

Audit Report

Managed Care Organization Oversight of Durable Medical Equipment Providers

Blue Cross and Blue Shield of Texas



**Inspector
General**

Texas Health
and Human Services

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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.

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.

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Audit Overview

Overall Conclusion

Oversight activities performed by Blue Cross and Blue Shield of Texas (BCBSTX) helped ensure durable medical equipment (DME)¹ 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.

Objective

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.

Scope

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

¹ Durable medical equipment refers to items of equipment and appliances that (a) are primarily and customarily used to serve a medical purpose, (b) generally are not useful to a person in the absence of a disability, illness, or injury, (c) can withstand repeated use, and (d) can be reusable or removable.

Key Audit Results

Through its oversight activities, BCBSTX:

- Timely reimbursed eligible² DME providers for DME provided to eligible Medicaid and Children’s Health Insurance Program (CHIP) members in their homes.
- Ensured individual rental claim reimbursements complied with rental fees outlined on the Texas Medicaid and Healthcare Partnership (TMHP) fee schedule.
- Prevented DME rentals after purchases of identical equipment.

What Prompted This Audit

OIG initiated this audit to assess managed care organization (MCO) oversight of 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.

However, 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.³

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

² OIG Audit limited its eligibility determination to ensuring each DME provider was not excluded from Medicaid and CHIP.

³ The same claim may appear in more than one issue.

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.

The “Detailed Audit Results” section of this report presents additional information about the audit results. In addition, audit issues identified in this report may be subject to liquidated damages or Texas Health and Human Services (HHS) Office of Inspector General (OIG) administrative enforcement measures,⁴ including administrative penalties.⁵

The OIG Audit and Inspections Division (OIG Audit) offered recommendations to BCBSTX, which, if implemented, will help ensure compliance with applicable requirements. OIG Audit communicated other, less significant issues to BCBSTX in a separate written communication.

OIG Audit presented preliminary audit results, issues, and recommendations to BCBSTX in a draft report dated February 14, 2023. BCBSTX agreed with the audit recommendations and indicated corrective actions have been completed or would be implemented by July 2023. BCBSTX’s management responses are included in the report following each recommendation.

OIG Audit thanks BCBSTX management and staff for their cooperation and assistance during this audit.

⁴ 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

⁵ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

Key Program Data

The Texas Health and Human Services Commission (HHSC) contracts with BCBSTX, a managed care organization (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.⁶ The managed care contracts relevant to this audit include the Uniform Managed Care Contract and the STAR Kids Managed Care Contract. For the purposes of this report, the Uniform Managed Care Contract is used for referencing contract requirements. Additionally, BCBSTX asserted that its claims processing procedures should mirror requirements included in TMPPM.

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 (EDI) 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.⁷

Claims may include multiple claim details to describe DME provided with a procedure code and any applicable modifiers.⁸ BCBSTX's subcontractor adjudicates the claim, sends payment to DME providers for approved claims, and reports paid claims as part of encounter data submitted to the TMHP Encounter Data Warehouse.

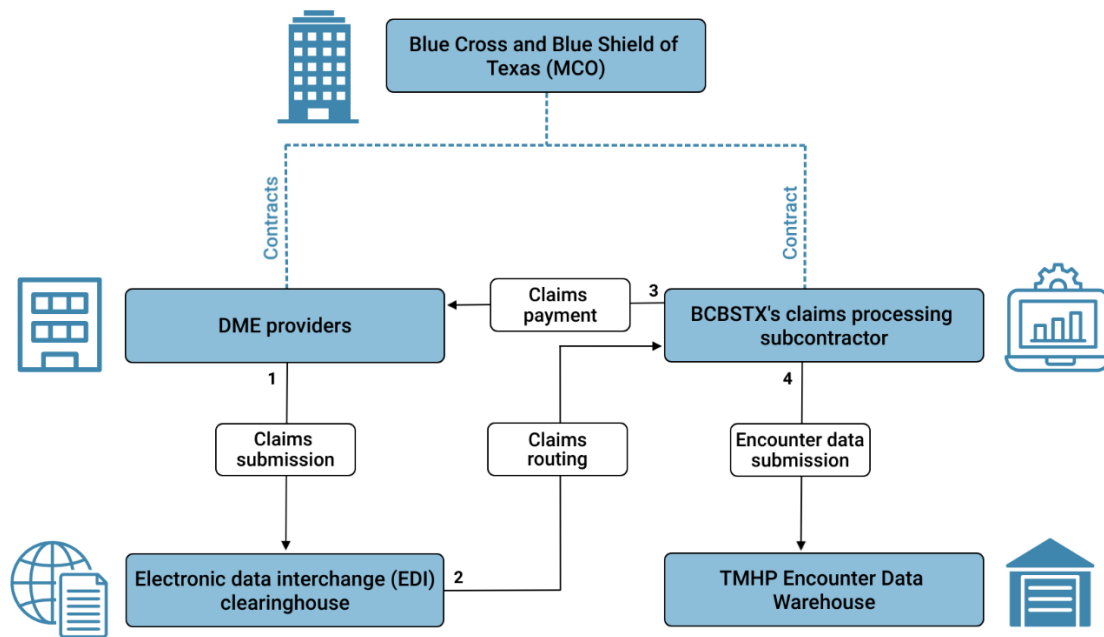
⁶ BCBSTX provides health care services in the Travis service area through the STAR program, the STAR Kids program, and CHIP. BCBSTX also provides STAR Kids services in the Medicaid rural service area (MRSA) Central service area.

⁷ "Adjudication" means to deny or pay a claim for services prescribed to a member by a health care provider.

⁸ A claim can include multiple claim details. For the purposes of this report, the term "claim" is used in place of "claim detail."

Figure 1 illustrates the business relationships and processes involved in processing DME claims for BCBSTX members enrolled in Medicaid and CHIP.

Figure 1: DME Claims Processing Through BCBSTX



Source: OIG Audit

During the period from September 1, 2019, through August 31, 2021, BCBSTX reported \$35.5 million in reimbursements to DME providers for DME and medical supplies delivered to 7,849 members. Of this amount, BCBSTX reported \$10.5 million specifically for DME delivered to 3,328 members. For the purposes of this audit, OIG Audit excluded medical supply claims and reviewed only equipment claims.⁹

Auditing Standards

Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a

⁹ While DME equipment is expected to withstand repeated use, DME supplies are typically meant for short-term use. For example, DME supplies include blood testing strips, formula, and incontinence items.

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.

Detailed Audit Results

OIG Audit reviewed BCBSTX's oversight of its claims processing subcontractor for compliance with select DME claims processing requirements. BCBSTX's oversight activities helped ensure:

- Timely claims payments to eligible¹⁰ DME providers for DME provided to eligible Medicaid and CHIP members in their homes.
- Monthly rental claim reimbursement amounts did not exceed the TMHP fee schedule.
- DME providers did not receive reimbursement for DME rented after purchase.

However, BCBSTX's oversight activities did not ensure its claims processing subcontractor (a) reimbursed DME providers in accordance with TMPPM benefit limits as required by the Uniform Managed Care Contract and the Uniform Managed Care Manual, (b) obtained prior authorization when required, and (c) accurately reimbursed providers for DME associated with miscellaneous procedure codes.

Additionally, BCBSTX did not have an oversight process to verify whether DME providers maintained documentation of (a) physician's orders demonstrating that members needed the DME and (b) delivery confirmation supporting that members received the DME.

The following sections of this report provide additional detail about the findings of noncompliance identified by OIG Audit.

Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

¹⁰ OIG Audit limited its eligibility determination to ensuring each DME provider was not excluded from Medicaid and CHIP.

Chapter 1: BCBSTX Did Not Always Reimburse DME Providers for Claims as Required

BCBSTX did not always reimburse DME providers as required for 41 claims, totaling \$20,312.03. Specifically, BCBSTX incorrectly reimbursed DME providers for (a) total rental costs that exceeded the allowed purchase price, (b) DME that exceeded TMPPM amount limitations, including multiple claims for the same DME in the same month,¹¹ (c) related DME and supply exclusions, and (d) duplicate DME claims. As a result, BCBSTX should repay \$18,105.57 for 39 reimbursed claims that did not follow select requirements.¹²

Texas Medicaid Provider Procedures Manual (TMPPM)

The Uniform Managed Care Contract and the Uniform Managed Care Manual require Medicaid MCOs to process and pay Medicaid provider claims in accordance with the benefit limits and exclusions listed in TMPPM.

Table 1 details the compliance issues, impacted claims, and associated amounts. The total columns include the number of claims in exception for each issue, and a claim may be included more than once. The recovery columns include each claim only once, regardless of the total number of times an exception was noted on that claim.

Table 1: Summary of Claims Processing Issues

Issue	Number of Sample Items	Total Claims Amount	Recovery Claims	Recovery Amount ¹³
Total rental costs	11	\$ 10,667	10	\$ 8,583
Related DME and supply exclusions	12	4,777	12	4,777
Quantity limitations	5	1,799	4	1,677
Multiple claims	5	2,258	5	2,258
Duplicate claims	8	811	8	811
Total	41	\$20,312	39	\$18,106

Source: OIG Audit

¹¹ These were not duplicate claims because the claims were for different dates of service and, in most instances, different DME providers.

¹² Appendix D details support for the recovery amount.

¹³ Each claim and associated claim amount is counted and included for recoupment only once regardless of the number of exceptions. Claims with multiple issues were recommended for recoupment with the first cited exception, in ascending order.

For DME claims after July 2021, BCBSTX asserted that it implemented a DME accumulator project, which would identify many of the claims processing issues identified by this audit.

Total Rental Costs

During the audit period, BCBSTX did not ensure its claims processing subcontractor included edit checks to prevent reimbursements to DME providers for rental claims that exceeded the defined purchase price on the TMHP fee schedule.¹⁴ As a result, BCBSTX reimbursed DME providers for 11 of 25 (44.0 percent) rental claims tested,¹⁵ totaling \$10,666.83, for DME with rental costs that exceeded the BCBSTX defined purchase price. BCBSTX's policy was to deny rental claims that exceed the BCBSTX defined purchase price without an approved rental extension.^{16,17}

Table 2 details, by procedure code, the number and amount of DME rental claims sampled with total rental costs that exceeded the BCBSTX defined purchase price.

Table 2: Rental Costs That Exceeded BCBSTX's Defined Purchase Price

Procedure Code	Number of Sample Items	Amount Exceeding Purchase Price
B9002 – Enteral nutrition infusion pump	3	\$ 4,903
E0260 – Hospital bed, semi-electric	1	124
E0445 – Noninvasive oximeter	3	5,296
E0776 – Intravenous (IV) pole	4	343
Totals	11	\$10,667¹⁸

Source: OIG Audit

¹⁴ BCBSTX asserted it used the TMHP fee schedule to establish DME purchase prices.

¹⁵ Of the 96 random sample claims, 32 were not rental claims, 38 did not have a TMHP fee schedule purchase price, and one was for the same patient and procedure code as another sample claim.

¹⁶ *Medicaid (STAR) and CHIP Provider Manual*, Chapter 8, BlueCross Blue Shield of Texas (Feb. 2019).

¹⁷ *STAR Kids Provider Manual*, Chapter 7, BlueCross BlueShield of Texas (Feb. 2019).

¹⁸ Discrepancy between the individual amounts and the total is due to rounding.

The encounter data indicates BCBSTX reimbursed \$773,262 to DME providers for 825 BCBSTX members' claims with the same procedure codes as the claims identified. Audit analysis indicated that, if BCBSTX had an edit in place to stop DME rental claims when the purchase price was reached, it could have avoided estimated costs of \$129,244 to DME providers.¹⁹

Related DME and Supply Exclusions

MCOs must process and pay Medicaid provider claims in accordance with the benefits limits and exclusions listed in TMPPM.^{20,21} TMPPM identifies DME procedure codes that should not be paid if other procedure codes are paid. For example, TMPPM allows a portable oxygen system (procedure code E0431) rental once per calendar month. Procedure code E0431 includes related equipment and supplies—for example, oxygen tubing (procedure code A4616) and an oxygen supply regulator (procedure code E1353). MCOs should deny claims with procedure codes A4616 and E1353 when billed by any provider for the same member within the same calendar month as the portable oxygen system.²²

BCBSTX reimbursed DME providers for 12 of 53 (22.6 percent) claims tested,²³ totaling \$4,776.62, for related DME or supplies that should have been denied. BCBSTX acknowledged it did not require its claims processing subcontractor to identify and prevent reimbursement to DME providers for related procedure codes that TMPPM requires be denied.

¹⁹ OIG Audit performed additional analysis to calculate this amount. The additional analysis was on a subset of the population, not the tested sample, and therefore, no additional specific recovery amount was identified.

²⁰ Uniform Managed Care Manual, Chapter 2, § VII, v. 2.8 (June 25, 2019) through v. 2.10 (July 1, 2021).

²¹ Uniform Managed Care Contract, Attachment B-1, § 8.1.18.5, v. 2.29 (2019) through v. 2.33 (2021).

²² Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" §§ 2.2.22.11 (Sept. 2019 through Mar. 2020), 2.2.22.12 (Apr. 2020 through May 2020), and 2.2.23.12 (June 2020).

²³ Of the 96 random sample claims, 43 did not have a TMPPM-related procedure code limitation.

Table 3 summarizes, by procedure code, the number and amount of related DME and supply claims sampled that BCBSTX should have denied.

Table 3: Related DME and Supplies Claims That BCBSTX Should Have Denied

Procedure Code	Number of Sample Items	Recovery Amount
E0431 – Portable gaseous oxygen system	2	\$ 2
E0445 – Noninvasive oximeter	4	2,374
E0465 – Home ventilator	4	2,397
E1390 – Oxygen concentrator	2	4
Total	12	\$4,777

Source: OIG Audit

The encounter data indicates BCBSTX reimbursed \$1,008,756 to DME providers for 5,984 claims with the same procedure codes as the 12 claims identified for related DME or supplies that should have been denied. Based on the procedure codes identified in the data, BCBSTX could have avoided estimated costs of \$239,972 billed in the same month as the procedure codes for related DME and supplies.²⁴

Quantity Limitations

Additionally, TMPPM identifies DME amount limitations based on procedure codes. For example, TMPPM allows an enteral nutrition infusion pump (procedure code B9002) rental once per calendar month. If a member rents the infusion pump for a full year, or 12 months, then BCBSTX should only pay for 12 claims that year.

Amount

The numerical quantity of a service available to a Medicaid member. It also includes the number of physical items a Medicaid member may receive under a benefit, such as DME.²⁵

²⁴ OIG Audit performed additional analysis to calculate this amount. The additional analysis was on a subset of the population, not the tested sample, and therefore, no additional specific recovery amount was identified.

²⁵ Uniform Managed Care Manual, Chapter 16.1, §§ 16.1.2.21.2, v. 2.5 (Aug. 1, 2019) and 16.1.2.22.2, v. 2.6 (May 1, 2020) through v. 2.9 (Aug. 24, 2021).

BCBSTX reimbursed DME providers for DME amounts that exceeded TMPPM amount limitations for 5 of 74 (6.8 percent) claims tested,²⁶ totaling \$1,799.48. BCBSTX acknowledged that, during the audit period, it did not require its claims processing system subcontractor to identify and prevent reimbursements to DME providers for claims exceeding TMPPM allowed amounts. Table 4 summarizes, by procedure code, the number and amount of DME claims sampled that BCBSTX should have denied based on the TMPPM limitation amount.

Table 4: Allowed Amounts Above the TMPPM Limitation Amount

Procedure Code	Number of Sample Items	Amount in Excess of Limit
B9002 – Enteral nutrition infusion pump	1	\$ 1,594
E0431 – Portable gaseous oxygen system	3	159
E0562 – Heated humidifier used with positive airway pressure device	1	47
Total	5	\$1,799²⁷

Source: OIG Audit

BCBSTX did not have a process to ensure denial of four of the five claims that exceeded the TMPPM amount limitation. Additionally, the BCBSTX claims processing subcontractor reimbursed a DME provider for a claim without a modifier, which would identify the claim as a purchase or rental. Without a modifier, the BCBSTX claims processing subcontractor could not apply the appropriate limitation amount.

The encounter data indicates BCBSTX reimbursed \$457,462 to DME providers for 821 claims with dates of service during the audit period that had the same procedure codes as the five claims identified that exceeded the allowed amount. Based on the procedures in the data, BCBSTX could have avoided estimated costs of \$3,923 to DME providers for claims that exceeded the TMPPM limitation amount.²⁸

²⁶ Of the 96 random sample claims, 22 did not have a TMPPM amount limitation.

²⁷ Discrepancy between the individual amounts and the total is due to rounding.

²⁸ OIG Audit performed additional analysis to calculate this amount. The additional analysis was on a subset of the population, not the tested sample, and therefore, no additional specific recovery amount was identified.

Multiple Claims

BCBSTX's claims processing subcontractor paid claims to one or more DME providers for the same type of DME to the same member in the same month. For example, TMPPM allows an oxygen concentrator (procedure code E1390) rental once per calendar month per member. However, BCBSTX's claims processing subcontractor reimbursed DME providers for 5 of 79 (6.3 percent) claims tested,²⁹ totaling \$2,258.19, that were billed more than once in the same month. For these errors, two separate claims were submitted and paid in the same calendar month; however, only one claim per month was permitted.

Table 5 summarizes, by procedure code, the number and amount of DME claims sampled with claims that should have been denied because the claims were for the same DME provided to the same member in one calendar month.

Table 5: Claims Billed More than Once in the Same Month

Procedure Code	Number of Sample Items	Recovery Amount
B9002 – Enteral nutrition infusion pump	1	\$ 858
E0445 – Noninvasive oximeter	1	611
E1390 – Oxygen concentrator	3	789
Total	5	\$2,258

Source: OIG Audit

The encounter data indicates BCBSTX reimbursed \$1,402,740 to DME providers for 8,441 claims with dates of service during the audit period that had the same procedure codes as the 5 claims identified. Based on the data, BCBSTX reimbursed DME providers for an estimated 192 additional claims that could have been paid more than once.³⁰

²⁹ Of the 96 random sample claims and the 30 rental sample claims, (a) 23 did not have a TMPPM quantity limitation and (b) 24 were identified during the allowed amount testing and therefore not tested to avoid duplicating errors.

³⁰ OIG Audit performed additional analysis to identify these claims. The additional analysis was on a subset of the population, not the tested sample. Further testing would be required to determine the status, and therefore, no additional specific recovery amount was identified.

Duplicate Claims

BCBSTX acknowledged its claims processing procedures should align with TMPPM requirements. TMPPM requires denial of duplicate claims or procedure code details;³² however, BCBSTX confirmed that, because its claims processing subcontractor's edit check to catch definite and potential duplicate claims did not work as intended, it reimbursed \$810.91 to DME providers for eight duplicate claims for DME provided to seven members. Duplicate claim payments can result in care issues for members or waste of Medicaid funds.

Duplicate Claim

Exactly matches a claim or procedure code detail that has been reimbursed to the same provider for the same member. Duplicate claims or details include the same date of service, procedure code, modifier, and number of units.³¹

Recommendation 1a

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.

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

³¹ Texas Medicaid Provider Procedures Manual, Vol. 1, § 6, "Claim Filing," § 6.4.1.2 (Sept. 2019 through Aug. 2021).

³² Texas Medicaid Provider Procedures Manual, Vol. 1, § 6, "Claim Filing," § 6.4.1.2 (Sept. 2019 through Aug. 2021).

Management Response

Action Plan

BCBSTX identified this issue in 2021, and it was remediated at that time. On July 7, 2021, BCBSTX implemented DME accumulators which include a DME Extension Table. The Extension Table calculates DME payments (Rental, Rent to Purchase & Straight Purchase) to prevent over-payments based on limits set forth. When these limits are met, the claim automatically denies as "Benefit Limit Reached." The DME Extension Table also prevents over-payments associated with multiple claims/providers and duplicates by tracking payment to one or more providers up to the Medicaid allowable for the rental/purchase price.

Responsible Manager

Manager, Medicaid Operations

Target Implementation Date

- 1) DME accumulators implemented, including DME Extension Table—Closed and Complete as of July 7, 2021
- 2) Claims vendor training—April 1, 2023

Recommendation 1b

BCBSTX should 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.

Management Response

Action Plan

BCBSTX currently completes monthly audits to review claims accuracy. In addition to continuing this practice, BCBSTX will implement a targeted DME audit of up to ten (10) randomly selected DME claims each month to ensure claims are being adjudicated in accordance with benefit limit, exclusion, pricing and authorization requirements. BCBSTX will create a policy that will outline the frequency and scope of this audit. Audit results will be monitored in the

monthly Quality Calibration calls, and feedback/education will be provided to BCBSTX claims staff as necessary for training purposes. Additionally, audit results will be shared with the BCBSTX Delegation Oversight team to track and trend. As a result of trends identified, additional targeted audits and/or plans of action may occur.

Responsible Manager

Manager, Medicaid Operations

Target Implementation Date

Audit Process Implementation & Policy Creation—July 1, 2023

Chapter 2: BCBSTX Did Not Always Validate That Providers Ensured DME was Authorized, Medically Necessary, or Received by Members

BCBSTX did not have an oversight process in place or provide DME providers with guidance for (a) prior authorization requirements, (b) maintaining physician’s orders to demonstrate the member’s need for the DME, or (c) delivery confirmation demonstrating the member received the DME. Therefore, a DME provider could request and receive reimbursement from the BCBSTX claims processing subcontractor for the claim without prior authorization, as applicable, or knowing the member received the DME. As a result, there is an increased potential for paying claims incorrectly without BCBSTX oversight of documentation obtained and maintained by DME providers. MCOs are required to administer an effective, accurate, and efficient claims process in compliance with HHSC claim processing rules and regulations; applicable state and federal laws, rules, and regulations; applicable contracts with HHSC; and the Uniform Managed Care Manual.³³

Table 6 details the validation issues, impacted claims, and associated amounts. The total column includes the number and amount of claims in exception for each issue, and a claim may be included more than once.

Table 6: Summary of Validation Issues

Description	Total Sample Items	Amount of Claims
Required prior authorization	51	\$ 8,873
Physician’s orders	60	8,565
Date of last physician visit	2	3,375
Delivery confirmation	14	2,920
Total	127	\$23,733

Source: OIG Audit

³³ Uniform Managed Care Manual, Chapter 2, § IV, v 2.8 (June 25, 2019) through v. 2.10 (July 1, 2021).

Prior Authorization

BCBSTX asserted that, while its policy was to follow TMPPM prior authorization requirements, the requirements included in its claims processing subcontractor's system did not align with TMPPM prior authorization requirements. Prior authorizations are used to assess the medical necessity of services and supplies before reimbursing DME providers for Medicaid and CHIP expenses. The BCBSTX claims processing subcontractor reimbursed 51 of 65 (78.5 percent) claims without a prior authorization even though BCBSTX required prior authorization for the claim's procedure code.³⁴

Physician's Orders

MCOs are not required to obtain a Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form (Title XIX form) to support each DME claim but must be able to substantiate medical necessity and demonstrate compliance with federal, state, and MCO regulations, rules, and policies.³⁵ Additionally, in order to receive DME, Medicaid members must have seen a physician no more than six months prior to the start of DME services.³⁶ Compliance with these requirements ensures that a physician has recently seen the member and that the DME is medically necessary.

For 60 of 96 (62.5 percent) claims tested, BCBSTX could not provide evidence a physician's order existed to support the DME claim. When BCBSTX had evidence of the member's last visit with a physician, 2 of 36 (5.6 percent) claims tested did not include evidence the member saw a physician no more than six months prior to the start of DME services. BCBSTX did not have a process for DME claims to confirm DME providers obtained physician's orders or documentation the member was seen by a physician within the required time frame.

³⁴ TMPPM prior authorization requirements vary by procedure code.

³⁵ Letter from the Texas HHS State Medicaid Director to the Texas Medical Association, the Texas Association of Health Plans, the Texas Hospital Association, the Texas Association of Community Health Plans, and the Texas Pediatric Society (Apr. 5, 2019).

³⁶ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.2 (Sept. 2019 through Aug. 2021).

Delivery Confirmation

BCBSTX asserted it followed the TMPPM requirement for DME providers to retain documentation of delivery for all DME provided to a member,³⁷ however, BCBSTX did not have DME provider oversight processes to verify the DME provider had a delivery confirmation associated with the member and DME described in the claim. Oversight activities to confirm delivery help ensure members receive necessary DME.

For 10 of 96 (10.4 percent) claims, BCBSTX could not obtain delivery confirmation from the applicable DME provider when requested. Of the 86 tested delivery confirmations BCBSTX obtained from DME providers, OIG Audit could not associate 4 delivery confirmations (4.7 percent) with the member and DME described in the claim.³⁸

Recommendation 2

BCBSTX should 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.

Management Response

Action Plan

BCBSTX will develop DME Provider education to clearly define prior authorization requirements and advise DME providers that they must maintain physician's orders as well as confirmations of delivery for all items. Provider education will be posted on our BCBSTX Medicaid Provider website, sent to contracted DME providers via email, and added to our ongoing provider education training. The training will specify that the physician's orders and confirmation of delivery information must be made available to BCBSTX upon request. Any provider that does not or cannot provide this documentation

³⁷ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.2 (Sept. 2019 through Aug. 2021).

³⁸ BCBSTX requested and obtained DME providers' delivery confirmations for all tested claims upon OIG Audit request.

when requested will be subject to additional education, claim recoupment, or other action deemed appropriate per BCBSTX policy.

Additionally, as part of our targeted DME audit process (see 1b above), up to ten (10) randomly selected DME claims will be reviewed monthly, and the impacted DME Providers will be required to provide requested documentation. BCBSTX will create a policy that will outline frequency and scope of this audit, as well as detailing provider education leading up to recoupment of claims after continued non-compliance. Referrals of non-compliance may also be sent to the BCBSTX Special Investigations Department (SID), as applicable.

Responsible Manager

Manager, Medicaid Operations

Target Implementation Date

Phase 1: Provider Education—April 1, 2023

Phase 2: Audit Process Implementation & Policy Creation—July 1, 2023

Chapter 3: BCBSTX Did Not Verify Miscellaneous DME Claims Were Paid as Required

BCBSTX, through its claims processing subcontractor, (a) reimbursed DME providers for miscellaneous claims without an invoice to support the reimbursement or (b) incorrectly calculated the amount to pay DME providers for miscellaneous claims. Additionally, BCBSTX reimbursed DME providers for miscellaneous procedure claims when the DME provider should have used a specific procedure code.

Miscellaneous Procedure Codes

Miscellaneous procedure codes are used when a DME provider bills for items when no other code accurately describes the service.³⁹ Appendix B outlines the procedure codes OIG Audit considered miscellaneous.

BCBSTX spent \$133.44 per member for claims associated with miscellaneous DME procedure codes during the audit period. In comparison, other Texas MCOs spent approximately \$35.71 per member for claims associated with miscellaneous DME procedure codes.

Manual Pricing

In accordance with TMPPM, BCBSTX's claims processing subcontractor manually prices miscellaneous DME claims payments using either (a) the manufacturer's suggested retail price (MSRP) or (b) the DME provider's documented invoice cost.⁴⁰ To demonstrate compliance with this requirement, BCBSTX requires that DME providers attach a manufacturer's invoice to each claim with miscellaneous procedure codes.^{41,42}

For one of 25 (4.0 percent) miscellaneous DME claims tested,⁴³ BCBSTX's claims processing subcontractor reimbursed the applicable DME provider without

³⁹ The U.S. Centers for Medicare and Medicaid Services, "Healthcare Common Procedure Coding System (HCPCS) Level II Coding Procedures" (Apr. 2022).

⁴⁰ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.2 (Sept. 2019 through Aug. 2021).

⁴¹ *Medicaid (STAR) and CHIP Provider Manual*, Chapter 8, BlueCross Blue Shield of Texas (Feb. 2019).

⁴² *STAR Kids Provider Manual*, Chapter 7, BlueCross BlueShield of Texas (Feb. 2019).

⁴³ Five of the 30 risk-based DME claims did not report any amount paid.

evidence of a manufacturer's invoice. BCBSTX's claims processing subcontractor based the associated \$195.00 claim payment on a Title XIX form rather than a manufacturer's invoice.

BCBSTX's claims processing subcontractor incorrectly paid 4 of the remaining 24 (16.7 percent) miscellaneous DME claims, which each included a manufacturer's invoice. As a result, \$1,992.30 was not supported due to incorrectly calculated reimbursements to DME providers.

Miscellaneous DME Procedure Codes

DME providers should only use miscellaneous procedure codes when another procedure code does not exist for the equipment provided to a member. BCBSTX's policy states that it will not accept miscellaneous procedure codes if other valid Healthcare Common Procedure Coding System (HCPCS) codes exist for the DME and supplies.^{44,45}

BCBSTX asserted it did not have a process in place to verify whether a more specific procedure code existed for equipment listed on the manufacturer's invoices used to reimburse miscellaneous DME claims. As a result, BCBSTX reimbursed DME providers \$2,454.90 for miscellaneous claims that may have applicable procedure codes.⁴⁶

Recommendation 3

BCBSTX should develop and implement a process to verify miscellaneous DME claims are paid in accordance with BCBSTX requirements.

Management Response

Action Plan

BCBSTX currently completes monthly audits to review claims accuracy. In addition to continuing this practice, BCBSTX will implement a targeted DME audit of up to ten (10) randomly selected DME claims each month to ensure claims are being adjudicated in accordance with benefit limit, exclusion, pricing

⁴⁴ *Medicaid (STAR) and CHIP Provider Manual*, Chapter 8, BlueCross Blue Shield of Texas (Feb. 2019).

⁴⁵ *STAR Kids Provider Manual*, Chapter 7, BlueCross BlueShield of Texas (Feb. 2019).

⁴⁶ OIG Audit tested 23 claims to identify 7 claims that may have other applicable procedure codes.

and authorization requirements. These audits will also review the proper use of procedure codes by providers (including potential overuse of miscellaneous procedure codes).

Audit results will be monitored in our internal monthly Quality Calibration calls, and feedback/education will be provided as necessary.

As part of the audit process, BCBSTX will also work to review DME miscellaneous coding to find areas of improvement where more appropriate Current Procedural Terminology (CPT)/HCPCS codes for the service provided could be used. This will assist in identifying over payments for established codes that are being billed under miscellaneous. Additionally, BCBSTX will include information on how to locate procedure codes in our provider education (see Action Plan in response to Recommendation 2, above).

Responsible Manager

Manager, Medicaid Operations

Target Implementation Date

BCBSTX to provide any applicable provider education—April 1, 2023

Audit Process Implementation & Policy Creation—July 1, 2023

Appendix A: Objective, Scope, and Criteria

Objective and Scope

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.

Criteria

OIG Audit used the following criteria to evaluate the information provided:

- 1 Tex. Admin. Code § 353.409 (2014)
- Uniform Managed Care Contract, Attachment B-1, v. 2.29 (2019) through v. 2.33 (2021)
- Uniform Managed Care Manual, Chapter 2, v. 2.8 (2019) through v. 2.10 (2021)
- Texas HHS contract #529-12-0002-00017 (2011), as amended
- Texas HHS contract #529-13-0071-00007 (2015), as amended
- Texas Medicaid Provider Procedures Manual, Vol. 1, § 6 (2019 through 2021)
- Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” (2019 through 2021)
- Texas Medicaid Provider Procedures Manual, Vol. 2, “Gynecological, Obstetrics, and Family Planning Title XIX Services” (2019 through 2021)
- *Medicaid (STAR) and CHIP Provider Manual*, BlueCross Blue Shield of Texas (2019)
- *STAR Kids Provider Manual*, BlueCross BlueShield of Texas (2019)

- Letter from the Texas HHS State Medicaid Director to the Texas Medical Association, the Texas Association of Health Plans, the Texas Hospital Association, the Texas Association of Community Health Plans, and the Texas Pediatric Society (2019)

Appendix B: Detailed Procedure Code Analysis

Equipment Claims

Based on BCBSTX encounters submitted to the TMHP Encounter Data Warehouse and HCPCS procedure codes, OIG Audit excluded claims for supplies using the methodology outlined in Table B.1.

Table B.1: DME Procedure Codes

Code Type	Applicable HCPCS Section Name	OIG Audit Methodology
A	Transportation services including ambulance, medical & surgical supplies	Exclude all except A9279, A9900, and A9999 (miscellaneous procedure codes)
B	Enteral and parenteral therapy	Exclude all except B9002 (pump)
E	Durable medical equipment (DME)	Include all except E0441 and E0443 (oxygen supplies)
J	Drugs administered other than oral method, chemotherapy drugs	Exclude all
K	Durable medical equipment for Medicare administrative contractors (DME MACs)	Include all except K0553 (supplies) and K0739 (repairs)
L	Orthotic and prosthetic procedures, devices	Exclude all
S	Commercial payers (temporary codes)	Exclude all
T	Established for state medical agencies	Exclude all except T2029 (miscellaneous procedure code)
V	Vision, hearing and speech-language pathology services	Exclude all

Source: OIG Audit

Miscellaneous Claims

Based on BCBSTX encounters submitted to the TMHP Encounter Data Warehouse and HCPCS procedure codes, OIG Audit identified miscellaneous DME claims using the procedure codes listed in Table B.2.

Table B.2: Miscellaneous Procedure Codes

Procedure Code	Description
A9279	Monitoring feature/device, not otherwise classified (NOC)
A9900	Supply/accessory/service

Procedure Code	Description
A9999	DME supply or accessory, not otherwise specified (NOS)
E0446	Topical oxygen delivery system, NOS
E0625	Patient lift, bathroom or toilet, NOC
E1399	Durable medical equipment, miscellaneous
E2599	Speech generating device accessory, NOC
K0108	Wheelchair component-accessory, NOS
T2029	Special medical equipment, NOS (waiver)

Source: OIG Audit, based on information from "HCPCS Codes," HCPCS.codes, <https://hcpcs.codes/> (accessed December 19, 2022)

Appendix C: Detailed Methodology

OIG Audit issued an engagement letter to BCBSTX on September 1, 2022, providing information about the upcoming audit, and conducted fieldwork from September 1, 2022, through December 20, 2022.

OIG Audit also reviewed BCBSTX's system of internal controls, including components of internal control,⁴⁷ within the context of the audit objectives by:

- Interviewing BCBSTX staff with oversight responsibilities for claims processing.
- Reviewing relevant documentation, such as policies, procedures, and training materials.
- Performing selected tests of the relevant documentation.

Data Reliability

To assess the reliability of BCBSTX's encounter data, auditors (a) analyzed the data for reasonableness and completeness, (b) compared the encounter data to paid claims data included in BCBSTX's claims processing subcontractor's system, (c) compared encounter data and paid claims data to supporting documentation assessed as part of the audit, and (d) interviewed staff who were knowledgeable about the data. OIG Audit determined that the data was sufficiently reliable for the purpose of this audit.

Testing Methodology

OIG Audit collected information for this audit through discussions, interviews, and electronic communications with BCBSTX management and staff. Additionally, OIG Audit reviewed:

- BCBSTX's claims processing subcontractor's system edit checks for specific procedure codes.

⁴⁷ For more information on the components of internal control, see the United States Government Accountability Office's *Standards for Internal Control in the Federal Government*, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

- Supporting documentation for the audit period, including evidence of:
 - Regulatory update tracking.
 - Project implementation to address DME claim-related issues.
 - Selected screenshots from BCBSTX’s claim processing subcontractor’s system.
 - Prior authorization letters.
 - Physician’s orders or Title XIX forms.
 - Delivery confirmations.
- All DME claims during the audit period to identify duplicates.
- Relevant BCBSTX policies and procedures.

For this audit, OIG Audit started with a population of 248,439 encounter data claim details, which reflected BCBSTX reimbursements to DME providers with dates of service during the period from September 1, 2019, through August 31, 2021. OIG Audit used procedure codes to exclude claim details associated with supplies and identified 34,509 claim details associated with equipment. See Appendix B for a list of procedure codes used to identify equipment.

Sampling Methodology

To assess BCBSTX’s claims processing subcontractor’s system edits, OIG Audit selected, by dollar amount and quantity, a risk-based, nonstatistical sample of the ten procedure codes DME providers claimed most often. To assess regulatory update tracking and implementation of projects to address DME claim-related issues, OIG Audit selected judgmental, nonstatistical samples of documentation. To assess BCBSTX’s compliance with applicable DME provider claims reimbursement requirements, OIG Audit selected:

- A random sample of 96 claim details.
- A risk-based, nonstatistical sample of 30 rental claim details.
- A risk-based, nonstatistical sample of 30 miscellaneous claim details.

While OIG Audit estimated the potential population impact based on specific sampling errors, all sample items were not necessarily representative of the population. It would not be appropriate to project the test results to the population as a whole.

However, OIG Audit performed additional analysis on the data provided using specifically defined subsets of the population. When OIG Audit identified a procedure code as paid in error and BCBSTX asserted a process was not in place to prevent the error, OIG Audit used this information and made reasonable assumptions to estimate the potential results on that subset of the population. The results are included in the report to estimate impact but are only estimates since testing was not performed on the subset populations. Further testing would be required to verify whether the assumptions made existed in each instance.

Appendix D: Recovery

Table D.1 details the recovery amount assigned to each claims processing issue identified in Tables D.2 through D.6.

Table D.1: Summary of Claims Processing Issues

Issue	Recovery Amount
Total rental costs	\$ 8,582.95
Allowed related DME and supplies	4,776.62
Quantity limitations	1,676.90
Multiple claims	2,258.19
Duplicate claims	810.91
Total	\$18,105.57

Source: OIG Audit

For each claim, Tables D.2 through D.5 detail the:

- Sample identification number (ID)
- Claim number
- Method by which OIG Audit identified each claim, which was either part of the sample or a related claim
- Claim amount
- Recovery amount

Each claim amount identified for recovery is represented by the amount of the sampled claim or the amount of the related claim for that sample.⁴⁸ Within Tables D.2 through D.6, a dash (—) identifies recovery amounts that are not applicable because OIG Audit previously identified the recovery amount of the claim for a previous issue.

⁴⁸ Dollar amounts for sample claims came from the BCBSTX's claims processing subcontractor's system while dollar amounts for related claims came from paid claims data submitted to the TMHP Encounter Data Warehouse.

Table D.2: Total Rental Costs

Sample ID	Claim Number	Sampled Claim?	Claim Amount	Recovery Amount
3	TMGSM20225007740000	No	\$ 124.32	\$ 124.32
4	TMGKM20329011890100	No	203.69	0.02
4	TMGKM21014010080000	No	203.69	203.69
4	TMGKM21024005440000	Yes	203.69	203.69
4	TMGKM21055009490000	No	203.69	203.69
4	TMGKM21082020160000	No	203.69	203.69
4	TMGKM21113017030000	No	203.69	203.69
4	TMGKM21143006250000	No	203.69	203.69
18	TMGKM20171011660000	No	203.69	0.02
18	TMGKM20201002080000	No	203.69	203.69
18	TMGKM20232013190000	No	203.69	203.69
18	TMGKM20263021220000	No	203.69	203.69
18	TMGKM20295021750000	No	203.69	203.69
18	TMGKM20324009640000	No	203.69	203.69
18	TMGKM20354004670000	No	203.69	203.69
18	TMGKM21021028400000	No	203.69	203.69
18	TMGKM21050008340000	No	203.69	203.69
18	TMGKM21078017230000	No	203.69	203.69
18	TMGKM21110004690000	No	203.69	203.69
18	TMGKM21139018220000	No	203.69	203.69
18	TMGKM21170004100000	No	203.69	203.69
28	TMGKM20277010180000	No	9.69	0.05
31	TMGKM20157013190000	No	9.69	0.05
31	TMGKM20186012400000	No	9.69	9.69
31	TMGKM20218014140000	No	9.69	9.69
31	TMGKM20249021880000	No	9.69	9.69
31	TMGKM20279006750000	No	9.69	9.69
31	TMGKM20310028900000	No	9.69	9.69
31	TMGKM20340017950000	No	9.69	9.69
31	TMGKM21007016250000	No	9.69	9.69
31	TMGKM21036003350000	No	9.69	9.69

Sample ID	Claim Number	Sampled Claim?	Claim Amount	Recovery Amount
31	TMGKM21064016390000	No	9.69	9.69
38 ⁴⁹	TMGKM20182008890000	Yes	122.58	—
38/62	TMGKM20200015030000	No	122.58	—
38/62	TMGKM20214024290000	No	122.58	—
38/62	TMGKM20232005350000	No	122.58	—
38/62	TMGKM20243005960000	No	122.58	—
38/62	TMGKM20262012530000	No	122.58	—
38/62	TMGKM20274011420000	No	122.58	—
38/62	TMGKM20291028080000	No	122.58	—
38/62	TMGKM20304013310000	No	122.58	—
38/62	TMGKM20324015270000	No	122.58	—
38/62	TMGKM20344017140000	No	122.58	—
38/62	TMGKM20353005810000	No	122.58	—
38/62	TMGKM21028006420000	No	122.58	—
38/62	TMGKM21112011050000	No	122.58	—
38/62	TMGKM21112022390000	No	122.58	—
38/62	TMGKM21118005820000	No	122.58	—
38/62	TMGKM21148020650000	No	122.58	—
49	TMGKM20158016470000	No	9.69	0.05
49	TMGKM20189006340000	No	9.69	9.69
49	TMGKM20219013480000	No	9.69	9.69
49	TMGKM20250005760000	No	9.69	9.69
49	TMGKM20279001260000	No	9.69	9.69
49	TMGKM20311013220000	No	9.69	9.69
49	TMGKM20344016230000	No	9.69	9.69
49	TMGKM21008009880000	No	9.69	9.69
49	TMGKM21036012450000	No	9.69	9.69
49	TMGKM21066018720000	No	9.69	9.69

⁴⁹ Sample IDs 38 and 62 reflected rental payments for the same DME for the same member in different months. This report treats these two sample IDs as one exception because the sample claims included the same procedure for the same member.

Sample ID	Claim Number	Sampled Claim?	Claim Amount	Recovery Amount
49	TMGKM21096010240000	No	9.69	9.69
49	TMGKM21191038790000	No	9.69	9.69
49	TMGKM21191038800000	No	9.69	9.69
49	TMGKM21218017130000	No	9.69	9.69
62 ⁵⁰	TMGKM21233025160000	Yes	122.58	—
71	TMGKM20210002140000	No	122.58	0.02
71	TMGKM20241026350000	No	122.58	122.58
71	TMGKM20271006670000	No	122.58	122.58
71	TMGKM20301012500000	No	122.58	122.58
71	TMGKM20333006340000	No	122.58	122.58
71	TMGKM21021027100000	No	122.58	122.58
71	TMGKM21027019340000	No	122.58	122.58
71	TMGKM21079019480000	No	122.58	122.58
71	TMGKM21086030250000	No	122.58	122.58
71	TMGKM21118008650000	No	122.58	122.58
71	TMGKM21147015040000	No	122.58	122.58
75	TMGKM20299001220000	No	203.69	0.02
75	TMGKM20330008300000	Yes	203.69	203.69
75	TMGKM20360001170000	No	203.69	203.69
75	TMGKM21026013830000	No	203.69	203.69
75	TMGKM21056048850000	No	203.69	203.69
75	TMGKM21084014450000	No	203.69	203.69
75	TMGKM21115001430000	No	203.69	203.69
75	TMGKM21145010500000	No	203.69	203.69
75	TMGKM21176014090000	No	203.69	203.69
82	TMGKM20164014500000	No	9.69	3.95
82	TMGKM20196009760000	No	9.69	9.69
82	TMGKM20225005410000	Yes	9.69	9.69

⁵⁰ Sample IDs 62 and 38 reflected rental payments for the same DME for the same member in different months. This report treats these two sample IDs as one exception because the sample claims included the same procedure for the same member.

Sample ID	Claim Number	Sampled Claim?	Claim Amount	Recovery Amount
82	TMGKM20257005420000	No	9.69	9.69
82	TMGKM20288017900000	No	9.69	9.69
82	TMGKM20317015170000	No	9.69	9.69
82	TMGKM20348005740000	No	9.69	9.69
82	TMGKM21031006570000	No	9.69	9.69
82	TMGKM21043016340000	No	9.69	9.69
82	TMGKM21071003080000	No	9.69	9.69
82	TMGKM21103013510000	No	9.69	9.69
82	TMGKM21170001640000	No	9.69	9.69
82	TMGKM21194010950000	No	9.69	9.69
82	TMGKM21224009910000	No	9.69	9.69
88	TMGKM20158017780000	No	122.58	0.02
88	TMGKM20214059830000	No	122.58	122.58
88	TMGKM20219015790000	No	122.58	122.58
88	TMGKM20250000880000	No	122.58	122.58
88	TMGKM20280009430000	No	122.58	122.58
88	TMGKM20310025250000	No	122.58	122.58
88	TMGKM20341007120000	No	122.58	122.58
88	TMGKM21017003570000	No	122.58	122.58
88	TMGKM21036018280000	No	122.58	122.58
88	TMGKM21066026670000	No	122.58	122.58
88	TMGKM21096014410000	No	122.58	122.58
88	TMGKM21126013450000	No	122.58	122.58
88	TMGKM21156032730000	No	122.58	122.58
88	TMGKM21186009000000	No	122.58	122.58
Total			\$11,680.18	\$8,582.95⁵¹

Source: OIG Audit

⁵¹ The recovery amount, totaling \$8,582.95, reflects removal of claims OIG Audit identified as part of the multiple claims and amount issues discussed in this report.

Table D.3: Allowed Related DME and Supplies

Sample ID	Claim Number	Sampled Claim?	Claim and Recovery Amount
4	TMGKM20144008900000	No	\$ 141.76
4	TMGKM20214062440000	No	141.76
13	TMGKM20116022720000	No	7.40
13	TMGKM20214040020000	No	7.40
13	TMGKM21035014560000	No	7.40
13	TMGKM21071012920000	No	7.40
13	TMGKM21222005710000	No	7.40
18	TMGKM20021001500000	No	177.12
18	TMGKM20133005210100	No	177.12
18	TMGKM20154005300000	No	44.28
18	TMGKM20154009600000	No	44.28
18	TMGKM20154009610000	No	44.28
18	TMGKM20154009620000	No	44.28
30/93 ⁵²	TMGKM19357020900000	No	1.50
30/93	TMGKM20150007270000	No	1.50
40	TMGKM20361001600000	No	1.50
53	TMGKM19365007200100	No	59.06
53	TMGKM20025006890100	No	59.06
53	TMGKM20056008920100	No	59.06
53	TMGKM20147001290200	No	59.06
53	TMGKM20177006910200	No	59.06
53	TMGKM20210005380100	No	59.06
53	TMGKM20235009750200	No	59.06
53	TMGKM20266014740200	No	59.06
53	TMGKM20298006860000	No	59.06
53	TMGKM20329005460000	No	59.06
53	TMGKM20360003930000	No	59.06

⁵² TMPPM does not allow the supply claims related to sample IDs 30 and 93. This report treats these two sample IDs as separate exceptions because the sample claims included two different equipment procedure codes.

Sample ID	Claim Number	Sampled Claim?	Claim and Recovery Amount
53	TMGKM21024003860000	No	59.06
53	TMGKM21059003500000	No	59.06
53	TMGKM21084015480000	No	59.06
53	TMGKM21115002370200	No	59.06
53	TMGKM21177031590000	No	59.06
53	TMGKM21204029830200	No	59.06
53	TMGKM21236023530200	No	59.06
54	TMGKM20037016510000	No	141.76
54	TMGKM20049012190000	No	141.76
54	TMGKM20075023990000	No	141.76
54	TMGKM20102013020000	No	141.76
54	TMGKM20137008440000	No	141.76
54	TMGKM20196003770000	No	141.76
57	TMGKM19329008310000	No	0.28
57	TMGKM20050033300100	No	0.28
57	TMGKM20074000990100	No	0.28
67	TMGKM19261007970000	No	21.40
67	TMGKM19290019630000	No	21.40
67	TMGKM19319014210000	No	21.40
67	TMGKM19354006130000	No	21.40
67	TMGKM20016010620000	No	19.69
67	TMGKM20050015320000	No	19.69
67	TMGKM20075018250100	No	19.69
67	TMGKM20105010960000	No	19.69
67	TMGKM21100005890000	No	19.69
67	TMGKM21198026450200	No	19.69
67	TMGKM21231002700200	No	19.69
75	TMGKM19311061680100	No	141.76
75	TMGKM19311061990000	No	35.44
75	TMGKM19311062020000	No	35.44
75	TMGKM19311062040000	No	35.44
75	TMGKM19311062110000	No	35.44

Sample ID	Claim Number	Sampled Claim?	Claim and Recovery Amount
75	TMGKM19340013310000	No	141.76
75	TMGKM20002014420000	No	35.44
75	TMGKM20035017340000	No	35.44
75	TMGKM20035023290000	No	35.44
75	TMGKM20035023330000	No	35.44
75	TMGKM20056012670000	No	141.76
76	TMGSM19306010880100	No	64.20
76	TMGSM19319008380100	No	64.20
76	TMGSM19351005250200	No	118.13
76	TMGSM20077005090400	No	59.06
76	TMGSM20298013230100	No	118.13
76	TMGSM20326005930100	No	118.13
76	TMGSM20361001450200	No	59.10
76	TMGSM21015017470200	No	59.10
76	TMGKM21059003430200	No	59.10
76	TMGKM21077012620200	No	59.06
76	TMGKM21108001240200	No	59.06
76	TMGKM21150011940200	No	118.13
76	TMGKM21168019500100	No	118.13
Total			\$4,776.62

Source: OIG Audit

Table D.4: Quantity Limitations

Sample ID	Claim Number	Sampled Claim?	Claim Amount	Recovery Amount
38/62	TMGKM20200015030000	No	\$ 122.58	\$ 122.58
38/62	TMGKM20232005350000	No	122.58	122.58
38/62	TMGKM20262012530000	No	122.58	122.58
38/62	TMGKM20291028080000	No	122.58	122.58
38/62	TMGKM20324015270000	No	122.58	122.58
38/62	TMGKM20353005810000	No	122.58	122.58
38/62	TMGKM21028006420000	No	122.58	122.58
38/62	TMGKM21112011050000	No	122.58	—
38/62	TMGKM21112022390000	No	122.58	122.58
38/62	TMGKM21118005820000	No	122.58	122.58
38/62	TMGKM21148020650000	No	122.58	122.58
40	TMGKM19310013640000	No	26.47	26.47
40	TMGKM19339033510000	No	26.47	26.47
40	TMGKM20004012280000	No	26.47	26.47
45	TMGKM20248026790100	No	13.24	13.24
45	TMGKM20268024890100	No	13.24	13.24
62	TMGKM20171012660000	No	122.58	122.58
62 ⁵³	TMGKM21233025160000	Yes	122.58	122.58
63	TMGKM19300005980000	No	23.56	23.56
63	TMGKM20092017970000	No	23.56	23.56
69	TMGKM20266017830000	No	26.47	26.47
69	TMGKM21022011090000	No	26.47	26.47
Total			\$1,799.49	\$1,676.91⁵⁴

Source: OIG Audit

⁵³ Sample IDs 62 and 38 reflected rental payments for the same DME for the same member in different months. This report treats these two sample IDs as one exception because the sample claims included the same procedure for the same member.

⁵⁴ The recovery amount, totaling \$1,676.91, reflects removal of a claim OIG Audit identified as part of the multiple claims issue discussed in this report.

Table D.5: Multiple Claims

Sample ID	Claim Number	Sampled Claim?	Claim and Recovery Amount
11	TMGKM20241030350000	No	\$ 203.69
11	TMGKM20268017720000	No	203.69
11	TMGKM20359016890000	No	203.69
26	TMGKM21028013800000	Yes	148.76
30	TMGKM19333004930000	No	148.76
30	TMGKM19345011830000	No	148.76
30	TMGKM20001002250000	No	136.86
30	TMGKM20028017920000	No	148.76
38 ⁵⁵	TMGKM20182008890000	Yes	122.58
38/62	TMGKM20214024290000	No	122.58
38/62	TMGKM20243005960000	No	122.58
38/62	TMGKM20274011420000	No	122.58
38/62	TMGKM20304013310000	No	122.58
38/62	TMGKM20344017140000	No	122.58
38/62	TMGKM21112011050000	No	122.58
56	TMGKM20289006000000	No	57.16
Total			\$2,258.19

Source: OIG Audit

⁵⁵ Sample IDs 38 and 62 reflected rental payments for the same DME for the same member in different months. This report treats these two sample IDs as one exception because the sample claims included the same procedure for the same member.

Table D.6 details (a) the original and duplicate claims identified and (b) the assigned recovery amount for each set of claims. OIG Audit only recovered the amount of each duplicate claim and did not recover the amount of the original claim.

Table D.6: Duplicate Claims⁵⁶

Claim Numbers	Recovery Amount
TMGKM20010012010000 TMGKM20016009490100	\$ 50.92
TMGKM20133006260000 TMGKM20133006260000	51.53
TMGKM20133006270000 TMGKM20133006270000	51.53
TMGKM20154019190000 TMGKM20173007790000	86.42
TMGKM21017003690000 TMGKM20360001240000	187.39
TMGKM21078014380000 TMGKM21123016510000	86.42
TMGKM21350004010200 TMGKM21350004010200	109.31
TMGSM21075007450000 TMGSM21034025830000	187.39
Total	\$ 810.91

Source: OIG Audit

⁵⁶ For this table, sample identification numbers are not applicable because OIG Audit’s assessment identified exceptions associated with all equipment claims during the audit period.

Appendix E: Summary of Recommendations

Table E.1: Summary of Recommendations to BCBSTX

No.	Recommendation
1a	<p>BCBSTX should ensure that its claims processing subcontractor implements edits to ensure claims are reimbursed according to required benefit limits and exclusions for:</p> <ul style="list-style-type: none"> • Total rental cost limits. • Allowed DME amounts. • Multiple claims for the same DME to the same member in one calendar month. • Duplicate claims. <p>Additionally, BCBSTX should repay \$18,105.57 to the state of Texas for claims that exceeded BCBSTX and TMPPM limitations.</p>
1b	<p>BCBSTX should 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.</p>
2	<p>BCBSTX should 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.</p>
3	<p>BCBSTX should develop and implement a process to verify miscellaneous DME claims are paid in accordance with BCBSTX requirements.</p>

Source: OIG Audit

Appendix F: Abbreviations

Abbreviations Used in This Report

BCBSTX	Blue Cross and Blue Shield of Texas
CHIP	Children’s Health Insurance Program
DME	Durable medical equipment
EDI	Electronic data interchange
HCPCS	Healthcare Common Procedure Coding System
HCSC	Health Care Service Corporation
HHS	Health and Human Services
HHSC	Health and Human Services Commission
ID	Identification number
IV	Intravenous
MCO	Managed care organization
MRSA	Medicaid rural service area
MSRP	Manufacturer’s suggested retail price
OIG	Office of Inspector General
OIG Audit	OIG Audit and Inspections Division
Title XIX form	Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form
TMHP	Texas Medicaid and Healthcare Partnership
TMPPM	Texas Medicaid Provider Procedures Manual

Appendix G: Related Reports

- Managed Care Claims Submitted by Cook Children’s Home Health and Paid by Cook Children’s Health Plan: A Texas Medicaid Durable Medical Equipment and Supplies Provider, [AUD-22-002](#), September 30, 2021
- Fee-for-Service Claims Submitted by Maverick Medical Supply: A Texas Medicaid Durable Medical Equipment and Supplies Provider, [AUD-21-003](#), November 30, 2020
- Fee-for-Service Claims Submitted by Aveanna Healthcare Medical Solutions: A Texas Medicaid Durable Medical Equipment and Supplies Provider, [AUD-20-014](#), July 30, 2020
- Fee-for-Service Claims Submitted by Longhorn Health Solutions: A Texas Medicaid Durable Medical Equipment and Supplies Provider, [AUD-19-015](#), May 9, 2019
- Audit of Medicaid and CHIP MCO Special Investigative Units: Blue Cross and Blue Shield of Texas, [AUD-19-001](#), September 28, 2018

Appendix H: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

For more information on Texas HHS Managed Care Contracts and Manuals:

“Managed Care Contract Management,” HHS,
<https://www.hhs.texas.gov/services/health/medicaid-chip/managed-care-contract-management> (accessed December 2, 2022)

For more information on Health Care Service Corporation (HCSC):

Homepage, Health Care Service Corporation,
<https://www.hcsc.com/content/bcbs/hcsc/en/home.html> (accessed December 19, 2022)

For more information on Blue Cross and Blue Shield of Texas (BCBSTX):

Homepage, BlueCross BlueShield of Texas, <https://www.bcbstx.com/>
(accessed December 19, 2022)

For more information on BCBSTX Medicaid:

“STAR, STAR Kids and CHIP Plans,” BlueCross BlueShield of Texas,
<https://www.bcbstx.com/medicaid> (accessed December 19, 2022)

Appendix I: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

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- Parsons Townsend, CIA, CFE, CGAP, CCEP, Audit Director
- Sarah Cason, CIA, CISA, Audit Project Manager
- Kay Allred, Staff Auditor
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- Jim Hicks, CISA, Quality Assurance Reviewer
- Karen Mullen, CGAP, CIGA, Quality Assurance Reviewer
- Leia Villaret, CGAP, Quality Assurance Reviewer
- Ashley Rains, CPE, CFE, Senior Audit Operations Analyst

Report Distribution

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Blue Cross and Blue Shield of Texas

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- Kirstie Reck, Texas Medicaid Compliance Director
- Anne Raven, Coordinating Office of Regulatory Examinations (CORE) Associate General Counsel
- Nathan Fortner, Manager, Medicaid Operations

Appendix J: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Audrey O'Neill, Principal Deputy Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Diane Salisbury, Chief of Data Reviews
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

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- Phone: 1-800-436-6184

To Contact OIG

- Email: OIGCommunications@hhs.texas.gov
- Mail: Texas Health and Human Services
Office of Inspector General
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Austin, Texas 78708-5200
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