# Managed Care Organization Oversight of Durable Medical Equipment Providers

Blue Cross and Blue Shield of Texas

## Results in Brief

### Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) conducted an audit of oversight activities performed by Blue Cross and Blue Shield of Texas (BCBSTX).

OIG initiated this audit to assess managed care organization (MCO) oversight of durable medical equipment (DME) provider reimbursement. BCBSTX reported approximately $35.5 million in reimbursements to DME providers for equipment and supplies delivered to 7,849 Medicaid and CHIP members during the period from September 1, 2019, through August 31, 2021. Of this amount, BCBSTX reported $10.5 million specifically for DME delivered to 3,328 members.

### Summary of Review

The audit objective was to determine whether BCBSTX conducted oversight activities to ensure its DME claims were reimbursed in accordance with selected applicable contractual requirements, federal and state laws, rules, guidelines, and policies.

The audit scope covered the period from September 1, 2019, through August 31, 2021, and related oversight activity.

### Overall Conclusion

Oversight activities performed by Blue Cross and Blue Shield of Texas (BCBSTX) helped ensure durable medical equipment (DME) claims were reimbursed in accordance with certain requirements. For example, BCBSTX complied with select pricing, timing, and claim payment timeliness requirements when reimbursing DME providers.

However, BCBSTX did not always reimburse DME providers as required. Specifically, BCBSTX did not always:

- Comply with Texas Medicaid Provider Procedures Manual (TMPPM) benefit limits in accordance with the Uniform Managed Care Contract and the Uniform Managed Care Manual.
- Conduct oversight activities to ensure DME was authorized, medically necessary, or received by members.
- Validate or accurately price miscellaneous DME claims.

The issues identified indicate that BCBSTX did not always effectively oversee claim reimbursement processes for DME providers.

As a result, BCBSTX should implement controls to ensure it reimburses providers in a manner consistent with requirements and repay $18,105.57 to the state of Texas for sample claims reimbursed by BCBSTX that did not follow select requirements.

### Key Results

BCBSTX's oversight activities did not ensure all DME provider claim reimbursements complied with required limitations. Specifically:

- 11 of 25 reimbursements exceeded the purchase price for equipment rentals, which did not comply with BCBSTX provider manual requirements.
- 12 of 53 reimbursements for related DME and supplies should have been denied as required by TMPPM benefit limitations.
- 5 of 74 DME reimbursements exceeded amount limitations.
- 5 of 79 reimbursements of multiple claims were for the same DME provided to the same member in one calendar month.
- 8 DME reimbursements were for duplicate claims.

## Background

The Texas Health and Human Services Commission (HHSC) contracts with BCBSTX, an MCO and affiliate of Health Care Service Corporation (HCSC), to provide Medicaid and CHIP services to Texas Medicaid and CHIP members through its network of providers. BCBSTX contracts with (a) DME providers to ensure Medicaid and CHIP members receive necessary DME and (b) a subcontractor to perform all claims processing functions. To receive reimbursement, DME providers submit claims electronically to an electronic data interchange clearinghouse, which routes these claims to BCBSTX's subcontractor for adjudication. DME providers may also use a BCBSTX post office box to submit paper claims, which are then routed to BCBSTX's subcontractor for conversion to an electronic form before adjudication.

## Management Response

BCBSTX agreed with the audit recommendations and indicated corrective actions have been completed or would be implemented by July 2023.

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Additionally, BCBSTX asserted that its policy was to follow TMPPM prior authorization requirements; however, when BCBSTX defined prior authorization requirements for its claims processing subcontractor, the requirements did not align with TMPPM as intended. Further, BCBSTX did not have an oversight process in place to determine whether DME providers maintained TMPPM-required documentation to demonstrate (a) the member's need for DME, such as a physician's order, or (b) delivery confirmation. Therefore, a DME provider could request and receive reimbursement from the BCBSTX claims processing subcontractor without prior authorization, as applicable, or knowing the member received the DME.

Lastly, through its claims processing subcontractor, BCBSTX (a) reimbursed DME providers for miscellaneous procedure code claims without an invoice to support the reimbursement or (b) incorrectly calculated the amount paid to DME providers for miscellaneous procedure code claims. BCBSTX also reimbursed DME providers for miscellaneous procedure code claims when a specific procedure code existed.

## Recommendations

BCBSTX should:

- Ensure that its claims processing subcontractor implements edits to ensure claims are reimbursed according to required benefit limits and exclusions for:
  - Total rental cost limits.
  - Allowed DME amounts.
  - Multiple claims for the same DME to the same member in one calendar month.
  - Duplicate claims.
- Develop and implement oversight processes to verify its claims processing subcontractor identifies and denies claims for related procedure codes in accordance with benefit limit and exclusion requirements.
- Develop oversight processes or provide DME providers with guidance for (a) prior authorization requirements, (b) maintaining a physician's order to demonstrate the member's need for the DME, and (c) delivery confirmation demonstrating the member received the DME.
- Develop and implement a process to verify miscellaneous DME claims are paid in accordance with BCBSTX requirements.

Additionally, BCBSTX should repay $18,105.57 to the state of Texas for claims that exceeded BCBSTX and TMPPM limitations.