To the Texas Health and Human Services Commission Office of the Inspector General
Austin, Texas

Myers and Stauffer LC (Myers and Stauffer) has completed the performance audit of Lifeline Valley Care, LLC to determine whether durable medical equipment (DME) claims billed and paid under the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements. The specific state and federal Medicaid laws, regulations, rules, policies, and contractual requirements to be tested were agreed to by Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG) in the approved audit test plan.

Our audit was performed under Myers and Stauffer's Master Contract #529-17-0117-00004, Work Order Contract #HHS000721400016, Purchase Order #HHSTX-3-0000306334 with HHSC. Our audit covered the period of March 1, 2018, through February 28, 2022.

We conducted this audit in accordance with the performance audit provisions of Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to sufficiently obtain appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Management responses from Lifeline Valley Care, LLC are included in this report.

The purpose of this performance audit report is to clearly communicate the results of the audit to those charged with governance, Lifeline Valley Care, LLC management, and the appropriate oversight officials.

If we can be of any assistance to you or if you have any questions concerning this report, please contact us.

Sincerely,

Myers and Stauffer LC
August 4, 2023

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Lifeline Valley Care, LLC

NPI: 1396035440

Report Date

August 4, 2023

MYERS AND STAUFFER LC

CERTIFIED PUBLIC ACCOUNTANTS

Background and Criteria

The Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG) contracted Myers and Stauffer LC (Myers and Stauffer) to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program. In coordination with the Texas HHSC-OIG, Myers and Stauffer has been engaged to perform a claims audit of Lifeline Valley Care, LLC (Provider). The audit focused on paid fee-for-service (FFS) durable medical equipment (DME) and medical supply claims having dates of service during the period of March 1, 2018, through February 28, 2022.

The Provider is a DME and medical supplies provider that opened in 2011 and operates at 1313 W. Polk Avenue, Suite 23, Pharr, Texas 78577, per the National Plan and Provider Enumeration System (NPPES) National Provider Identifier (NPI) Registry. The Provider holds a Device Distributor license through the Texas Department of State Health Services.

According to the Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook:

> "Home health services include home health skilled nursing (SN), home health aide (HHA), physical therapy (PT) and occupational therapy (OT) services; DME; and expendable medical supplies that are provided to eligible Medicaid clients at their place of residence…
>
> Requested DME may be a benefit when it meets the Medicaid definition of DME. The majority of DME and expendable supplies are covered home health services.
>
> 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) DME/Medical Supplies Physician Order Form…"

Audit Objective

The objective of the claims audit is to determine whether FFS DME and medical supply claims billed to, and paid under, the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements. The specific state and federal Medicaid laws, regulations, rules, policies, and contractual requirements tested were agreed to by the HHSC-OIG in the approved audit test plan.

Sampling Overview

For the period of January 1, 2019, through December 31, 2021, the HHSC-OIG identified $349,061 at risk of $1,259,963 total DME and medical supply reimbursements for the Provider and provided all at risk FFS claims to Myers and Stauffer for review. Subsequently, the HHSC-OIG provided the final set of FFS claims data to be utilized for audit covering the period of March 1, 2018, through February 28, 2022, for which the Provider was reimbursed $1,670,382.

Upon review of the claims data the HHSC-OIG provided, the following Healthcare Common Procedure Coding System (HCPCS) codes present in the FFS data were targeted for audit.

- A4554 – Disposable underpads, all sizes.
- A6533 – Gradient compression stocking, thigh length, 18-30 millimeters of mercury (mmHg), each.

A statistically valid random sample was selected from the claims universe provided by the HHSC-OIG consisting of the supplies described above. The claims universe includes 8,107 claim lines for 350 unique recipients for which the Provider was reimbursed $491,242. The sample includes 60 claim lines for 51 unique recipients for which the Provider was reimbursed $9,260.

In addition, four claim lines with a date of service greater than 30 days after the recipient's date of death were identified in the claims data provided by the HHSC-OIG. To account for this risk area, a separate, distinct FFS claims universe was created which consists of four claim lines for one unique recipient for which the Provider was reimbursed $147. A claim-specific review was performed on these claim lines.

Audit Process

Scope

The scope of this audit includes the review of Medicaid FFS DME and medical supply claims with dates of service during the period of March 1, 2018, through February 28, 2022.

Testing to determine medical necessity of supplies is outside the scope of the audit. However, documentation was reviewed in order to determine that procedures were properly documented with a licensed physician/practitioner order and, if applicable, in accordance with the prior authorization process.

In gaining an understanding of internal controls, Myers and Stauffer limited the review to the Provider's overall internal control structure significant to the audit objectives. Myers and Stauffer determined significant internal controls to the audit objective include:

- **Control Environment:** The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
- **Control Activities:** The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system.
- **Monitoring:** Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Methodology

Myers and Stauffer conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and applicable Texas Administrative Code (TAC) rules,

including 1 TAC §371.1719, as appropriate. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Audit testing was performed to verify compliance in the following areas:

- Verify providers were enrolled and approved for participation in the Medicaid program.
- Verify DME or medical supply was prior authorized by the HHSC (if applicable).
- Verify DME or medical supply was prescribed by a licensed physician or allowed licensed practitioner.
- Verify recipient was seen by the physician authorizing the DME or medical supply within the past six or 12 months.
- Verify Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms and Addendum to Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms utilized for DME or medical supply were current at the time of service.
- If applicable, verify DME providers have maintained all Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms and Addendum to Home Health Services (Title XIX) DME/Medical Supplies Physician Order Forms for the provided DME or medical supply.
  - Verify forms included:
    - Signature and date no more than 90 days prior to the date of the requested prior authorization or initiation of service.
    - Procedure codes.
    - Numerical quantities.
- Verify equipment and/or appliances were delivered to individuals.
  - Medical Supplies:
    - Verify delivery slip or corresponding invoice was signed and dated by client or caregiver.
    - If applicable, verify a dated carrier tracking document with shipping date and delivery date was printed from the carrier's website as confirmation that the supplies were shipped and delivered. The dated carrier tracking document must have been attached to the delivery slip or corresponding invoice.
- Verify DME or medical supply was provided to the individual in the individual's place of residence.
- Verify correct reimbursement was received for the DME or supply provided by reviewing:
  - The provider's billed charges.

- The published fee determined by the HHSC.
- If manually priced, the manufacturer's suggested retail price and provider's documented invoice cost.

- Verify all required records to support DME or medical supply claims were properly maintained.
- Verify that DME or medical supply was not billed for after recipient's date of death.

Inquiries, observations, inspection of documents and records, review of other audit reports, and/or direct tests were performed to assess the design, implementation, and operating effectiveness of controls determined significant to the audit objectives stated in the scope.

Audit Results

Myers and Stauffer believes the evidence obtained during the course of the claims audit provides a reasonable basis for the findings and conclusions based on the audit objective. The audit was not intended to discover all possible errors and any errors not identified within this report should not lead to a conclusion the practice is acceptable. Due to the limited nature of the review, no inferences should be drawn from this report with respect to the Provider's overall level of performance.

Findings

Myers and Stauffer identified findings on nine of 64 DME claims. One claim may have multiple finding types. The table below provides a summary of the findings that have been identified in the audit. The findings are listed in detail in Appendix A. The list of findings and supporting policies follows in the table below:

List of Findings and Supporting Policies				
Finding No.	**Finding Type**	**Finding Definition**	**Number of Claims with Finding**	**Supporting Policy***
1	Date Last Seen is Unknown	The "Date last seen by physician" on the submitted Title XIX Form was not indicated.	1	TMPPM 2019-2022 Vol. 2 §2.2.2.2 TMPPM 2019-2022 Vol. 2 §2.2.4
2	Supply Delivered After Date of Death	Medical supply was delivered more than 30 days after the recipient's date of death.	4	1 TAC § 371.1659(3) TMPPM 2018-2022 Vol. 1 §5.1 TMPPM 2018-2022 Vol. 2 §2.2.1

List of Findings and Supporting Policies				
Finding No.	**Finding Type**	**Finding Definition**	**Number of Claims with Finding**	**Supporting Policy***
3	Incomplete Title XIX Form	The Title XIX Form does not document either who completed Section A of the form or the date the recipient was last seen by the physician.	2	TMPPM 2018-2022 Vol. 2 §2.2.1 Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form and/or Instructions (Effective: 04/01/2016)
4	Incorrect Prescribing Physician Information on Title XIX Form	The prescribing physician information included in Section A of the Title XIX Form does not appear to be correct.	3	Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form and/or Instructions (Effective: 04/01/2016)
5	Incorrect Procedure Code Billed	The procedure code indicated on the completed Title XIX Form and delivery information does not match the procedure code billed.	1	1 TAC § 354.1001(a),(b)

* Any references to Volume 2 of the TMPPM refer to the Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook.

A lack of internal controls has been identified as a contributing cause of all findings included in the table above. The Provider has not placed enough emphasis on designing, implementing, and/or effectively operating internal controls to adequately review, document, and retain records to support that the billed services were provided in accordance with required regulations. A lack of policies and/or oversight of established policies creates an environment in which management or personnel are unable to achieve the applicable control objectives and address related risks.

Management's Response

A draft copy of this report was sent to the Provider on July 10, 2023. An exit conference was held on July 18, 2023, to discuss the preliminary findings. During the exit conference, the Provider stated they would contact physicians in an effort to obtain additional documentation to address findings. The provider responded with additional documentation for review on July 19, 2023, and with a written response on July 26, 2023. In their response, the Provider objected to the three questioned claim lines with a finding of incorrect NPI/license on the Title XIX form.

Revised Findings Based on Evaluation of Management's Response

After reviewing the Provider's response and the documentation submitted, the findings were revised; however, the total number of nine questioned claims remains the same. The Provider submitted Title XIX forms for the three claims with a finding of incorrect NPI/license on Title XIX form in the Draft Audit Report. However, the prescribing physician names indicated on the forms, corresponding with the NPI and license information also indicated on the forms, do not appear to have been included on the forms at the time of service. It is also noted that the incorrect prescribing physician names on the originally submitted forms were still present. As a result of the Provider's submissions clarifying that the NPI and license information on the forms appear to be correct and the indicated prescribing physician name incorrect, the finding for these three claims was revised to indicate incorrect prescribing physician information on Title XIX form.

Final Determination of Overpayment

The Medicaid paid claims with identified findings are listed in detail in Appendix A of this report. The corresponding overpayment amount in Appendix A is only applicable to the sampled claims Myers and Stauffer reviewed during the audit. The overpayment calculated from our sample is $643.37. The sample was not confirmed to be representative of the universe; therefore, it would not be appropriate to project the test results to the universe.

The total amount due to the HHSC-OIG is $643.37 for the claims reviewed. Based on the findings cited in this Final Audit Report, the Provider is directed to:

- Remit the overpayment in the amount of $643.37, pursuant to 1 TAC §371.1719, Recoupment of Overpayments Identified by Audit. Payment is to be made to the Texas HHSC-OIG.
- Comply with all state and federal Medicaid laws, regulations, rules, policies, and contractual requirements.

Appendix A – Detailed Findings

Lifeline Valley Care, LLC
Project Number 022
NPI 1396035440

Original Claims Information											Audit Determination							
Sample Line Number	State Issued Medicaid ID	Member Full Name	Claim Number	Client Date of Death	Date of Service	Procedure Code	Procedure Description	Billed Units	Allowed Units	Paid Amount	Finding Type	Supporting Policy Reference	Recoupment Type	Adjusted Procedure Code (if applicable)	Adjusted Procedure Code Description (if applicable)	Date Last Seen by Physician (if applicable)	Corrected Claim Payment	Overpayment Amount
2								4	4	$269.32	INCORRECT PRESCRIBING PHYSICIAN INFORMATION ON TITLE XIX FORM	D	2	N/A		N/A	$0.00	$269.32
8								72	72	$54.98	SUPPLY DELIVERED AFTER DATE OF DEATH	E, F, G	2	N/A		N/A	$0.00	$54.98
9								156	156	$41.62	SUPPLY DELIVERED AFTER DATE OF DEATH	E, F, G	2	N/A		N/A	$0.00	$41.62
10								120	120	$45.26	SUPPLY DELIVERED AFTER DATE OF DEATH	E, F, G	2	N/A		N/A	$0.00	$45.26
11								2	2	$5.69	SUPPLY DELIVERED AFTER DATE OF DEATH	E, F, G	2	N/A		N/A	$0.00	$5.69
12								4	4	$269.32	INCORRECT PROCEDURE CODE BILLED	B	1			N/A	$162.48	$106.84
37								120	120	$45.26	INCORRECT PRESCRIBING PHYSICIAN INFORMATION ON TITLE XIX FORM	D	2	N/A		N/A	$0.00	$45.26
46								120	120	$37.20	INCOMPLETE TITLE XIX FORM, INCORRECT PRESCRIBING PHYSICIAN INFORMATION ON TITLE XIX FORM	A, B, D, F	2	N/A		N/A	$0.00	$37.20
57								120	120	$37.20	DATE LAST SEEN IS UNKNOWN, INCOMPLETE TITLE XIX FORM	A, C, D, H	2	N/A		UNKNOWN	$0.00	$37.20
Totals										**$805.85**							**$162.48**	**$643.37**

Legends

Finding Type	Policy Reference(s)	Recoupment Type	Definition
DATE LAST SEEN IS UNKNOWN	C, H	2	The "Date last seen by physician" on the submitted Title XIX Form was not indicated.
INCOMPLETE TITLE XIX FORM	A, D	2	The Title XIX Form did not document either who completed Section A of the form or the date the recipient was last seen by the physician.
INCORRECT PRESCRIBING PHYSICIAN INFORMATION ON TITLE XIX FORM	D	2	The prescribing physician information included in Section A of the Title XIX Form does not appear to be correct.
INCORRECT PROCEDURE CODE BILLED	B	1	The procedure code indicated on the completed Title XIX Form and delivery information does not match the procedure code billed.
SUPPLY DELIVERED AFTER DATE OF DEATH	E, F, G	2	Medical supply was delivered more than 30 days after the recipient's date of death.

Recoupment Type	Definition
1	Partial Recoupment
2	Full Recoupment

Policy Reference	Supporting Policy*	Policy
A	TMPPM 2018-2022 Vol. 2 §2.2.1	Durable medical equipment providers must retain all orders; copies of completed, signed, and dated Title XIX forms; delivery slips; and corresponding invoices for all supplies provided to a client. Durable medical equipment providers must disclose these records to HHSC or its designee on request. These records and claims must be retained for a minimum of five years from the date of service (DOS) or until audit questions, appeals, hearings, investigations, or court cases are resolved. Use of these services is subject to retrospective review.
B	1 TAC § 354.1001(a),(b)	(a) Eligible providers are required to provide separate claim information for each eligible recipient. Claims must be complete, accurate, and as specified by the Texas Health and Human Services Commission (HHSC) or its designee. (b) Required information includes the following: (1) name, address, and appropriate Texas provider identification number of the provider of services or supplies or both; (2) the date of the claim; (3) the name, address, identification number, and date of birth of the individual who received services or supplies or both; (4) the type of such services or supplies or both provided; (5) the date(s) each service or supplies or both were provided.
C	TMPPM 2019-2022 Vol. 2 §2.2.2.2	The date last seen by the physician must be within the past 6 months unless a physician waiver is obtained.
D	Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form and/or Instructions (Effective: 04/01/2016)	All fields must be filled out completely. The supplier or prescribing physician can complete Section A...The appropriate box must be completed to indicate whether this section was completed by the physician or the supplier. The "Date last seen" and "Duration of need" items must be filled in. 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. The Provider and Prior Authorization Request Submitter certify and affirm under penalty of perjury that they are personally acquainted with the information supplied on the prior authorization form and any attachments or accompanying information and that it constitutes true, correct, complete and accurate information.
E	1 TAC § 371.1659(3)	A person is subject to administrative actions or sanctions if the person: (3) furnishes or orders services or items for a recipient under the Medicaid or other HHS program that substantially exceed a recipient's needs, are not medically necessary, are not provided economically or are of a quality that fails to meet professionally recognized standards of health care;
F	TMPPM 2018-2022 Vol. 1 §5.1	Prior authorization is not a guarantee of payment. Even if a procedure has been prior authorized, reimbursement can be affected for a variety of reasons, e.g., the client is ineligible on the date of service (DOS) or the claim is incomplete. Providers must verify client eligibility status before providing services.
G	TMPPM 2018-2022 Vol. 2 §2.2.1	Client eligibility for Medicaid is for one month at a time. Providers should verify their client's eligibility every month. Prior authorization does not guarantee payment.
H	TMPPM 2019-2022 Vol. 2 §2.2.4	The client must be seen by a physician no more than 6 months prior to the start of service.

* Any references to Volume 2 of the TMPPM refer to the Durable Medical Equipment, Medical Supplies, and Nutritional Products Handbook.