



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

Follow-Up Assessment on Previously Issued Audit Recommendations

Fee-for-Service Claims Submitted by Aveanna Healthcare Medical Solutions
AUD-23-027

August 21, 2023

Dear Corey Hinz:

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 issued audit report titled "Fee-for-Service Claims Submitted by Aveanna Healthcare Medical Solutions: A Texas Medicaid Durable Medical Equipment and Supplies Provider" to determine the implementation status of audit recommendations previously issued by OIG Audit.

Based on the results of our assessment, OIG Audit determined that Aveanna Healthcare Medical Solutions (Aveanna) did not fully implement all reported audit recommendations. As a result, OIG Audit reissued two recommendations from the previous audit. OIG Audit communicated less-significant observations to Aveanna in a separate written communication.

OIG Audit thanks management at Aveanna for their responsiveness, cooperation, and assistance during this assessment. The attachment to this letter contains additional details on the assessment.

Sincerely,

Kacy J. VerColen, CPA, CIGA
Chief of Audit and Inspections

Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner
Sylvia Hernandez Kauffman, HHS Inspector General

Background

The previously issued audit report was published on July 30, 2020. The objective of the original audit was to determine whether there was valid support for the authorization and delivery of fee-for-service durable medical equipment (DME) and supplies associated with Medicaid claims submitted by and paid to Aveanna as required by state laws, rules, and guidelines.




The scope of the original audit included paid fee-for-service claims for deliveries made from September 1, 2017, through August 31, 2018, and a review of relevant activities, internal controls, and information technology (IT) general controls through the end of fieldwork in December 2019.

Attachment







Figure 1 summarizes the implementation status of the recommendations included in the previously issued audit report, "Fee-for-Service Claims Submitted by Aveanna Healthcare Medical Solutions: A Texas Medicaid Durable Medical Equipment and Supplies Provider," [AUD-20-014](#), issued July 30, 2020.

In the figure, "fully implemented" means Aveanna successfully implemented the recommendation using a process, system, or policy. "Substantially implemented" means Aveanna implemented the recommendation using a process, system, or policy; however, Aveanna should make improvements as exceptions were identified during review.



Figure 1: Implementation Status of Audit Recommendations to Aveanna

	Implementation Status	Recommendation
	Substantially Implemented	1a Aveanna should implement controls to ensure that Medicaid fee-for-service DME ¹ and supplies are provided to beneficiaries only after prior authorization is received, when required.
	Fully Implemented	1b Aveanna should return the overpayment amount of \$2,792.16 to the state of Texas for the 46 unauthorized claims.
	Fully Implemented	2a Aveanna should implement controls to ensure that products are delivered and Medicaid fee-for-service DME and supplies claims are submitted to Texas Medicaid and Healthcare Partnership (TMHP) only when Aveanna has a current, complete, and valid Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form (Title XIX form).

¹ "Durable medical equipment" is medical equipment or appliances 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.

	Fully Implemented	2b	Aveanna should return the overpayment amount of \$31,680.09 to the state of Texas for the 132 additional unauthorized claims not supported by a Title XIX form.
	Fully Implemented	3a	Aveanna should implement controls to ensure that Aveanna 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.
	Fully Implemented	3b	Aveanna should return the overpayment amount of \$9,800.19 to the state of Texas for the 41 additional unauthorized claims not supported by a current Title XIX form.
	Fully Implemented	4	Aveanna should implement controls to ensure that products are delivered and Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Aveanna has a Title XIX form that includes the date the beneficiary was last seen by a physician.
	Fully Implemented	5a	Aveanna should implement controls to ensure Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Aveanna has corresponding Brightree ² delivery tickets indicating initiation of delivery to the beneficiary.
	Fully Implemented	5b	Aveanna should return the overpayment amount of \$328.48 to the state of Texas for two additional claims not supported by corresponding Brightree delivery tickets.

² Brightree is the software Aveanna used for the daily management of DME clients, sales, and billing.

	Substantially Implemented	6a Aveanna should implement controls to ensure Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Aveanna has valid individual delivery confirmation documentation for all DME and supplies provided to a beneficiary.
	Fully Implemented	6b Aveanna should return the overpayment amount of \$6,127.47 to the state of Texas for 23 claims not supported by independent proof of delivery.

Source: OIG Audit

Through its implementation of the audit recommendations, Aveanna (a) improved at submitting fee-for-service claims to THMP that were supported by required documentation and (b) returned overpayment amounts of \$50,728.39 to the state of Texas for claims that were not supported by required documentation.

OIG Audit reviewed 15 sample claims to determine whether previous recommendations were fully implemented. Based on the results of sample claims tested in this assessment, Aveanna should (a) continue to implement controls to submit fee-for-service claims to THMP only when they are supported by prior authorization, as applicable, and delivery confirmation and (b) return additional overpayment amounts of \$329.91 to the state of Texas for claims that were not supported by a prior authorization or delivery confirmation.

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.³ In addition, other issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,⁴ including administrative penalties.⁵

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

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

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

Reissued Recommendations

Issue 1: Prior Authorization Support Was Missing

To assess medical necessity, the Texas Medicaid Provider Procedures Manual (TMPPM) requires fee-for-service providers to obtain prior authorization from TMHP for most DME and some supplies.⁶

For 3 of the 15 (20 percent) sample claims tested, Aveanna did not obtain prior authorization as required. Specifically, TMHP did not approve prior authorizations for:

- One claim totaling \$96.85 for DME.⁷
- Two claims totaling \$65.19 for supplies in excess of monthly allowed maximums.⁸

Aveanna had implemented a control to review the accuracy of billing and coding of fee-for-service claims monthly. However, Aveanna has not fully implemented controls to ensure that it provides Medicaid fee-for-service DME and supplies to beneficiaries only after it receives prior authorization, when required. As a result of the missing prior authorizations, Texas Medicaid reimbursed Aveanna a total of \$162.04 for the three unauthorized claims.

⁶ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.1.3 (Mar. 2022 and Sept. 2022).

⁷ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.16 (Mar. 2022 and Sept. 2022).

⁸ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.15.9 (Mar. 2022 and Sept. 2022).

Recommendation 1

Aveanna should:

- Implement controls to ensure that Medicaid fee-for-service DME and supplies are provided to beneficiaries only after prior authorization is received, when required.
- Return the overpayment amount of \$162.04 to the state of Texas for the three unauthorized claims.

Management Response

Action Plan

Aveanna Medical Solutions ("AMS") has implemented a more thorough approach to reviewing Texas Medicaid claims for authorization, to add manual review to our automated bill hold technology. We also utilize our system controls that hold any claims from being billed until proper authorization is obtained, ensuring that all claims have the necessary authorization on file. We have added a cycle of review to increase the effectiveness of the bill hold technology.

To ensure the effectiveness of our prior authorization team, AMS has established a formalized quality assurance program. This program involves monthly audits conducted by a quality assurance team, who review a sample of the authorization team's completed work. The audit criteria include checking for any missing or incorrect authorizations from all payors, including Texas Medicaid. Our employees are held accountable for the accuracy of their quality assurance audit scores and will receive coaching and training whenever necessary.

Furthermore, we have established a comprehensive quality assurance program for our system controls (Price Tables). Price tables serve to tie inventory items with many billing factors including authorization rules. Price tables will serve to create service holds so that orders cannot be shipped or billed without detailed review and approval. AMS is dedicated to supporting our employees with the tools and resources they need. We have developed an intranet learning database that is accessible to all employees. This database contains important information such as payor profiles, guidelines, job aids, and processes.

Additionally, it includes comprehensive information on Texas Medicaid authorization requirements. To ensure the accuracy and relevance of this database, AMS has established a review, approval, and update process that keeps it up-to-date with any applicable updates or changes.

Responsible Managers

- AMS AVP of Business Operations, Houston
- AMS AVP of Revenue Cycle
- AMS Knowledge Manager

Implementation Date

Manual claim authorization review was implemented in May 2020. The quality assurance program for the authorization team was implemented on June 1, 2020.

The intranet learning database has been created, the approval process for payor information has been completed and has been accessible to all AMS employees as of July 1, 2020.

Quality assurance program for our system controls was implemented in April 2023.

Issue 2: Delivery Confirmation Was Missing

To confirm that the carrier shipped DME and supplies and delivered them to the beneficiary, providers must retain documentation of delivery. Additionally, the TMPPM requires all claims submitted for medical supplies to include the same quantities documented on the delivery confirmation.⁹

Aveanna submitted and received reimbursement for DME and supplies claims that an independent delivery confirmation did not support.¹⁰ Aveanna had a valid delivery confirmation as required for 14 of the 15 (93.3 percent) sampled claims. However, Aveanna did not have a valid delivery confirmation for the remaining claim tested, as required. Specifically, the quantity on the delivery confirmation was less than the quantity submitted to TMHP.

Aveanna had implemented a control to review the accuracy of billing and coding of fee-for-service claims monthly. However, Aveanna has not fully implemented controls to ensure it submits Medicaid fee-for-service DME and supplies claims to TMHP only when it has valid individual delivery confirmation documentation for all DME and supplies provided to a beneficiary. As a result of the missing delivery confirmation, Texas Medicaid reimbursed Aveanna \$167.87 for a claim not supported by an independent delivery documentation.

Recommendation 2

Aveanna should:

- Implement controls to ensure Medicaid fee-for-service DME and supplies claims are submitted to TMHP only when Aveanna has valid individual delivery confirmation documentation for all DME and supplies provided to a beneficiary.
- Return the overpayment amount of \$167.87 to the state of Texas for one claim not supported by independent proof of delivery.

⁹ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.4 Medical Supplies (Mar. 2022 and Sept. 2022).

¹⁰ Aveanna subcontracts with McKesson for the delivery of most of Aveanna's orders and receives a delivery notification from McKesson with United Parcel Service (UPS) tracking numbers to confirm the delivery is complete.

Management Response

AMS ensures that all Texas Medicaid claims are being reviewed manually for documentation that demonstrates proof of delivery prior to billing, instead of using automated billing technology. This will ensure that the proof of delivery is accurately documented with items delivered matching items billed.

AMS completes a monthly audit to test a sample of claims that have been billed. The audit tests for accuracy of the items that were sent to ensure that they match the items that were billed. Employees are held accountable for the accuracy of their quality assurance audit scores and will receive coaching and training as necessary. Additionally, this information is reported to the division's Performance Improvement Committee quarterly.

Action Plan

Increase the sample size for monthly audits that are statistically necessary: To ensure a more thorough review of claims for cleanliness, it is essential to increase the sample size for monthly audits. By adopting a larger sample size with a pass rate of 95% or higher, we can achieve a more comprehensive assessment of the accuracy of delivered and billed items. This strategy will significantly diminish the probability of any unnoticed discrepancies.

Randomize the selection of claims for audit: We use a random selection process for choosing the claims to be audited each month. This will prevent any bias and ensure a fair evaluation of the accuracy of the claims. If the claim was a non-billable claim, we are to replace the claim with another random selection.

Responsible Manager

AMS AVP of Revenue Cycle

Target Implementation Date

Manual claim review was implemented in May 2020.

Increase sample size target date September 2023.

AMS continues to follow and enforce the previously established claims audits. Findings will be reported and reviewed during the quarterly Performance Improvement Committee meeting.

Objective, Scope, Methodology, Criteria, and Standards

Objective and Scope

The objective of this follow-up assessment was to determine the implementation status of OIG Audit's previously issued recommendations to Aveanna, which included testing the effectiveness of management activities designed to remediate identified recommendations.

The scope of the assessment was limited to reviewing the implementation status of recommendations identified in the previously issued audit report.

Methodology

OIG Audit issued an engagement letter to Aveanna on April 28, 2023, providing information about the upcoming assessment, and conducted testing from April 28, 2023, through July 20, 2023.

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

OIG Audit presented preliminary audit results, issues, and recommendations to Aveanna in a draft report dated August 1, 2023. Aveanna agreed with the audit recommendations and indicated corrective actions would be fully implemented by September 2023. Aveanna's management responses are included in the report following the recommendations.

Data Reliability

OIG Audit assessed the reliability of Aveanna's fee-for-service claims data and documentation by tracing claims data to the documentation, interviewing relevant Aveanna personnel knowledgeable about the documentation, and observing the claims documentation generated by Aveanna personnel. OIG Audit determined that the data was sufficiently reliable for the purposes of this assessment.

Testing Methodology

To determine the effectiveness of the implemented audit recommendations, OIG Audit:

- Examined, for each fee-for-service claim selected, the associated (a) Title XIX form, (b) prior authorization, (c) delivery ticket, and (d) delivery confirmation.
- Determined whether valid support existed for the selected fee-for-service claims.
- Reviewed Aveanna’s controls intended to address the previously issued audit recommendations.

OIG Audit collected information for this assessment through interviews and electronic communications with Aveanna management. Auditors assessed the effectiveness of management activities designed to remediate the findings from the original report and conducted testing for recommendations Aveanna management asserted it had fully implemented.

Criteria

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

- Texas Medicaid Provider Procedures Manual, Vol 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” (2017, 2018, and 2022)
- Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form Instructions (2016, 2018, and 2021)

Auditing Standards

Generally Accepted Government Auditing Standards

OIG Audit conducted the original audit in accordance with generally accepted government auditing standards (GAGAS) and performed the work in accordance with the IT Standards, Guidelines, and Tools as well as the Techniques for Audit and Assurance and Control Professionals published by ISACA (formerly known as the Information Systems Audit and Control Association).

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.