



Texas Health and Human Services Office of Inspector General Audit and Inspections Division

## Follow-Up Assessment on a Previously Published Audit Report

Managed Care Claims Submitted by Cook Children's Home Health

AUD-25-008

February 11, 2025

Dear Michael Simmons:

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) conducted a follow-up assessment of the previously published audit report titled "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" to determine the resolution status of audit issues identified in the previous report.

Based on our assessment, Cook Children's Home Health did not fully resolve some reported audit issues. As a result, OIG Audit reissued two recommendations from the previous audit, revised as appropriate to address the results of this assessment. Additionally, Cook Children's Home Health should repay \$1,064.92 to the state of Texas for overpayments identified during this assessment.

OIG Audit thanks management at Cook Children's Home Health for their responsiveness, cooperation, and assistance during this assessment. The attachment to this letter contains additional details on the assessment.

Sincerely,

Anton Dutchover, CPA  
Deputy Inspector General of Audit and Inspections  
Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner  
Raymond Charles Winter, HHS Inspector General

### Background

The previous audit report was published on September 30, 2021. The objective of the original audit was to determine whether documentation to support the authorization and delivery of durable medical equipment and supplies associated with Texas Medicaid claims submitted by and paid to Cook Children's Home Health by Cook Children's Health Plan existed and was completed in accordance with applicable state laws, rules, and guidelines.

The scope of the original audit included paid durable medical equipment and supplies claims with dates of service from September 1, 2018, through August 31, 2020, as well as a review of relevant activities, internal controls, and information technology general controls in place through the end of fieldwork.



# Attachment

Figure 1 summarizes the resolution status of the issues included in the previously published audit report, "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](#), published September 30, 2021.

In the figure:




- "Fully resolved" means Cook Children's Home Health successfully implemented a process, system, or policy to resolve the issue.<sup>1</sup>
- "Incomplete" means Cook Children's Home Health implemented, or was in the process of implementing, a process, system, or policy to address the issue; however, OIG Audit identified significant exceptions during testing.

**Figure 1: Resolution Status of Audit Issues and Associated Recommendations**

| Resolution Status   |                       | Recommendation  |
|---|-----------------------|---|
|  | <b>Fully Resolved</b> | 1a(1)<br>Cook Children's Home Health should strengthen its controls to ensure that: <ul style="list-style-type: none"><li>• Delivery documents are signed by the member or caregiver for all deliveries and signature records are retained.</li></ul> |
|  | <b>Incomplete</b>     | 1a(2)<br>Cook Children's Home Health should strengthen its controls to ensure that: <ul style="list-style-type: none"><li>• Deliveries are processed with the correct delivery amounts.</li></ul>   |

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<sup>1</sup> Cook Children's Home Health may have resolved some issues using a process, system, or policy that did not align with the previously published recommendation.

|   |                       |   |
|---|-----------------------|---|
|  | <b>Fully Resolved</b> | <p>1b</p> <p>Cook Children’s Home Health should repay \$2,523.50 to the state of Texas, which consists of:</p> <ul style="list-style-type: none"> <li>• \$2,512.40 for two claims that did not include a signature from the member or caregiver on the documents to confirm receipt of deliveries made by Cook Children’s Home Health.</li> <li>• \$11.10 for one claim that stated a quantity on the delivery documentation was greater than the quantity ordered and authorized.</li> </ul> |
|  | <b>Incomplete</b>     | <p>2a</p> <p>Cook Children’s Home Health should strengthen its controls to ensure that duplicate claims and deliveries are corrected.</p>   |
|  | <b>Fully Resolved</b> | <p>2b</p> <p>Cook Children’s Home Health should repay \$905.82 to the state of Texas for the duplicate claims and deliveries erroneously billed to Cook Children’s Health Plan.</p>   |

Source: OIG Audit

To determine whether the previous issues were fully resolved, OIG Audit tested documentation supporting durable medical equipment and supply claim reimbursements Cook Children’s Home Health received for supplies it delivered to Texas Medicaid beneficiaries during the period from March 1, 2023, through February 29, 2024. OIG Audit also tested controls Cook Children’s Home Health implemented to identify and correct duplicate claims.

Based on the results of this assessment, Cook Children’s Home Health should:

- Strengthen its controls to process deliveries as ordered and in authorized quantities.
- Reevaluate whether its controls effectively identify and correct duplicate claims and deliveries.

Additionally, Cook Children’s Home Health must repay \$1,064.92 to the state of Texas for overpayments identified during this assessment.

The “Reissued Recommendations” section of this report presents additional information about the assessment results and is considered written education in accordance with Texas Administrative Code.<sup>2</sup> In addition, other issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,<sup>3</sup> including administrative penalties.<sup>4</sup> This report does not address compliance beyond the scope and objective of this assessment.

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<sup>2</sup> 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

<sup>3</sup> 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

<sup>4</sup> Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

## Reissued Recommendations

In this section, issues and recommendations are numbered to correspond to the recommendation in the original audit report. As such, original recommendations that were fully resolved are not listed.

### Issues 1 and 2: Cook Children's Home Health Incorrectly Submitted Some Durable Medical Equipment and Supplies Claims

Cook Children's Home Health incorrectly submitted claims and received reimbursement for durable medical equipment and supplies for 7 of 19 members (36.8 percent) tested. Specifically, Cook Children's Home Health received reimbursement for durable medical equipment and supplies for:

- One member with two duplicate claims for wound care and nutritional supplies, totaling \$459.35.
- One member with a duplicate claim and delivery for incontinence supplies, totaling \$158.40.
- Three members with three total incorrect deliveries for nutritional supplies, totaling \$334.51.
- One member with two duplicate monthly wheelchair rentals billed in the same month, totaling \$86.50.
- One member with two unauthorized wheelchair accessories, totaling \$26.16.

As a result, Cook Children's Home Health received overpayments totaling \$1,064.92.

DME and supplies providers must maintain and retain all necessary documentation to fully document the supplies delivered to a member with Texas Medicaid coverage and the medical necessity of those supplies.<sup>5</sup> To be eligible for reimbursement, claims must be for medically necessary items.<sup>6</sup>

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<sup>5</sup> Texas Medicaid Provider Procedures Manual, Vol. 1, § 1.7.3 (2023, as amended).

<sup>6</sup> Texas Medicaid Provider Procedures Manual, Vol. 1, § 1.7.11.1 (2023, as amended).

Cook Children’s Home Health implemented controls to (a) match delivery order quantities with authorized quantities and (b) identify and reverse duplicate claims; however, these controls were not always effective. When durable medical equipment and supply providers deliver incorrect quantities or submit duplicate claims, Texas Medicaid members may experience care issues or Texas Medicaid funds may be spent unnecessarily.

### **Recommendation 1a**

Cook Children’s Home Health should strengthen its controls to process deliveries as ordered and in authorized quantities.

#### **Management Response**

##### **Action Plan**

- Update ticket verification process to include explicit instructions to search past tickets for the month; also to include verification that quantity on the scheduled delivery ticket matches the authorization and order.
- Expand audit sample size for current audit process around ordered and authorized quantities.
- Staff education.

##### **Responsible Managers**

Director of Reimbursement  
Assistant Vice President, Pharmacy and Clinical Operations  
Vice President of Finance

##### **Target Implementation Date**

- Process to be edited by February 28, 2025.
- Expansion of sample size for current internal audit process by February 28, 2025.
- Education with all staff clarifying ticket verification process by February 28, 2025.

## Recommendation 2a

Cook Children’s Home Health should reevaluate whether its controls effectively identify and correct duplicate claims and deliveries.

### Management Response

#### Action Plan

- Review the existing Duplicate Claims Report alongside a more detailed claims report to identify discrepancies.
- Determine why certain duplicate claims were missed by identifying patterns and system logic gaps.
- Work with our information technology group to refine detection rules and ensure all duplicated claims are captured.
- Regularly review reports, track any new gaps, and refine the process as needed.
- Update procedures and train teams on identifying and handling duplicate claims effectively.

#### Responsible Managers

Director of Reimbursement

Vice President of Finance

#### Target Implementation Date

- Cook Children’s Home Health has updated the Duplicate Claims Report to account for a discovered logic discrepancy (this fix would have caught duplicate orders for all seven members that weren’t previously caught during the follow-up audit). Completed December 20, 2024.
- Continued review of existing Duplicate Claims Report to identify any missing items by February 28, 2025.
- Meet with our information technology group to refine detection rules by March 31, 2025.
- Data validation of new and updated report to be completed by May 31, 2025.

## Objective, Scope, Methodology, Criteria, and Standards

### Objective and Scope

The objective of this follow-up assessment was to determine the resolution status of OIG Audit's previously identified issues at Cook Children's Home Health, which included testing the effectiveness of management activities designed to remediate identified issues.

The scope of the assessment was limited to reviewing the resolution status of issues identified in the previously published audit report.

### Methodology

OIG Audit issued an engagement letter to Cook Children's Home Health on September 24, 2024, providing information about the upcoming assessment, and conducted testing from September 24, 2024, through January 8, 2025.

OIG Audit reviewed the previously published audit report and performed a follow-up assessment of the reported findings, recommendations, and management responses.

### Data Reliability

To assess the reliability of data provided by Cook Children's Home Health, OIG Audit (a) compared the encounter data to Cook Children's Home Health's medical records and supporting documentation and (b) interviewed staff who were knowledgeable about its operational processes. OIG Audit determined that the data was sufficiently reliable for the purposes of this assessment.

### Testing Methodology

To determine the resolution status of the previously identified audit issues, OIG Audit:

- Examined, for each paid claim selected, the associated order form, prior authorization, delivery ticket, and delivery confirmation.
- Determined whether valid support existed for the selected paid claims.
- Reviewed and tested Cook Children's Home Health's controls intended to address the previously identified audit issues.
- Interviewed Cook Children's Home Health management and reviewed documents regarding steps taken to resolve the audit issues.



## Criteria

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

- 1 Tex. Admin. Code § 371.1667 (2016)
- Texas Medicaid Provider Procedures Manual, Vol 1, “Provider Enrollment and Responsibilities” (2023, as amended)
- Texas Medicaid Provider Procedures Manual, Vol 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” (2023, as amended)

## Auditing Standards

### Generally Accepted Government Auditing Standards

OIG Audit conducted the original audit in accordance with generally accepted government auditing standards (GAGAS). In accordance with GAGAS, providing audit, investigative, and oversight-related services—such as periodic audit recommendation follow-up engagements and reports—does not involve a GAGAS engagement. OIG Audit planned and performed this follow-up assessment to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions included in this report based on the assessment objectives.