



Inspections Report

Managed Care Claims Submitted by Byram Healthcare Centers

A Texas Medicaid Durable Medical
Equipment and Supplies Provider



**Inspector
General**

Texas Health
and Human Services

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OIG Report No. INS-24-001



Managed Care Claims Submitted by Byram Healthcare Centers

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Results in Brief

Why OIG Conducted This Inspection

Recent litigation involving DME and supplies providers who submitted false Medicare wound care supply claims prompted an interest in reviewing the potential risk for wound care supplies in Texas Medicaid. OIG Inspections initiated this inspection to determine whether claims for wound care supplies were supported.

Summary of Review

The inspection objective was to determine whether Byram supported its wound care supply claims according to guidelines. The inspection scope covered the period from January 1, 2022, through July 20, 2022.

Background

The term durable medical equipment (DME) encompasses both equipment and medical supplies that are continuously needed for a period of time. Skin ulcers represent the majority of chronic wounds. Practitioners should consider the clinical efficacy of the wound care product, the client's functional status, as well as the measurable signs of effective wound management when ordering products to treat wounds.

For more information, contact:

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Key Results

Byram Healthcare Centers (Byram) is a durable medical equipment (DME) and supplies provider. This inspection focused on wound care supplies provided to Medicaid clients. The Texas Health and Human Services Office of Inspector General Audit and Inspections Division (OIG Inspections) tested 15 invoices for inventory purchased for Byram's Flower Mound distribution center and the associated payments. All 15 invoices and payments showed Byram purchased items comparable to the items distributed to Medicaid clients.

OIG Inspections also tested 30 managed care claims for wound care supplies delivered to 24 Medicaid clients. Byram's records did not always contain all required information. Two (7 percent) of the 30 managed care claims tested did not have complete order form information.

Recommendation

Byram should ensure client records are complete. The records must include (a) the order, (b) the quantity of supplies ordered, and (c) the practitioner's signature.

Management Response

OIG Inspections presented preliminary inspection results, issue, and recommendation to Byram in a draft report dated July 21, 2023. Byram agreed with the inspection recommendation and indicated it would complete corrective actions by October 31, 2023.

Table of Contents

| | |
|---|-----------|
| Inspection Overview | 1 |
| Overall Results | 1 |
| Objective | 2 |
| Scope | 2 |
| Background | 2 |
| What Prompted This Inspection | 4 |
| Detailed Results | 5 |
| Observation: Byram’s Claims Records Did Not Consistently Contain All Information Supporting the Supplies Ordered | 5 |
| Appendix A: Methodology, Standards, and Criteria | 8 |
| Appendix B: Related Reports | 11 |
| Appendix C: Resources for Additional Information..... | 12 |
| Appendix D: Report Team and Distribution | 13 |
| Appendix E: OIG Mission, Leadership, and Contact Information.... | 15 |

Inspection Overview

Overall Results

Byram Healthcare Centers (Byram) is a durable medical equipment (DME) and supplies¹ provider. This inspection focused on wound care supplies provided to Medicaid clients.

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Inspections) administered questionnaires, conducted interviews, and reviewed records.

OIG Inspections tested 15 invoices for inventory purchased for Byram's Flower Mound distribution center and the associated payments. All 15 invoices and payments showed Byram purchased items comparable to the items distributed to Medicaid clients.

OIG Inspections also tested 30 managed care claims for wound care supplies delivered to 24 Medicaid clients. The sample contained claims from nine managed care organizations (MCOs).²

Providers delivering DME and supplies via managed care must comply with the guidelines set by each MCO. The nine MCOs in the sample indicated they instructed their providers to follow the Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook" as the guidelines for wound care DME and supplies wound care products.

Of the 30 managed care claims:

- 28 (93 percent) included complete order form information.
- 2 (7 percent) did not have complete order form information.

OIG Inspections offered a recommendation to Byram, which, if implemented, will help Byram follow Texas Medicaid DME and supplies guidelines.

This report is considered written education in accordance with Texas Administrative Code.³ Inspection findings identified in this report (a) may be referred to the Texas

¹ The term durable medical equipment (DME) encompasses both equipment and medical supplies that are continuously needed for a period of time.

² The sample included claims from Aetna Better Health, Amerigroup, Blue Cross Blue Shield of Texas, Cook Children's Health Plan, Community First Health Plans, Community Health Choice, Molina Healthcare, Superior, and United Healthcare.

³ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

Health and Human Services Commission (HHSC) for potential pursuit of enforcement remedies or (b) OIG administrative enforcement measures,⁴ including administrative penalties.⁵

OIG Inspections presented preliminary inspection results, issue, and recommendation to Byram in a draft report dated July 21, 2023. Byram agreed with the inspection recommendation and indicated it would complete corrective actions by October 31, 2023. Byram's management response is included in the report following the recommendation.

OIG Inspections thanks the management and staff at Byram for their cooperation and assistance during this inspection.

Objective

The inspection objective was to determine whether Byram supported its wound care supply claims according to guidelines.

Scope

The inspection scope covered the period from January 1, 2022, through July 20, 2022.

Background

Wound care equipment and supplies may be a benefit under Texas Medicaid. According to the Texas Medicaid Provider Procedures Manual, skin ulcers represent the majority of chronic wounds. Skin ulcers include but are not limited to:

- Venous ulcers (also known as venous insufficiency ulcers or stasis ulcers)
- Arterial ulcers
- Diabetic ulcers
- Pressure injuries or pressure ulcers

Practitioners should consider the clinical efficacy of the wound care product, the client's functional status, as well as the measurable signs of effective wound

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

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

management when ordering products to treat wounds.⁶ The MCO guidelines include information the provider should include in the medical record, such as a detailed description of the client's wound and documentation of medical necessity, including the medical condition necessitating wound care supplies.⁷

DME and supplies providers must maintain and retain all necessary support for the supplies provided and delivered to a client with Texas Medicaid coverage and the medical necessity of those supplies.⁸

Byram, a DME and supplies provider owned by Owens & Minor, Inc., is headquartered in White Plains, New York, with sales and service centers across the country. Byram operates multiple distribution centers with locations in California, Illinois, New Jersey, Texas, and Washington. Two Texas locations include a sales and service center in Dallas and a distribution center in Flower Mound. Byram received Texas Medicaid reimbursements of \$587,392 for all wound care supplies delivered to 1,409 Medicaid clients from January 1, 2022, through July 20, 2022.

Byram's supplies are primarily ordered using an automated system to maintain current inventory levels and avoid shortages. Byram's purchasing team orders products directly from manufacturers who deliver them to the distribution centers.

Upon receipt of delivery, Byram employees inspect the delivery for damaged items, verify each product has a minimum shelf life of six months, verify the count of supplies received, and file the bill of lading. The centralized payor contracting team verifies that the product number and description on the purchase order match the Healthcare Common Procedure Coding System (HCPCS)⁹ description in Byram's enterprise resource planning system.

Byram combines manual and electronic processes to fill wound care supply orders. Customer service representatives process client orders and separate staff verify client coverage, authorization, and documentation guidelines according to the client's plan before delivering the order. Byram's proprietary enterprise resource

⁶ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook," § 2.2.28 (Jan. 2022, as amended).

⁷ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook," § 2.2.28.5 (Jan. 2022, as amended).

⁸ Texas Medicaid Provider Procedures Manual, Vol. 1, § 1.7.3 (Jan. 2022, as amended).

⁹ The Healthcare Common Procedure Coding System (HCPCS) is produced by the Centers for Medicare and Medicaid Services. HCPCS is a collection of standardized codes that represent medical procedures, supplies, products and services.

planning system uses automated edits to review order details based on MCO guidelines. After order details are verified, the enterprise resource planning system batches electronic claim information and sends it to a clearinghouse, which then submits the claim to the appropriate payor.

What Prompted This Inspection

Recent litigation involving DME and supplies providers who submitted false Medicare wound care supply claims prompted an interest in reviewing the potential risk for wound care supplies in Texas Medicaid.¹⁰ OIG Inspections initiated this inspection to determine whether claims for wound care supplies were supported.

¹⁰ See Appendix C for articles about the litigation.

Detailed Results

OIG Inspections tested 45 records from Byram: 15 supply invoices and payment receipts from Byram's Flower Mound distribution center and 30 managed care claims for wound care supplies delivered to 24 clients. Of the 15 supply invoices and payment receipts, all records contained details to demonstrate that supplies ordered to fill wound care supply claims were comparable to items distributed to Medicaid clients.

The following report sections provide additional detail about the findings of noncompliance observed by OIG Inspections. OIG Inspections also communicated other, less significant, findings to Byram separately in writing.

Observation: Byram's Claims Records Did Not Consistently Contain All Information Supporting the Supplies Ordered

Twenty-eight of the 30 managed care claims tested had no deficiencies. The remaining two claims had five instances of noncompliance. The five instances of noncompliance occurred on three of the four guidelines tested. All 30 managed care claims contained the client's name.

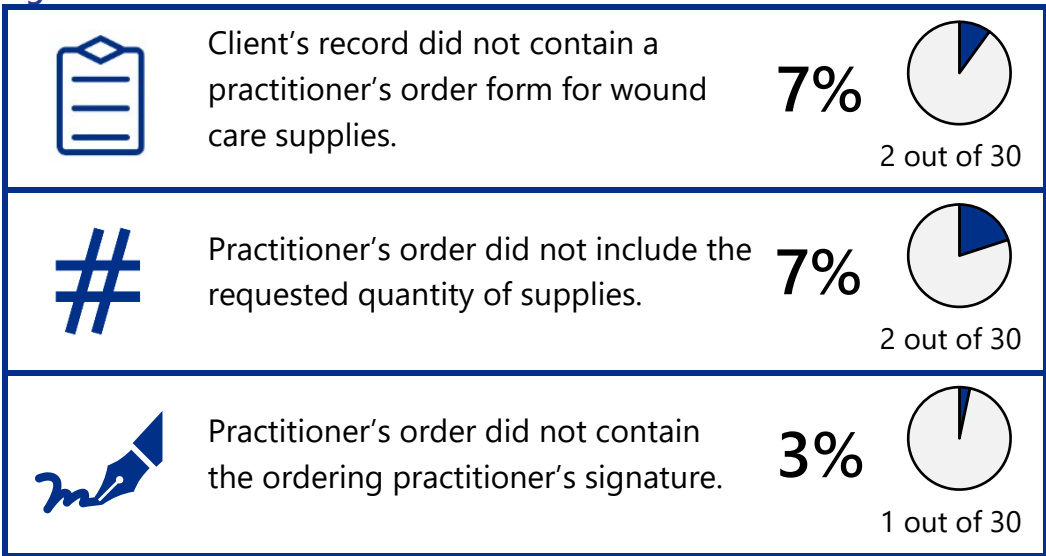
OIG Inspections tested the practitioner's orders for completeness on a sample of 30 claims using four selected guidelines:¹¹

- Client's record contains a practitioner's order for wound care supplies.
- Client's name on the practitioner's order.
- Practitioner's order includes the requested quantity of supplies.
- Ordering practitioner's signature.

¹¹ Texas Medicaid Provider Procedures Manual, Vol. 1, § 1.7.3 (Jan. 2022, as amended).

Figure 2 illustrates the testing results.

Figure 2: Results for Guidelines Tested in Observation 2



Source: OIG Inspections

Recommendation

Byram should ensure client records are complete. The records must include (a) the order, (b) the quantity of supplies ordered, and (c) the practitioner's signature.

Management Response

Action Plan

Byram Healthcare Centers, Inc. ("Byram") acknowledges that all orders must contain the required elements defined by Texas Medicaid Provider Procedures Manual:

- Client's record contains a practitioner's order for wound care supplies.
- Practitioner's order includes the requested quantity of supplies.
- Ordering practitioner's signature.

Byram has ensured that the above requirements are built into training procedures for the Verification and Customer Service teams. The continuous training, monitoring and communication will raise awareness and reinforce following the rules.

Responsible Manager

Vice President of Compliance and Chief Compliance Officer, Byram Healthcare Centers, Inc.

Target Implementation Date

- Communication of requirements by email: October 15, 2023
- Team training to be completed by October 31, 2023

Appendix A: Methodology, Standards, and Criteria

Detailed Methodology

OIG Inspections reviewed the encounter data of 363 DME and supplies providers that billed Texas Medicaid for wound care supplies between January 1, 2022, through July 20, 2022. The team developed a risk-based methodology and selected Byram as the DME and supplies provider for this inspection based on the volume and value of claims, the types and quantities of wound care supplies, and the geographic location and service area .

To achieve its inspection objective, OIG Inspections reviewed vendor invoices and payment receipts from Byram's Flower Mound distribution center. Additionally, the inspection team surveyed MCOs to determine what guidance they give to DME providers for wound care claims. OIG Inspections also collected information through (a) interviews with Byram management and staff and (b) a review of:

- Encounter data from January 1, 2022, through July 20, 2022.
- Questionnaire results from MCOs and Byram.
- Policies and procedures from MCOs and Byram.
- Contracts and provider agreements.
- Complaint logs from MCOs and Byram.
- Ombudsman Managed Care Assistance Team Complaints by Health Plan reports, fourth quarter 2021 and first quarter 2022.
- Provider records (invoices, prescribing practitioner's orders, prior authorizations, delivery confirmation, and claim submission forms).

OIG Inspections selected a risk-based, non-statistical sample of 15 records from Byram's Flower Mound distribution center. Testing criteria consisted of verifying invoice item codes, product descriptions, quantities, and costs. OIG Inspections tested payment receipts to verify that Byram paid for the orders.

The OIG Fraud Analytics and Data Operations Division provided encounter data for wound care supplies for January 1, 2022, through July 20, 2022. The results identified 8,900 Byram claims for wound care supplies.¹²

OIG Inspections applied four parameters to the 8,900 claims, which reduced the population to 377. From the 377 claims, OIG Inspections selected a risk-based, non-statistical sample of 30 claims. The sample was limited by (a) unit costs of \$0.50 or more, (b) claims paid for \$150 or more, (c) supply quantities of 14 or more units above the monthly limit,¹³ and (d) nine HCPCS codes specific to bandages and dressings shown in Table 1.

Table 1: HCPCS Codes Selected for Testing

| Code | Description |
|-------|--|
| A6021 | Collagen dressing, sterile, size 16 sq. in. or less, each, 10 per month. |
| A6197 | Alginate or other fiber gelling dressing, wound cover, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., each dressing, 15 per month. |
| A6210 | Foam dressing, wound cover, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border, each dressing, 15 per month. |
| A6212 | Foam dressing, wound cover, sterile, pad size 16 sq. in. or less, with any size adhesive border, each dressing, 30 per month. |
| A6213 | Foam dressing, wound cover, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., with any size adhesive border, each dressing, 30 per month. |
| A6218 | Gauze, non-impregnated, non-sterile, pad size more than 48 sq. in., without adhesive border, each dressing, 15 per month. |
| A6243 | Hydrogel dressing, wound cover, sterile, pad size more than 16 sq. in. but less than or equal to 48 sq. in., without adhesive border, each dressing, 15 per month. |
| A6253 | Specialty absorptive dressing, wound cover, sterile, pad size more than 48 sq. in., without adhesive border, each dressing, 15 per month. |
| A6449 | Light compression bandage, elastic, knitted/woven, width greater than or equal to three inches and less than five inches, per yard, 60 per month. |

Source: OIG Inspections

¹² Medicare-Medicaid Plan, Children's Health Insurance Program, and fee-for-service claims were excluded from the claims analysis.

¹³ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook," § 2.2.28.7 (Jan. 2022, as amended).

Standards

OIG Inspections conducts inspections of Texas HHS programs, systems, and functions. Inspections are designed to be expeditious, targeted examinations into specific programmatic areas to identify systemic trends of fraud, waste, or abuse. Inspection reports present factual data accurately, fairly, and objectively, and present findings, conclusions, and recommendations in a persuasive manner to strengthen program effectiveness and efficiency. OIG Inspections conducted the inspection in accordance with *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

Criteria

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

- Texas Medicaid Provider Procedures Manual, Vol. 1 (2022, as amended)
- Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook" (2022, as amended)

Appendix B: Related Reports

- Informational Report: Texas Medicaid (Title XIX) Home Health Durable Medical Equipment (DME) and Supplies, [AUD-23-025](#), August 15, 2023
- Managed Care Organization Oversight of Durable Medical Equipment Providers: Blue Cross and Blue Shield of Texas, [AUD-23-005](#), March 23, 2023
- 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
- Durable Medical Equipment Delivered to Deceased Beneficiaries: Nextra Health, [AUD-20-016](#), August 20, 2020
- Durable Medical Equipment Delivered to Deceased Beneficiaries: All Star Medical Equipment and Supply, [AUD-20-015](#), August 14, 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 Provide, [AUD-19-015](#), May 9, 2019
- Audit of R Medical Outreach and Associates, LLC: A Durable Medical Equipment Provider, [AUD-18-013](#), April 27, 2018
- Audit of Gaddy Enterprises: A Durable Medical Equipment Provider, [AUD-18-009](#), December 20, 2017

Appendix C: Resources for Additional Information

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

For more information on Durable Medical Equipment:

HHSC, "Medicaid for the Elderly and People with Disabilities Handbook," H-2800, [Durable Medical Equipment | Texas Health and Human Services](#).

For more information on Byram Healthcare Centers, Inc.:

Byram Healthcare, "Wound Care," <https://www.byramhealthcare.com/wound-care/overview/> (accessed January 4, 2023).

For more information about wound care litigation:

U.S Department of Health and Human Services, Office of Inspector General, "Central Medical Systems, LLC, Alan Trent Harley and Joan Harley Agree To Pay \$600K To Settle False Claims Act Liability," <https://www.justice.gov/usao-mdfl/pr/central-medical-systems-llc-alan-trent-harley-and-joan-harley-agree-pay-600k-settle>, Jan. 4, 2022 (accessed Jan. 23, 2023).

U.S Department of Health and Human Services, Office of Inspector General, "Arthur Wright and Meddex Solutions Agreed to Be Excluded for 3 Years for Submitting False Claims for Wound Care Supplies," <https://oig.hhs.gov/fraud/enforcement/arthur-wright-and-meddex-solutions-agreed-to-be-excluded-for-3-years-for-submitting-false-claims-for-wound-care-supplies>, June 1, 2021 (accessed Jan. 23, 2023).

Appendix D: Report Team and Distribution

Report Team

OIG staff members who contributed to this inspection report include:

- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Bruce Andrews, CPA, CISA, Director of Inspections
- James Aldridge, CFE, Manager of Inspections
- Jeffrey Fullam, CFE, Lead Inspector
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Report Distribution

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Byram Healthcare

- Perry Bernocchi, Chief Executive Officer
- John Ras, Vice President of Compliance and Chief Compliance Officer
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Appendix E: 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:

- Raymond Charles Winter, 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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