME	B	2	$0.00	$494.52
111	Superior HealthPlan					B9998			$733.15	$494.52	INCORRECT REIMBURSEMENT	A	3	$511.01	-$16.49
135	Superior HealthPlan					B9998			$709.50	$494.52	PHYSICIAN'S SIGNATURE OUTSIDE TIMEFRAME	B	2	$0.00	$494.52
137	Superior HealthPlan					B9998			$733.15	$494.52	INCORRECT REIMBURSEMENT	A	3	$511.01	-$16.49
156	Superior HealthPlan					B9998			$733.15	$377.21	INCORRECT REIMBURSEMENT	A	3	$511.01	-$133.80
157	Superior HealthPlan					B9998			$709.50	$320.63	INCORRECT REIMBURSEMENT	A	3	$494.52	-$173.89
168	Superior HealthPlan					B9998			$184.00	$147.86	INCORRECT REIMBURSEMENT	A	1	$117.30	$30.56
169	Superior HealthPlan					B9998			$184.00	$128.25	INCORRECT REIMBURSEMENT	A	1	$117.30	$10.95
170	Superior HealthPlan					B9998			$165.55	$122.18	INCORRECT REIMBURSEMENT	A	1	$115.39	$6.79
183	Superior HealthPlan					B9998			$110.40	$88.72	INCORRECT REIMBURSEMENT	A	1	$70.38	$18.34
Totals									$19,495.75	$16,606.31				$12,948.94	$3,657.37

Legends

Finding Type	Policy Reference	Recoupment Type	Definition
INCORRECT REIMBURSEMENT	A	1,3	The claim was not reimbursed at the agreed upon/contracted provider rate.
PHYSICIAN'S SIGNATURE OUTSIDE TIMEFRAME	B	2	The physician's signature indicated on the medical order form was not within 90 days of the start of services.

Recoupment Type	Recoupment Type Definition
1	Partial Recoupment
2	Full Recoupment
3	Underpayment

Reference	Supporting Policy	Policy
A	TMPPM 2019-2022 Vol. 2 §2.6*	Reimbursement for benefits that are administered by a Texas Medicaid MCO or DMO is determined by the MCO or DMO. Providers should contact the MCO or DMO for additional information.
B	Superior HealthPlan (2020, 2021, 2022)	Incontinence Supplies, Enteral Nutrition, Hearing Aids, Orthotics/Prosthetics, Diabetic Supplies, Respiratory Supplies, Wheelchairs, Scooters, Wound Care Supplies, Ostomy Supplies and Shower Chairs also require prior authorization. Documentation requirements include an MD order on a prescription or request form (signature must be current, on or before the start date, and no older than 90 Days before the actual date of service).

* Any references to Volume 2 of the TMPPM refer to the Medicaid Managed Care Handbook.