

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF MEDICAID PAYMENTS FOR
OXYGEN RELATED DURABLE
MEDICAL EQUIPMENT AND SUPPLIES**

**OHIO DEPARTMENT OF JOB AND
FAMILY SERVICES
COLUMBUS, OHIO**



SEPTEMBER 2001

A-05-00-00088



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

September 28, 2001

Common Identification Number A-05-00-00088

Dorothy Hughes, Chief Inspector
Ohio Department of Job and Family Services
30 East Broad Street, 32nd Floor
Columbus, OH 43266

Dear Ms. Hughes:

This final letter report presents the results of our Audit of Medicaid Payments for Oxygen Related Durable Medical Equipment and Supplies. Although our audit in Ohio was initiated to identify Medicaid overpayments similar to those identified in an adjacent Midwestern state, we determined that Medicaid providers in Ohio generally received reimbursements for oxygen related items of durable medical equipment (DME) and supplies at rates that were lower than the Medicare allowable amount. Payments were generally acceptable.

During our audit period of January 1, 1998 through December 31, 1999, payments charged to the Medicaid program, which exceeded Medicare payment levels, amounted to only \$1,711. Therefore, we are not recommending recovery but are merely recommending that the State assure that the maximum allowable price for DME and supplies be limited to an amount equal to or less than the Medicare allowable amount for the same items.

Background. The Medicaid program is jointly administered by the Federal government, through the Centers for Medicare and Medicaid Services (CMS, formerly the Health Care Financing Administration) and, by the States, through their designated State agency. Within broad guidelines established by Federal statutes, regulations and policies, each state determines the type, amount, and scope of services and sets the rate of payment for services. Since CMS also administers the Medicare program for the elderly, it prepares and updates an annual fee schedule for DME, prosthetics, orthotics, and supplies provided under the Medicare program and shares that schedule with the States for use in selecting Medicaid payment levels. Ohio Revised Code, Section 5111.02, states that reimbursement by the Department of Job and Family Services, to a medical provider for any medical service rendered under the Medicaid program, shall not exceed the authorized reimbursement level for the same service under the Medicare program. Ohio Administrative Code; Section 5101:3-1-60, states that the Medicaid maximums may be less than the maximums permitted under federal law but may not be more. Providers are expected to bill their usual and customary charge. If the amount billed exceeds the Department's maximum, the amount paid will automatically be reduced to the maximum permitted.

Objective and Scope. We conducted our audit in accordance with generally accepted government auditing standards. The objective of our review was to determine if the Ohio Medicaid program reimbursed providers for amounts in excess of State Medicare limits for DME and supplies used to provide oxygen. To accomplish this objective, we: (i) identified the codes used to claim reimbursement for oxygen related DME and supplies, provided to Ohio Medicaid recipients; (ii) obtained the Ohio Medicare payment limits for items of oxygen related DME and supplies; (iii) obtained Medicaid claims data for all CMS Common Procedure Coding System (HCPCS) numbers, identified as oxygen related DME and supplies under the Medicare fee schedule; and (iv) calculated the unallowable amount associated with Medicaid payments in excess of the applicable Medicare payment limit. Our audit covered payments for DME and supply claims with dates of service from January 1, 1998 through December 31, 1999. As part of our review, we obtained an understanding of the internal control structure relative to the payment of claims for items of DME and supplies, but did not perform an assessment of these internal controls.

Results of Audit. We reviewed 44,533 paid claims for oxygen related DME and supplies provided to Medicaid recipients during our two-year audit period. The State Medicaid Supply List contained payment data on only six of the seventeen HCPCS numbers, classified by CMS as oxygen related equipment and supplies under the Medicare fee schedule.

We determined that the Medicaid reimbursement limit for four of the six oxygen related HCPCS numbers exceeded the amount allowable under the Medicare fee schedule. Only three of these six HCPCS numbers had paid services. The following schedule provides the Medicare fee schedule amount, the number of payments, and the amounts over the Medicare fee schedule.

Year	HCPCS	Description	Medicare Fee Schedule Amounts	Number of Medicaid Payments Exceeding Medicare Fee Amounts	Medicaid Payments in Excess of Medicare Fee Schedule Amount
1998	A4619	Face Tent	\$ 1.32	13	\$ 18
1999	A4619	Face Tent	1.21	13	15
1998	A4621	Tracheotomy mask or collar	1.48	1252	567
1999	A4621	Tracheotomy mask or collar	1.39	1144	868
1998	E0441	Oxygen contents gas per/unit	174.64	10	95
1999	E0441	Oxygen contents gas per/unit	162.98	7	148
1998	E0442	Oxygen contents liq/unit	174.64	0	0
1999	E0442	Oxygen contents liq/unit	162.98	0	0
Total:					\$ 1,711

During the two-year audit period, unallowable costs of approximately \$1,711 were charged to the Medicaid program. Because the unallowable costs were relatively insignificant, we are not recommending a cost recovery.

Recommendation. We are recommending that the Ohio Department of Job and Family Services limit the Medicaid payments for oxygen related DME and supplies to amounts reimbursed under the Medicare fee schedule.

In an e-mail attachment, dated September 7, 2001, a State agency official agreed that it had paid more for these codes than allowed under Medicare. The official stated that the department had identified these codes in May 2001 and that changes were planned, as appropriate and in accordance with the rule-filing process. The State agency's comments are included as an attachment to this report.

If you have additional comments or concerns, please address them to the HHS Action Official shown on the Report Distribution List. To facilitate identification, refer to Common Identification Number A-05-00-00088 in all correspondence related to this report.

Paul Swanson
Regional Inspector General
for Audit Services

Attachment

September 7, 2001

TO: Mike Barton
FROM: Trish Martin
RE: Ohio Medicaid Audits

The following are preliminary comments on the Office of Inspector General's two Ohio Medicaid audit reports, *Durable Medical Equipment* and *Mutually Exclusive Procedure Codes*. After further review of both reports, we would like to share the following comments and clarification which we hope will be reflected in the final reports.

Durable Medical Equipment

After review of the OIG report, it is agreed that Ohio Medicaid did pay more than the Medicare allowable for the specific codes mentioned in the report. However, in approximately May 2001, these particular codes had already been identified within the department as being reimbursed at a higher level. As such, changes to the reimbursement amount were planned to be made as appropriate and in accordance with the rule-filing process.