

Audit Report

Fee-for-Service Claims Submitted by Maverick Medical Supply

**A Texas Medicaid Durable Medical
Equipment and Supplies Provider**



**Inspector
General**

Texas Health
and Human Services

**November 30, 2020
OIG Report No. AUD-21-003**



HHS OIG

TEXAS HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

November 30, 2020

Audit Report

FEE-FOR-SERVICE CLAIMS SUBMITTED BY MAVERICK MEDICAL SUPPLY

A Texas Medicaid Durable Medical Equipment and Supplies Provider

WHY OIG CONDUCTED THIS AUDIT

OIG Audit conducted an audit of Maverick, a DME and supplies provider in Eagle Pass, Texas. The audit evaluated whether there was valid support for the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Maverick as required by applicable state laws, rules, and guidelines.

During state fiscal years 2018 and 2019, Maverick processed 39,768 Medicaid fee-for-service claims for DME and supplies delivered to 1,190 Medicaid beneficiaries, for which it received reimbursements of \$1.98 million.

WHAT OIG RECOMMENDS

Maverick should submit Medicaid fee-for-service DME and supplies claims to TMHP only (a) when it has a current, complete, and valid Title XIX form, when required, (b) when it has a current prior authorization, when required, and (c) when it has documentation to support all deliveries associated with each claim.

Based on issues identified in this audit, Maverick owes the State of Texas \$11,735.00.

MANAGEMENT RESPONSE

Maverick provided management responses to the recommendations, generally indicating that it implemented improvements to its controls and processes designed to prevent future overpayments. Maverick's management responses are included in the report following each recommendation.

For more information, contact:
OIGAuditReports@hhsc.state.tx.us

WHAT OIG FOUND

Overall, Maverick Medical Supply (Maverick) generally complied with guidelines related to Title XIX forms, prior authorization forms, and documentation supporting delivery of durable medical equipment (DME) and supplies to Medicaid beneficiaries. Of 1,858 claims tested, 1,750 (94.19 percent) were completed as required by laws, rules, and guidelines. In addition, for 99.89 percent of claims tested, Maverick obtained Title XIX forms as required.

However, Maverick had certain areas where it did not always meet authorization requirements for DME and supplies, and Maverick did not always maintain the appropriate proof of delivery documentation for Medicaid fee-for-service claims.

The unauthorized claims represent the following overpayments to Maverick:

- \$231.52 for two unauthorized claims due to missing Title XIX forms.
- \$2,231.54 for 22 unauthorized claims due to expired Title XIX forms. DME should only be provided when currently prescribed by a physician.
- \$1,958.09 for 32 claims for quantities in excess of the authorized quantities.
- \$5,179.20 for 31 claims due to noncompliance with regulations regarding date last seen by a physician.
- \$2,134.65 for 21 additional claims lacking sufficient delivery supporting documentation. Delivery of DME must be documented and verifiable.

Any claim with multiple exceptions was only included for recovery once.

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) presented preliminary audit results, issues, and recommendations to Maverick in a draft report dated November 10, 2020.

BACKGROUND

Texas Medicaid requires a Title XIX form for all fee-for-service DME. The Title XIX form serves as the physician order for the Medicaid beneficiary to receive the DME and supplies listed on the form. OIG Audit examined Title XIX forms, prior authorization forms, and delivery documentation for a risk-based sample of Medicaid beneficiaries. OIG Audit also evaluated information technology (IT) general controls and confirmed the data used for audit testing was reliable.

The Texas Medicaid Healthcare Partnership (TMHP) also requires prior authorization for certain fee-for-service DME deliverables, a cost-control measure that requires providers to obtain approval to qualify for payment.

OIG Audit reviewed 1,858 claims associated with 233 beneficiaries and totaling \$316,581.83.

TABLE OF CONTENTS

INTRODUCTION	1
AUDIT RESULTS	4
AUTHORIZATION	6
<i>Issue 1: Title XIX Forms Did Not Always Exist</i>	<i>8</i>
Recommendation 1	8
<i>Issue 2: Quantities Claimed Sometimes Exceeded Authorized Quantities</i>	<i>9</i>
Recommendation 2	10
<i>Issue 3: Title XIX Forms for Some Claims Were Expired</i>	<i>11</i>
Recommendation 3	12
<i>Issue 4: Date Last Seen by Physician Was Out of Compliance for Some Claims</i>	<i>13</i>
Recommendation 4	14
CONFIRMATION OF DELIVERY	15
<i>Issue 5: Delivery Confirmation Was Missing for Some Claims</i>	<i>17</i>
Recommendation 5	18
CONCLUSION	19
APPENDICES	20
<i>A: Sampling Methodology</i>	<i>20</i>
<i>B: Acronyms</i>	<i>22</i>
<i>C: Report Team and Distribution</i>	<i>23</i>
<i>D: OIG Mission, Leadership, and Contact Information</i>	<i>25</i>

INTRODUCTION

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) conducted an audit of Maverick Medical Supply (Maverick). Maverick provides durable medical equipment (DME)¹ and expendable supplies from its office in Eagle Pass, Texas. The audit focused on Medicaid fee-for-service claims² submitted to and paid by the Texas Medicaid and Healthcare Partnership (TMHP), the Texas Medicaid fee-for-service claims administrator.

Background

Maverick provides DME and supplies from its storefront location and offers direct delivery to Medicaid beneficiaries. Incontinence supplies outside the county are drop-shipped³ through a third-party supplier for DME and supplies.⁴ Maverick received Texas Medicaid reimbursements of \$1,982,968 for DME and supplies delivered to 1,190 Medicaid beneficiaries during the two-year audit scope from September 1, 2017, through August 31, 2019.

Objective and Scope

The objective of the audit was to determine whether there was valid support for the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Maverick as required by applicable state laws, rules, and guidelines. The audit was designed to test whether:

- Authorization and prior authorization documentation was completed as required for DME and supplies
- Documentation existed to support delivery of DME and supplies

The scope of the audit included paid fee-for-service claims for deliveries made from September 1, 2017, through August 31, 2019, and a review of relevant activities, internal controls, and information technology (IT) general controls through the end of fieldwork in October 2020.

¹ “Durable medical equipment” is medical equipment or appliances that are manufactured to withstand repeated use, ordered by a physician for use in the home, and required to correct or improve a beneficiary’s disability, condition, or illness.

² In the context of this report, the term “claims” refers to individual claim items.

³ In the context of this report, the term “drop-shipped” refers to the movement of goods directly from a third-party DME supplier to the customer without going through the usual distribution channels.

⁴ For the claims reviewed in this audit, Maverick used Independence Medical Inc., a subsidiary of Cardinal Health at-Home.

Methodology

OIG Audit reviewed each selected fee-for-service claim for (a) Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms (Title XIX forms), (b) prior authorizations, where required, (c) delivery tickets, and (d) delivery confirmation in the form of customer signatures or shipping tracking numbers, as appropriate, and reviewed key internal controls. Details about the sampling methodology are given in Appendix A.

OIG Audit presented preliminary audit results, issues, and recommendations to Maverick in a draft report dated November 10, 2020. Maverick provided management responses to the recommendations, generally indicating that it implemented improvements to its controls and processes designed to prevent future overpayments. Maverick's management responses are included in the report following each recommendation.

Criteria

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

- 1 Tex. Admin. Code § 371.1659(3) (2016)
- Texas Medicaid Provider Procedures Manual, Vol. 1, § 4.3 (2017 through 2019)
- Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” (2017 through 2019)
- Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form and Instructions (2016 and 2018)

Auditing Standards

Generally Accepted Government Auditing Standards

OIG Audit conducted this audit in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. OIG Audit believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

ISACA (formerly known as the Information Systems Audit and Control Association)

OIG Audit performs work in accordance with the IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals published by ISACA.

AUDIT RESULTS

Maverick consistently complied with most Medicaid regulations while supporting the DME clients in its community. In some cases, Maverick should strengthen its processes to ensure that it consistently complies with requirements related to authorization and delivery requirements.

For this audit, OIG Audit selected 1,858 claims associated with 233 patient control numbers. Maverick's data was sufficiently reliable for the purposes of this audit.

Of 1,858 claims tested, 1,750 (94.19 percent) were completed as required by laws, rules, and guidelines. Title XIX retention was compliant for 1,856 (99.89 percent) of the 1,858 claims tested; however, Maverick did not always meet authorization requirements for DME and supplies by obtaining and maintaining Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms (Title XIX forms). In addition, Maverick did not always maintain the appropriate proof of delivery documentation for Medicaid fee-for-service claims. As a result of these errors, Maverick should reimburse the State of Texas \$11,735.00 for overpayments, or approximately 0.59 percent of the total Texas Medicaid reimbursement dollars paid to Maverick during the audit scope.

Authorization

OIG Audit tested whether Maverick had valid Title XIX forms prior to billing for DME and supplies claims for all 1,858 claims. OIG Audit also tested whether Maverick met Texas Medicaid requirements for prior authorization from TMHP for certain DME and incontinence supplies.

OIG Audit identified the following errors related to authorizations for DME and supplies:

- Title XIX forms were missing
- Quantity claimed exceeded quantity authorized by Title XIX forms
- Title XIX forms were expired
- Title XIX forms did not include date last seen by physician
- Date last seen by physician was expired

After removing duplicate claims, there were 87 unauthorized claims totaling \$9,600.35 that require repayment.

Table 1 details the findings related to authorizations. The total exceptions columns include the number of claims in exception for each issue, and a claim may be included more than once. The recoupment columns include each claim for recoupment only once, regardless of the total number of times an exception was noted on that claim.

Table 1: Summary of Exceptions Related to Authorization

Issue	Total Exceptions (Dollars)	Total Exceptions (Claims)	Recoupment (Dollars)	Recoupment (Claims)
Missing Title XIX Forms	\$ 231.52	2	\$ 231.52	2
Exceeded Authorized Quantities	1,958.09	32	1,958.09	32
Expired Title XIX Forms	2,231.54	22	2,231.54	22
Missing Date Last Seen by Physician ⁵	3,703.94	30	—	0
Expired Date Last Seen by Physician ⁵	5,179.20	31	5,179.20	31
Total	\$13,304.29	117	\$9,600.35	87

Source: OIG Audit and Inspections Division

Confirmation of Delivery

Maverick delivers most orders directly from its store with internal employees. A small percentage of incontinence supplies outside of the county are drop-shipped. OIG Audit tested evidence of delivery associated with the selected sample of 1,858 claims. Unconfirmed deliveries had the following issues:

- Some deliveries were missing any form of delivery confirmation, such as a Brightree⁶ delivery ticket, an invoice from a third-party supplier for DME and supplies, or carrier tracking information.
- Some drop-shipped deliveries were missing carrier tracking confirmation or had tracking numbers that did not match those listed on the invoice from the third-party supplier for DME and supplies.
- Some claims for drop-shipped deliveries were for quantities greater than the amount listed as shipped on the invoice from the third-party supplier for DME and supplies.

⁵ Issue 4 covers both (a) claims with a corresponding Title XIX form that was missing the date last seen by physician and (b) claims with an expired date last seen by physician.

⁶ Brightree is the software used by Maverick for the daily management of DME clients, sales, and billing.

After removing claims previously recouped under Authorization, there were 21 delivery claims totaling \$2,134.65 that require recoupment.

Table 2 details the findings related to deliveries. The total exceptions columns include the number of claims in exception for the issue, and a claim may be included in more than one issue. The recoupment columns include each claim for recoupment only once, regardless of the total number of times an exception was noted on that claim.

Table 2: Summary of Exceptions Related to Confirmation of Delivery

Issue	Total Exceptions (Dollars)	Total Exceptions (Claims)	Recoupment (Dollars)	Recoupment (Claims)
Missing Delivery Confirmation	\$2,443.77	23	\$2,134.65	21

Source: OIG Audit and Inspections Division

Maverick should repay the Medicaid authorization overpayments of \$9,600.35 and the delivery overpayments of \$2,134.65, totaling \$11,735.00, to the State of Texas.

AUTHORIZATION

Texas Administrative Code requires that services or items furnished to a Medicaid recipient be medically necessary and not substantially exceed the beneficiary's needs.⁷

A Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form (Title XIX form) is required for fee-for-service DME claims. The authorization period begins when the physician signs and dates the form, and it extends until the earlier of (a) the date of the supply, in the case of a one-time supply, (b) the end of the duration of need period, or (c) six months from the date of the physician's signature.⁸ If a beneficiary's duration of need exceeds six months, authorization must be renewed with a new Title XIX form after the previous one has expired. Either the physician or the DME and supplies provider may initiate obtaining a new Title XIX authorization. Authorization for a DME or supply order is renewed when a new Title XIX form is (a) completed, signed, and dated by the physician and (b) certified by the DME and supplies provider.

A single Title XIX form provides support for a provider's claim for DME and supplies prescribed by a physician for a beneficiary for up to six months. If the form is missing, expired, or invalid, claims for which the form would have provided support are invalid.

⁷ 1 Tex. Admin. Code § 371.1659(3) (May 1, 2016).

⁸ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.1 (Sept. 2017, through Aug. 2019).

Most DME and supplies exceeding certain monthly maximum quantities require prior authorization from TMHP. Title XIX forms are submitted to TMHP with the prior authorization request. The prior authorization request lists the authorized Healthcare Common Procedure Coding System (HCPCS) codes, the authorized quantities, and the authorization expiration date. Approved prior authorizations should be maintained by the provider and presented to the Texas Health and Human Services Commission (HHSC) upon request.

OIG Audit reviewed 1,858 DME and supplies claims associated with 233 beneficiaries who received DME and supplies from September 1, 2017, through August 31, 2019, to determine whether the claims were (a) supported by a current, complete, and valid Title XIX form and (b) supported by a prior authorization, when required.

Prior Authorizations

The Texas Medicaid Provider Procedures Manual (TMPPM) requires prior authorization for certain fee-for-service deliverables, thereby evaluating the medical necessity and determining whether Medicaid will reimburse the cost of those services and supplies. Thus, the prior authorization process is a prepayment cost control measure that requires providers to obtain approval to qualify for payment. Prior authorization must be obtained from TMHP within three business days of the date of service.⁹

Of the 1,858 claims included in the audit sample, 70 required prior authorizations as well as Title XIX forms. Maverick obtained prior authorization as required for all 70 claims.

Missing¹⁰ Title XIX Forms

TMPPM requires a DME and supplies provider to retain copies of completed Title XIX forms to support Medicaid claims.¹¹ A completed Title XIX form must (a) include the procedure codes and numerical quantities for services requested, (b) be signed and dated by the prescribing physician,¹² and (c) have all fields filled

⁹ Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.1.3 (Sept. 2017, through Aug. 2019).

¹⁰ When there was not a Title XIX form in effect between September 1, 2017, and the date of service for a claim within the audit scope period, the Title XIX form needed to support the claim was considered missing.

¹¹ Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.1 (Sept. 2017, through Aug. 2019).

¹² Texas Medicaid Provider Procedures Manual, Vol 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.2.2 (Sept. 2017, through Aug. 2019).

out completely, including date last seen by physician and the most appropriate procedure code description using HCPCS.¹³

Issue 1: Title XIX Forms Did Not Always Exist

Maverick generally complied with the requirement to retain copies of Title XIX forms. Of the 1,858 claims tested, 1,856 claims had Title XIX forms. However, Maverick submitted and received reimbursement for two DME and supplies claims that were not supported by a Title XIX form, either because a Title XIX form did not exist or because the delivered supplies were not included on an existing Title XIX form.¹⁴ Of the 1,858 claims tested, 2 claims totaling \$231.52 did not have a corresponding Title XIX form to support the claims.

Maverick's DME management software, Brightree, does contain fields for Title XIX form confirmation and signature date; however, Brightree does not require these fields to be completed. As a result, it was possible for Maverick staff to process sales and claims without a valid Title XIX form. These errors occurred because Maverick either did not obtain or did not retain a Title XIX form for the DME and supplies delivered as required by TMPPM. As a result, Texas Medicaid reimbursed Maverick \$231.52 for the two unsupported claims.

Recommendation 1

Maverick should:

- Implement controls to ensure that products are delivered and Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Maverick has a current, complete, and valid Title XIX form.
- Return the overpayment amount of \$231.52 to the State of Texas for the two unauthorized claims not supported by a Title XIX form.

Management Response

Action Plan

Although two missing Title XIX's are minimal from the 1,858 audited, Maverick Medical Supply will implement even tighter internal controls to prevent any claims from being billed without a Title XIX being logged and scanned into our Brightree System. During our internal review, we believe those two Title XIX's did exist

¹³ Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form Instructions (Apr. 1, 2016 and July 1, 2018).

¹⁴ Instances of a different size being supplied than the size authorized were not included as exceptions.

because they were logged into our system. The issue was that they were not scanned, and they were misplaced; therefore, we could not provide them. In order to avoid this from happening again, the supervisor will provide more trainings to customer service staff on the importance of scanning a Title XIX form before items are delivered. Title XIX forms will be audited at unannounced times to ensure compliance. Staff will be held accountable for any errors committed. The biller will make sure Title XIX's are scanned and will review for accuracy before billing.

Responsible Managers

*Maverick Medical Supply Manager
Maverick Medical Supply Supervisor
Maverick Medical Supply Customer Service Personnel
Maverick Medical Supply Biller*

Target Implementation Dates

The trainings have been implemented on 11/01/2020 and will continue to be given as needed.

Unannounced audits have been implemented on 11/09/2020.

Staff will continue to follow and enforce previously established procedures.

Quantities Exceed Authorized Amounts

Section A of the Title XIX form requires, among other things, the HCPCS codes prescribed, a description of the DME and supplies, and the quantity prescribed. The quantity prescribed indicates the maximum amount authorized by the Title XIX form. In addition, TMPPM requires that all claims submitted for medical supplies include the same quantities or units that are documented on the delivery slip and on the Title XIX form.¹⁵

Issue 2: Quantities Claimed Sometimes Exceeded Authorized Quantities

Maverick generally complied with the authorized quantity limitations. Of the 1,858 claims tested, 1,826 complied with Title XIX quantity limitations; however, Maverick submitted and received reimbursement for 32 DME and supplies claims in quantities more than the amounts authorized on Title XIX forms. These additional DME and supplies totaled \$1,958.09.¹⁶

¹⁵ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.3 (Sept. 2017, through Aug. 2019).

¹⁶ Only the amounts over the prescribed quantities were included for reimbursement to Texas Medicaid.

Brightree does not contain fields for the Title XIX forms' authorized HCPCS codes and quantities. These are reviewed manually for compliance when processing a sale. As a result of errors made in that manual review, Maverick incorrectly determined sales quantities for 32 claims. The excess quantities for these 32 claims totaled \$1,958.09. As a result, Texas Medicaid reimbursed Maverick \$1,958.09 for excess quantities on 32 claims.

Recommendation 2

Maverick should:

- Strengthen controls to ensure that quantities delivered do not exceed those authorized by Title XIX forms.
- Return the overpayment amount of \$1,958.09 to the State of Texas for the 32 claims with deliveries in quantities more than the amounts authorized on the Title XIX forms.

Management Response

Action Plan

Maverick Medical Supply will strengthen internal controls to prevent any claims from being billed exceeding the quantities authorized on the Title XIX. Supervisor will include on the trainings the importance of checking the quantities on the Title XIX's before sending them to the doctor. The trainings will re-enforce the importance of referencing the template every time they log in a new Title XIX to see if the quantities match. Quantities will be checked manually by customer service personnel issuing the form, unannounced Title XIX audits, and the biller before billing the item.

Responsible Managers

*Maverick Medical Supply Manager
Maverick Medical Supply Supervisor
Maverick Medical Supply Customer Service Personnel
Maverick Medical Supply Biller*

Target Implementation Dates

The trainings have been implemented on 11/01/2020 and will continue to be given as needed.

Unannounced audits have been implemented on 11/09/2020.

Staff will continue to follow and enforce previously established procedures.

Expired¹⁷ Title XIX Forms

TMPPM states that a Title XIX form may be valid for up to but no more than six months from the date of the physician's signature on the form.¹⁸ Upon expiration, a new Title XIX form must be submitted by the beneficiary's physician. Physicians frequently indicate a duration of need period on the Title XIX form that is more than six months in the future; however, this does not extend the Title XIX authorization beyond six months for Texas Medicaid.

Issue 3: Title XIX Forms for Some Claims Were Expired

Maverick generally ensured that Title XIX forms were current. Of the 1,858 claims tested, 1,836 were supported by current, valid Title XIX forms. However, Maverick submitted and received reimbursement for 22 DME and supplies claims, totaling \$2,231.54, that were not supported by a currently valid¹⁹ Title XIX form.

Brightree does contain fields for the Title XIX forms' authorization date and expiration date; however, Brightree does not require these fields to be completed. In addition, Maverick staff had to manually calculate the Title XIX expiration dates for entry into Brightree. Maverick ran a monthly report from Brightree to identify expiring Title XIX forms, but in some cases, this report was based on incomplete or inaccurate data. Lack of expiration dates and incorrect expiration dates allowed sales with expired Title XIX forms to proceed. As a result, Texas Medicaid reimbursed Maverick \$2,231.54 for 22 unauthorized claims.

¹⁷ Unless the physician indicated a duration period of less than six months, when there is a Title XIX form in effect on or after September 1, 2017, but the effective date on the form was more than six months prior to the date of service for a claim within the audit scope period, the Title XIX form used to support the claim was considered expired. If the physician indicated a duration of less than six months, the Title XIX form is expired beginning the day after the authorized duration period ended.

¹⁸ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.1 (Sept. 2017, through Aug. 2019).

¹⁹ A Title XIX form is current within six months (or duration of need if less than six months) of the date the physician signed the form.

Recommendation 3

Maverick should:

- Implement controls to ensure that Maverick has a current, complete, and valid Title XIX form prior to delivering products and submitting Medicaid fee-for-service DME and supplies claims to TMHP.
- Return the overpayment amount of \$2,231.54 to the State of Texas for the 22 unauthorized claims not supported by a current Title XIX form.

Management Response

Action Plan

Maverick Medical Supply will include in their trainings the importance of inputting the expiration dates correctly into Brightree, to use the Certificate of Medical Necessity report more effectively and to avoid any deliveries made with expired Title XIX's. At the beginning of the month, staff will double check that all tickets printed have a valid Title XIX. Staff will be held accountable for any errors committed. Unannounced Title XIX audits will be performed as well as the biller checking the Title XIX before billing the item.

Responsible Managers

*Maverick Medical Supply Manager
Maverick Medical Supply Supervisor
Maverick Medical Supply Customer Service Personnel
Maverick Medical Supply Biller*

Target Implementation Dates

The trainings have been implemented on 11/01/2020 and will continue to be given as needed.

Unannounced audits have been implemented on 11/09/2020.

Staff will continue to follow and enforce previously established procedures.

Missing Information on Title XIX Forms

For services rendered prior to July 1, 2018, TMPPM requires a physician to sign the Title XIX form within 12 months of the date the physician last saw the beneficiary, unless a physician waiver is obtained, for the Title XIX form to be valid. For services rendered on or after July 1, 2018, this requirement was changed to require a physician to have seen the beneficiary within the previous six months.²⁰ Otherwise, the Title XIX form is not valid. During OIG Audit's review of supporting documents, no waivers were noted. In addition, the Title XIX form specifically states that the date last seen by physician must be completed.²¹ When the date last seen is not included, the Title XIX form does not provide evidence that the physician signed the form within the timeframe required.

Issue 4: Date Last Seen by Physician Was Out of Compliance for Some Claims

Title XIX forms authorizing claims, generally contained a date last seen by physician. However, Maverick submitted and received reimbursement for 30 DME and supplies claims, totaling \$3,703.94, that were not supported by a completed Title XIX form that included the date a physician last saw the beneficiary. For those 30 claims, Maverick did not ensure that the date last seen by physician was included on the Title XIX forms as required.

The OIG Fraud, Waste, and Abuse Research and Analytics team obtained information directly from TMHP to supplement the date last seen by physician, where missing.

All 1,858 claims were then reviewed by OIG Audit for compliance with the requirement for a physician exam within 12 months (6 months on or after July 1, 2018) of signing the Title XIX form. OIG Audit used both the dates listed on the Title XIX forms and those obtained from TMHP to validate compliance with the requirement. The beneficiaries associated with 31 claims totaling \$5,179.20 had not been seen by a physician within the previous 12 or 6 months, as required, of the completion of the Title XIX form. For these claims, neither the dates listed on the Title XIX form nor the dates obtained by the OIG Fraud, Waste, and Abuse Research and Analytics team were compliant with the regulations regarding date last seen by a physician.

²⁰ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.2.2 (Sept. 2017 through June 2018, and July 2018 through Aug. 2019).

²¹ Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form (Apr. 1, 2016).

There is not a field in Brightree to capture the date a beneficiary was last seen by a physician nor are there any application controls for this requirement. Review of the date last seen by a physician is a manual process performed by Maverick staff. As a result, the process is subject to error.

Compliance with this requirement ensures that a physician has recently seen the beneficiary and that the DME and supplies are medically necessary. Maverick did not adequately review the Title XIX forms to ensure that the date last seen by physician was compliant with regulations, as applicable. Texas Medicaid reimbursed Maverick for 31 claims totaling \$5,179.20 that were out of compliance with regulations regarding physician examination.

Recommendation 4

Maverick should:

- Implement controls to ensure that products are delivered and Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Maverick has a Title XIX form that includes a date the beneficiary was last seen by a physician. This date should be within the 12 months of signature date for services prior to July 1, 2018, and within 6 months of signature date for services July 1, 2018, and after, as required by TMPPM.
- Return the overpayment amount of \$5,179.20 to the State of Texas for the 31 unauthorized claims not compliant with physician examination regulations.

Management Response

Action Plan

Maverick Medical Supply will coach and re-train employees on the importance of the six-month requirement for the Date Last Seen on the Title XIX's. At the beginning of the month, staff will double check that all tickets printed have a valid Title XIX that includes a six-month last day seen from the doctor. Staff will be held accountable for any errors committed. Unannounced Title XIX audits will be performed to ensure compliance. The biller will check compliance before billing any item.

Responsible Managers

*Maverick Medical Supply Manager
Maverick Medical Supply Supervisor
Maverick Medical Supply Customer Service Personnel
Maverick Medical Supply Biller*

Target Implementation Dates

The trainings have been implemented on 11/01/2020 and will continue to be given as needed.

Unannounced audits have been implemented on 11/09/2020.

Staff will continue to follow and enforce previously established procedures.

Auditor Comments

The beneficiary should have been seen by the physician within the six months preceding the physician's signature on the Title XIX form. The most efficient time to ensure compliance with this requirement is when the Title XIX form is initially received.

CONFIRMATION OF DELIVERY

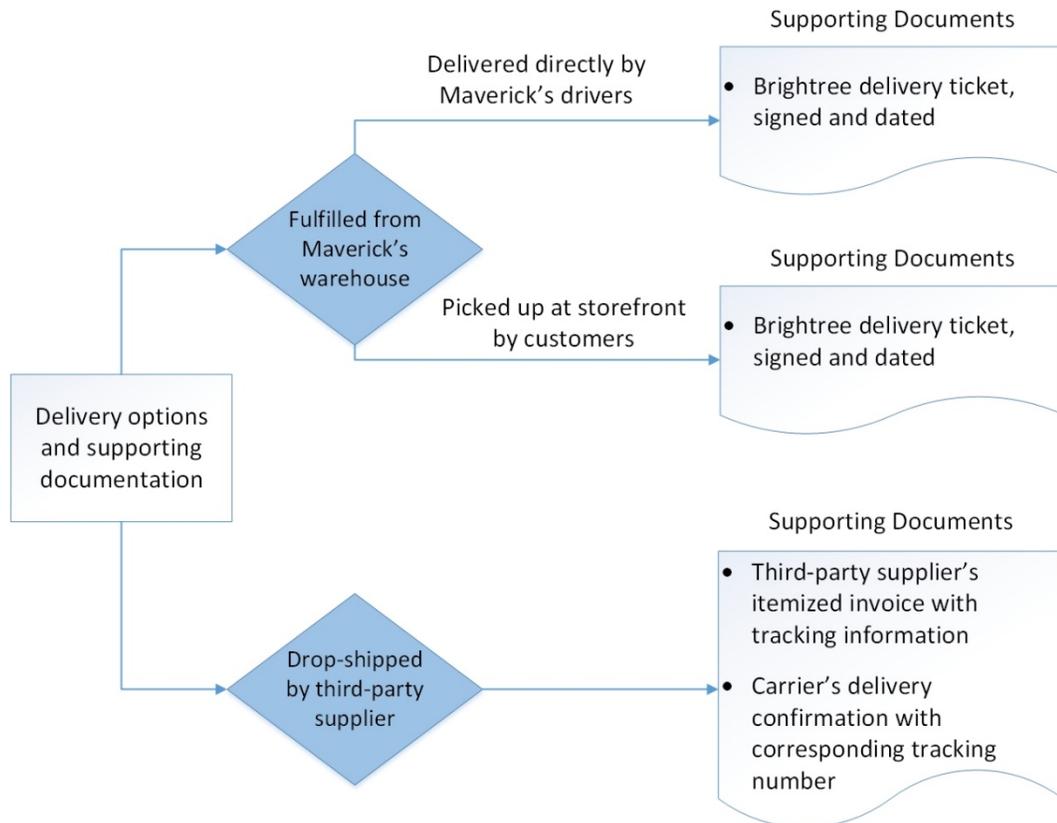
Texas Medicaid reimburses providers for DME and supplies that are properly authorized and delivered to qualified individuals. As confirmation that DME and supplies were shipped and delivered, providers are required to retain (a) individual delivery slips or invoices signed and dated by the beneficiary or caregiver or (b) dated carrier tracking documents with shipping dates and delivery dates printed from the carrier's website. Maverick must supply this information to HHSC if requested.²²

Some DME and supplies are sold directly from Maverick's storefront or drop-shipped through an independent DME supplier. These represent a lesser amount compared to the volume delivered from Maverick's warehouse. The delivery documentation varies depending on the delivery point of origin.

²² Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.3 Medical Supplies (Sept. 2017, through Aug. 2019).

Figure A depicts the delivery options and corresponding supporting documents.

Figure A: Maverick's Delivery Options and Corresponding Supporting Documents



Source: OIG Audit and Inspections Division

For all deliveries from Maverick, a delivery ticket is created from Brightree. The delivery ticket includes key information necessary to validate that the correct item was processed, including the beneficiary's name and address as well as item descriptions, quantities, and Maverick inventory numbers. OIG Audit obtained a crosswalk of Maverick inventory numbers to HCPCS numbers to validate that the correct items were sent.

- If the order is fulfilled directly from Maverick, two methods of delivery are possible:
 - A Maverick driver may deliver DME and supplies, especially if training is required or if equipment must be installed or fitted. In this circumstance, the Brightree delivery ticket should be signed and dated by the receiver. The signed and dated delivery ticket serves as independent confirmation of delivery.

- Customers may pick up items directly at Maverick's storefront location. In this circumstance, the Maverick customer service representative asks the customer to sign and date the delivery ticket. The signed and dated delivery ticket serves as independent confirmation of delivery.
- If a customer resides outside of the county, incontinence supplies are drop-shipped through a third-party supplier for DME and supplies. The third-party supplier may deliver by either FedEx or Lone Star Overnight. The carrier tracking information including delivery date, time, and address is subsequently provided to Maverick and scanned into Brightree. In this circumstance, the itemized invoice from Independence Medical, the third-party supplier for DME and supplies, and the FedEx or Lone Star Overnight tracking information serve as confirmation of delivery.

Issue 5: Delivery Confirmation Was Missing for Some Claims

All 1,858 claims were reviewed for confirmation of delivery. Delivery was confirmed for all DME and supplies delivered directly by Maverick or picked up at its storefront; however, delivery could not be confirmed for 23 claims, totaling \$2,443.77, that were drop-shipped through Maverick's third-party supplier for DME and supplies.

- 18 of the 64 deliveries that were subcontracted to a third-party supplier for DME and supplies were missing carrier tracking confirmation or had tracking numbers that did not match those listed on the Independence Medical invoice. The claims associated with these deliveries totaled \$1,870.80.
- 3 claims of the 64 deliveries subcontracted to a third-party supplier for DME and supplies were for quantities greater than the Independence Medical invoice listed as shipped. The prorated, unconfirmed quantities on these three claims totaled \$463.68.
- 2 of 1,858 total deliveries had no delivery ticket, invoice from a third-party supplier for DME and supplies, or carrier tracking information. The method of delivery could not be determined. The claims associated with these deliveries totaled \$109.29.

Because Maverick did not maintain supporting documentation for these 23 claims, the delivery of these supplies could not be verified. Two of the claims without adequate supporting documentation totaling \$309.12 were included in a previous issue. As a result, Texas Medicaid reimbursed Maverick \$2,134.65 for 21 claims

not supported by invoices from a third-party supplier for DME and supplies with corresponding carrier delivery confirmation.

Recommendation 5

Maverick should:

- Implement controls to ensure Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Maverick has an itemized invoice from the third-party supplier for DME and supplies and independent delivery confirmation from the carrier with corresponding tracking information for subcontracted deliveries.
- Return the overpayment amount of \$2,134.65 to the State of Texas for 21 additional claims for which delivery could not be confirmed.

Management Response

Action Plan

Maverick Medical Supply will ensure staff is aware of the importance of scanning all delivery tickets into Brightree as well as the delivery notification from the drop-shipped items. Training will include the importance of invoices being kept as well. Biller will be re-trained to ensure that the proof of delivery is accurately documented with items delivered matching the items billed. Staff will be held accountable for any errors committed. Unannounced Title XIX and delivery tickets audits will be performed to ensure compliance.

Responsible Managers

*Maverick Medical Supply Manager
Maverick Medical Supply Supervisor
Maverick Medical Supply Customer Service Personnel
Maverick Medical Supply Biller*

Target Implementation Dates

The trainings have been implemented on 11/01/2020 and will continue to be given as needed.

Unannounced audits have been implemented on 11/09/2020.

Staff will continue to follow and enforce previously established procedures.

CONCLUSION

OIG Audit completed an audit of Maverick's activity for services rendered from September 1, 2017, through August 31, 2019. The audit evaluated whether evidence to support the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Maverick (a) existed and (b) was completed in accordance with the relevant state laws, rules, and guidelines. OIG Audit also evaluated IT general controls to determine whether data used for audit testing was reliable. Maverick's data was sufficiently reliable for the purposes of this audit.

Of 1,858 claims tested, 1,750 (94.19 percent) were completed as required by laws, rules, and guidelines. However, 87 claims totaling \$9,600.35 did not meet all authorization requirements, and 21 additional claims totaling \$2,134.65 did not include adequate proof of delivery. Specifically, for some claims:

- Title XIX forms did not exist
- Quantities claimed exceeded authorized quantities
- Title XIX forms were expired
- Title XIX forms did not include date last seen by physician
- DME beneficiary was not compliant with physician examination regulations
- Delivery confirmation was missing

Recouping each claim only once, Maverick did not meet Texas requirements for DME and supplies for a total of 108 claims for which Texas Medicaid made payments of \$11,735.00 in error. The total amount due to the State of Texas is \$11,735.00.

OIG Audit offered recommendations to Maverick, which, if implemented, will correct deficiencies in compliance with state laws, rules, and guidelines. Less significant issues will be conveyed to Maverick through a management letter communication.

OIG Audit thanks management and staff at Maverick for its cooperation and assistance during this audit.

Appendix A: Sampling Methodology

The OIG Fraud, Waste, and Abuse Research and Analytics team compiled Medicaid fee-for-service claims paid for DME services rendered by Maverick during the audit scope from September 1, 2017, through August 31, 2019.

Maverick processed 39,768 Texas Medicaid fee-for-service claims for DME and supplies with dates of service from September 1, 2017, through August 31, 2019. Maverick received Texas Medicaid reimbursements of \$1,982,968 for DME and supplies delivered to 1,190 Medicaid beneficiaries during the audit scope.

OIG Audit conducted planning and fieldwork remotely. During May and June 2020, OIG Audit interviewed appropriate Maverick staff members, evaluated internal controls, and collected various documents and samples. OIG Audit issued a final engagement letter to Maverick on July 17, 2020, providing the final scope and objective as well as other information about the upcoming audit.

OIG Audit conducted remote online audit test work with Maverick staff from July 20, 2020, through July 29, 2020. Through video conferencing and screen sharing in Microsoft Teams, OIG Audit observed Maverick staff members retrieve relevant documents from the Brightree system. Maverick staff then uploaded these documents each day to OIG's secure portal. Further review of the documents took place in the OIG office.

Auditors selected risk-based, nonstatistical samples of beneficiaries with (a) DME claims over \$1,000, (b) supplies claims over \$250, and (c) other claims considered to be at elevated risk for noncompliance. The sample consisted of 1,858 claims associated with 233 beneficiaries totaling \$316,581.83. These sample designs were chosen to address specific risk factors identified in the populations. The sample items were generally not representative of the populations for the entities; therefore, it would not be appropriate to project the test results to those populations.

OIG Audit performed multiple tests during this audit, including validating authorization documentation and confirming proof of delivery documentation. Each fee-for-service claim was reviewed for (a) Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms (Title XIX forms), (b) prior authorizations, where required, (c) delivery tickets, and (d) delivery confirmation in the form of customer signatures or shipping tracking numbers, as appropriate. Claim-level details of these issues were provided to Maverick electronically in a separate Excel workbook.

Any claim with multiple exceptions was only included for recovery once. The amounts identified are to be returned to the State of Texas on a dollar-for-dollar basis.

Authorization

OIG Audit tested whether Maverick met Texas Medicaid authorization requirements associated with the selected risk-based, nonstatistical sample of 1,858 claims. Prior authorizations were reviewed for those claims requiring it, and Title XIX forms were reviewed for all sample claims.

Deliveries

OIG Audit tested evidence of delivery associated with the selected risk-based, nonstatistical sample of 1,858 claims. Testing included a review of delivery tickets, invoices from a third-party supplier for DME and supplies invoices, and carrier delivery confirmations as applicable.

OIG Audit kept Maverick apprised of all aspects of the audit process. Maverick had multiple opportunities to provide relevant documentation and information to ensure the accuracy of audit findings.

Appendix B: Acronyms

Acronyms Used in This Report

DME	Durable medical equipment
GAGAS	Generally accepted government auditing standards
HCPCS	Healthcare Common Procedure Coding System
HHS	Health and Human Services
HHSC	Health and Human Services Commission
IT	Information technology
OIG Audit	Office of Inspector General Audit and Inspections Division
Title XIX forms	Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms
TMHP	Texas Medicaid and Healthcare Partnership
TMPPM	Texas Medicaid Provider Procedures Manual

Appendix C: Report Team and Distribution

Report Team

The OIG staff members who contributed to this audit report include:

- Audrey O’Neill, CIA, CFE, CGAP, Chief of Audit and Inspections
- Kacy VerColen, CPA, Assistant Deputy Inspector General of Audit
- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Donna Keel, CIA, CGAP, Audit Project Manager
- Leia Villaret, Staff Auditor
- Rebecca Weaver, Staff Auditor
- Nick Moore, Associate Auditor
- Ashley Rains, CFE, Senior Audit Operations Analyst
- Julia Youssefnia, Audit Project Manager, Quality Control
- Lisa Kanette Blomberg, CPA, Audit Manager, Quality Control
- Erin Powell, Staff Auditor, Quality Control

Report Distribution

Health and Human Services

- Cecile Erwin Young, Executive Commissioner
- Maurice McCreary, Jr., Chief Operating Officer
- Victoria Ford, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Director, Internal Audit
- Stephanie Stephens, State Medicaid Director, Medicaid and CHIP Services
- Katherine Scheib, Deputy Associate Commissioner, Medicaid and CHIP Services
- Caryl Chambliss, Operations Management Claims Administrator
- Kimberly Williams, Encounter and File Support and Coordination

Maverick Medical Supply

- Mario Diaz, Finance Director, Maverick Medical Supply Owner
- Ruth Diaz, Compliance Officer, Maverick Medical Supply Manager
- Lynette Byrd, Counsel for Maverick Medical Supply
- Elizabeth Moreno, Maverick Medical Supply Supervisor
- Juanita Castillo, Maverick Medical Supply Customer Service Personnel
- Aleida Tovar, Maverick Medical Supply Biller

Appendix D: 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
- Susan Biles, Chief of Staff
- Dirk Johnson, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Juliet Charron, Chief of Strategy
- Steve Johnson, Chief of Investigations and Reviews

To Obtain Copies of OIG Reports

- OIG website: ReportTexasFraud.com

To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhsc.texas.gov/report-fraud>
- Phone: 1-800-436-6184

To Contact OIG

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000