# FINAL AUDIT REPORT

St. Louis Medical Supply, Inc.
Fenton, MO

**NPI NUMBER:** 1730109588
**TPI NUMBERS:** 168919201 and 168919202

**AUDIT/CASE TRACKING NUMBER**
2017-TXIG011-DME-09-07

**DATE ISSUED**
May 25, 2018

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# I. AUDIT SUMMARY

On November 8, 2017, an on-site audit was initiated by Health Management Systems, Inc. (HMS), contracted by the Texas Health and Human Services Commission – Office of Inspector General (OIG). The audit was for services provided to medical assistance recipients by:

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| Name: | St. Louis Medical Supply, Inc. |
| NPI Number: | 1730109588 |
| TPI Numbers: | 168919201 and 168919202 |
| Address: | 1664 Larkin Williams Road<br>Fenton, MO 63026 |
| Address after 01/19/2018: | 10 Sunnen Drive, Suite 100<br>Maplewood, MO 63143 |

Thirty recipient records were reviewed for dates of service January 1, 2015 through March 31, 2017. HMS's staff audited durable medical equipment records to verify services provided to recipients, paid by Texas Medical Assistance (Medicaid) Program. Detailed audit findings for individual claim lines are contained in the Appendices.

This report reflects only the findings of this audit and is not intended to discover all possible errors in billing or recordkeeping. Any omission of other errors from this report does not mean such practice is acceptable. Because of the limited nature of this audit, no inferences as to the overall level of provider performance should be drawn solely from this report.

# II. AUDIT AUTHORITY & REFERENCES

The OIG is responsible for maintaining an ongoing program to audit providers participating in the State medical assistance programs.

This audit was carried out consistent with the *Texas Administrative Code* (TAC), *Title 1*, *Part 15*, *Chapter 371*, *et seq.*; and *Generally Accepted Governmental Auditing Standards*, as issued by the United States Government Accountability Office.[1]

Refer to Appendix B for the State Regulations and Policy Provider Manual provisions which were used to support the audit. The regulations and guidelines used were in effect at the time the service was provided. These include:

[1] 1 Tex. Admin. Code § 371.1719(b)(1)(A) (effective May 1, 2016).

- *Government Auditing Standards* (GAS)
- *Code of Federal Regulations* (CFR)
- *Texas Administrative Code* (TAC)
- *Texas Medicaid Provider Procedures Manual* (TMPPM)
- Applicable coding references (CPT, HCPCS, ICD-9-CM, ICD-10-CM)

# III. AUDIT PROCESS

This provider audit was conducted in the following manner:

Case Selection

For the audit of Medicaid claims, a universe of paid claims with service dates ranging from January 1, 2015 through March 31, 2017 was developed. Only claims with a paid amount greater than zero were included in this universe. The universe included 1,738 recipients with a total Medicaid payment of $3,700,341.41. From this universe, a total of 30 randomly selected recipients totaling $81,371.39 were selected for review.

Claims previously identified as overpayments in prior audits or through post payment reviews performed by the Payment Review Program are removed from the audit universe. This prevents the same claim from being recovered twice.

Documentation Reviewed

Documentation to support services reimbursed by Medicaid was obtained on-site at the Provider's facility on December 4, 2017. No original records were removed from the Provider's premises.

An Exit Conference was held with the Provider on February 14, 2018 to review the Revised Draft Audit Report. In response to the Revised Draft Audit Report, the Provider submitted additional documentation to support the claims under review on February 22, 2018.

The documents were analyzed to identify any billing irregularities or deviations from program rules, regulations, and the Medicaid Provider Agreement. The results are contained in Sections IV and V of this report.

Statistical Sampling

A sample was drawn from the universe of claims paid by Medicaid program. The sample was produced using the RAT-STATS 2010-v4 random number generator. Overpayments, if any, are determined for the claims within the probability sample. These overpayments are then extrapolated to the audit universe to determine an

overpayment amount. The extrapolation detail file contains the (a) population of claims, (b) sample frame, including sample size determination, (c) seed value for random number generation, (d) extrapolation validation, and (e) results printout from the RAT-STATS software.

The audit population consisted of 1,738 recipients. The probability sample consisted of 30 randomly selected recipients totaling $81,371.39. All claims were itemized on the Medicaid remittance advices to the Provider. Overpayments identified in the probability sample are extrapolated to the audit universe in accordance with *TAC, Title 1, Part 15, Chapter 371, Subchapter B, Rule 371.35 Use of Statistical Sampling and Extrapolation (effective 05/01/2016).* See Appendix C Sampling Plan for more information.

In some instances, more than one audit finding relates to an individual service provided. This is referred to as "overlap" of findings. When more than one finding requires repayment on an individual service, the amount asserted for recoupment is limited to the amount paid by the Medicaid.

# IV. FINDINGS

Out of 737 claim lines reviewed, there were seven claim lines with recoupable monetary findings. Of the seven claim lines with recoupable findings, five claim lines had more than one error resulting in a total of twelve errors. See Appendix A for the Audit Finding Index.

**Finding 1: Invalid Prescription (INP)**

There was one instance of the medical record containing an invalid prescription for supplies.

**Example:** Sample SN-308-C-002-C – Title XIX DME/Medical Supplies Physician Order Form was not valid to support date of service (DOS) 02/02/2015. It was signed by the physician on 02/27/2015, after the DOS 02/02/2015. The previous script expired on 01/29/2015. Texas Medicaid Refund Information form for DOS 02/02/2017 was completed on 12/01/2017 after notification of the audit. Per TMPPM DME, 2.2.1 Home Health Services, (effective August 2014), the Home Health Services (Title XIX) Durable Medical Equipment (DME)/Medical Supplies Physician Order Form is valid for up to, but no more than, 6 months from the date of the physician's signature on the form.

*Rebuttal medical record review:* The Texas Medicaid Refund Information form for DOS 02/02/2017 was completed on 12/01/2017 after notification of the audit. Rebuttal documentation submitted shows that a financial adjustment was accepted by THMP on 12/22/2017 for this claim.

Basis for Finding:

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.1 Home Health Services (effective August 2014, July 2015, March 2016, and February 2017)* provides, "The benefit period for home health professional services is up to 60 days with a current plan of care (POC). For all DME and medical supplies with or without prior authorization requirements, providers must complete a Home Health Services (Title XIX) Durable Medical Equipment (DME) Medical Supplies Physician Order Form. In chronic and stable situations, the Home Health Services (Title XIX) Durable Medical Equipment (DME) Medical Supplies Physician Order Form is valid for up to, but no more than, 6 months from the date of the physician's signature on the form, unless otherwise noted in this handbook. … Providers must retain all orders, signed and dated Title XIX forms, delivery slips, and corresponding invoices for all supplies provided to a client and must disclose them to HHSC or its designee upon request. …"

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.1.1 Client Eligibility (effective August 2014, July 2015, March 2016, and February 2017)* provides, "… Unless otherwise noted in this handbook, certain DME/supplies may be obtained without prior authorization although providers must retain a Home Health Services (Title XIX) Durable Medical Equipment (DME)/Medical Supplies Physician Order form that has been reviewed, signed, and dated by the treating physician for these clients. …"

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.3 Medical Supplies (effective August 2014, July 2015, March 2016, and February 2017)* provides, "Medical supplies are benefits of the Home Health Services Program if they meet the following criteria:

- Unless otherwise noted in this handbook, the representative of the DME/medical supply provider and a physician who is familiar with the client must sign and date a completed Home Health Services (Title XIX) Durable Medical Equipment (DME)/Medical Supplies Physician Order form that prescribes the DME or supplies before requesting prior authorization for the DME or supplies. All signatures and dates must be current, unaltered, original, and handwritten. Computerized or stamped signatures or dates will not be accepted. A current signature and date is valid for no more than 90 days prior to the requested prior authorization or the initiation of service. The completed Home Health Services (Title XIX) Durable Medical Equipment (DME)/Medical Supplies Physician Order Form must include the procedure codes and numerical quantities for the services requested. …"

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 5. Forms, DM.3 Medical Supplies (effective August 2014, July 2015, March 2016, and February 2017)* provides, "This form becomes a prescription when the physician has signed section B. With the exception of the

DME provider's signature, this form may not be altered or amended once it is signed by the prescribing physician. … All fields must be filled out completely. The prescribing physician's TPI (if a Texas Medicaid Provider), NPI and license number must be indicated. …"

Summary: Valid documentation is required to support claims submitted for reimbursement. As a result, the paid amounts of the associated claims are recoupable.

**Finding 2: Missing Documentation (MD)**

There were five instances of the medical record missing documentation to support the medical supply that was billed and paid.

**Example:** Sample SN-1127-C-005-B – Title XIX DME/Medical Supplies Physician Order Form and proof of Medicaid Eligibility are missing. Per TMPPM DME 2.2.1 Home Health Services, (effective August 2014), for all DME and medical supplies with or without prior authorization requirements, providers must complete a Home Health Services (Title XIX) Durable Medical Equipment (DME/Medical Supplies Physician Order form. Proof of Delivery Report is missing for DOS 05/21/2015. Per TMPPM DME 2.2.3 Medical Supplies, (effective August 2014), documentation of delivery must include one of the following: Delivery slip or invoice signed and dated by client or caregiver or a dated carrier tracking document with shipping date and delivery date must be printed from the carrier's website as confirmation that the supplies were shipped and delivered. The dated carrier tracking document must be attached to the delivery slip or invoice. Proof of Medicaid is missing for DOS 05/21/2015. Per TMPPM DME 2.2.1.1 Client Eligibility, (effective August 2014), to qualify for home health services, the Medicaid client must be eligible on the DOS.

> *Rebuttal medical record review:* A Texas Medicaid Refund Information Form was completed for DOS 05/21/2015 on 11/22/2017, after notification of the audit. Documentation in the rebuttal records did not include a proof of delivery or that a refund to THMP had been credited.

Basis for Findings:

Refer to *TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.1 Home Health Services (effective August 2014, July 2015, March 2016, and February 2017)*; under Finding 1.

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.1.1 Client Eligibility (effective August 2014, July 2015, March 2016, and February 2017)* provides, "… To qualify for home health services, the Medicaid client must be eligible on the DOS and must:

- Have medical need for home health professional services, DME, or supplies that is documented in the client's POC and considered a benefit under home health services. …"

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.3 Medical Supplies (effective August 2014 and July 2015*) provides, "… Providers must retain individual delivery slips or invoices for each DOS that documents the date of delivery for all supplies provided to a client and must disclose them to HHSC or its designee upon request. Documentation of delivery must include one of the following:

- Delivery slip or invoice signed and dated by client or caregiver.
- A dated carrier tracking document with shipping date and delivery date must be printed from the carrier's website as confirmation that the supplies were shipped and delivered. The dated carrier tracking document must be attached to the delivery slip or invoice.

- The dated delivery slip or invoice must include the client's full name, the address to which supplies were delivered, and an itemized list of goods that includes the descriptions and numerical quantities of the supplies delivered to the client. …

The DOS is the date on which supplies are delivered to the client or shipped to the client as evidenced by the dated tracking document attached to the invoice for that date. The provider must maintain the signed and dated records supporting documentation that an item was not billed before delivery. These records are subject to retrospective review. …"

*TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.3 Medical Supplies (effective March 2016 and February 2017)* provides, "… Providers must retain individual delivery slips or invoices for each DOS that documents the date of delivery for all supplies provided to a client and must disclose them to HHSC or its designee upon request. Documentation of delivery must include one of the following:

- Delivery slip or invoice signed and dated by client or caregiver, or
- A dated carrier tracking document with shipping date and delivery date must be printed from the carrier's website as confirmation that the supplies were shipped and delivered. The dated carrier tracking document must be attached to the delivery slip or invoice.

- The dated delivery slip or invoice must include the client's full name, the address to which supplies were delivered, and an itemized list of goods that includes the descriptions and numerical quantities of the supplies delivered to the client. …

The DOS is the date on which supplies are delivered to the client or shipped to the client as evidenced by the dated tracking document attached to the invoice for that date. The provider must maintain the signed and dated records supporting documentation that an item was not billed before delivery. These records are subject to retrospective review. …"

Summary: Valid documentation is required to support claims submitted for reimbursement. As a result, the paid amounts of the associated claims are recoupable.

**Finding 3: Non-Covered Service (NCS)**

There was one instance of the medical record not containing documentation to support the beneficiary was eligible at the time of service.

**Example:** Sample SN-635-C-011-C – The Medicaid recipient was not eligible on DOS 10/25/2016. The Medicaid eligibility termed 10/15/2016.

*Rebuttal medical record review:* The Texas Medicaid Refund Information form for DOS 10/25/2016 was completed on 11/28/2017, after notification of the audit. Rebuttal documentation submitted shows that a financial adjustment was accepted by THMP on 12/13/2017 for this claim.

Basis for Finding:

Refer to *TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.1.1 Client Eligibility (effective August 2014, July 2015, March 2016, and February 2017)*; under Finding 2.

Summary: Valid documentation is required to support claims submitted for reimbursement. As a result, the paid amounts of the associated claims are recoupable.

**Finding 4: Service Not Provided (SNP)**

There were five instances of the medical record not containing the required documentation to reflect delivery of the product to the recipient.

**Example:** Sample SN-1127-C-027-B – The Proof of Delivery Report shows the product was returned to the dock at the supplier's address and not delivered to the recipient. Per TMPPM DME 2.2.3 Medical Supplies, (effective February 2017), documentation of delivery must include one of the following: Delivery slip or corresponding invoice signed and dated by the client or caregiver, or a dated carrier tracking document with shipping date and delivery date must be printed from the carrier's website as confirmation that the supplies were shipped and delivered.

*Rebuttal medical record review:* The Texas Medicaid Refund Information form for DOS 03/21/2017 was completed on 11/22/2017, after notification of the audit. Rebuttal documentation submitted shows that a financial adjustment was accepted by THMP on 12/11/2017 for this claim.

Basis for Findings:

Refer to *TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.3 Medical Supplies (effective August 2014 and July 2015*); under Finding 2.

Refer to *TMPPM, Volume 2, Durable Medical Equipment, Medical Supplies and Nutritional Products Handbook, 2.2.3 Medical Supplies (effective March 2016 and February 2017)*; under Finding 2.

Summary: Valid documentation is required to support claims submitted for reimbursement. As a result, the paid amounts of the associated claims are recoupable.

# V. SUMMARY OF OVERPAYMENTS

The identified overpayments for the discrepant sampled claims totaled $679.36. See Appendix A for detailed information. The overpayment amount is below the threshold for extrapolation to the population. See Appendix D for the extrapolation summary.

The total amount due to the Texas Health and Human Services Commission is $679.36.

**NOTE**: Actions resulting from this report and its directives do not take into consideration any subsequent program recoveries, Provider repayments, or Medicaid and Medical Assistance reimbursements, which relate to the period covered by this report.