

Audit Report

Durable Medical Equipment Delivered to Deceased Medicaid Beneficiaries

Nextra Health, Inc.

**August 20, 2020
OIG Report No. AUD-20-016**



**Inspector
General**

Texas Health
and Human Services



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

Nextra Health, Inc.

DURABLE MEDICAL EQUIPMENT DELIVERED TO DECEASED MEDICAID BENEFICIARIES

August 14, 2020

Dear Mr. Jeff Smith:

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) has completed an audit of Nextra Health, Inc.'s (Nextra) delivery of durable medical equipment (DME) and supplies to Medicaid beneficiaries after the beneficiary's date of death, and its submission of fee-for-service claims to the Texas Medicaid and Healthcare Partnership (TMHP). For each of the deliveries tested, the beneficiary was eligible at the time of delivery, even though it was past the beneficiary's date of death. Both TexMedConnect, which All Star uses for verification, and Texas Integrated Eligibility Redesign System (TIERS), which the audit team used for verification, listed the beneficiary as eligible at the time of delivery. Therefore, the audit did not result in recommendations to Nextra.

Background

During past audits of DME fee-for-service providers, the Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) noted that DME services were provided to some Medicaid beneficiaries after their death. This limited scope audit explored the prevalence of that observation.

Specifically, between September 1, 2017, and August 31, 2019, Nextra made ten deliveries of DME supplies to six Medicaid beneficiaries more than 30 days after the beneficiary had died. TMHP paid claims totaling \$1,252.67 for those ten deliveries. On average, it took 112 days for TexMedConnect and the TIERS system to reflect the deaths of Medicaid beneficiaries, and Nextra did not make deliveries after that status was updated.

The attachment to this letter contains additional details on issues auditors identified in this limited scope audit review.

Sincerely,

A handwritten signature in blue ink that reads "Audrey O'Neill".

Audrey O'Neill, CIA, CFE, CGAP
Chief of Audit and Inspections

Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner

ATTACHMENT

Section 1: Summary of Audit Findings and Recommendations

For this audit, OIG Audit reviewed all fee-for-service DME services Nextra provided for Medicaid beneficiaries who died in state fiscal years 2018 and 2019. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

Health and Human Services Commission (HHSC) Medicaid and CHIP Services staff allows DME providers 30 days after the death of a Medicaid beneficiary to identify that the beneficiary is no longer eligible and cease making deliveries. Therefore, OIG Audit reviewed all the identified deliveries made more than 30 days after the beneficiary died. Table 1 identifies the deliveries made by Nextra more than 30 days after the death of the Medicaid beneficiary.

Table 1: Deliveries Made More than 30 Days After Death

Patient	Date of Death	Date of Service	Days After Death	TIERS End of Eligibility Date	TIERS Change Date	Days from End Date to Change Date	Amount Paid by TMHP
1	9/17/2017	11/7/2017	51	9/17/2017	6/25/2019	646	\$109.93
1	9/17/2017	12/5/17	79	9/17/2017	6/25/2019	646	104.77
2	12/27/2018	2/4/2019	39	12/27/2018	6/13/2019	168	174.64
2	12/27/2018	3/6/2019	69	12/27/2018	6/13/2019	168	174.64
2	12/27/2018	4/4/2019	98	12/27/2018	6/13/2019	168	166.58
2	12/27/2018	5/7/2019	131	12/27/2018	6/13/2019	168	166.58
3	10/13/2017	11/14/2017	32	10/13/2017	11/15/2017	33	96.44
4	1/15/2018	3/2/2018	46	1/15/2018	3/22/2018	66	43.69
5	12/28/2017	2/1/2018	35	12/28/2017	2/8/2018	42	92.36
6	5/2/2019	6/5/2019	34	5/2/2019	6/21/2019	50	123.04

Source: OIG Audit and Inspections Division

Nextra delivered DME supplies to beneficiaries after their death. However, at the time of delivery, the beneficiary was eligible for DME deliveries based on a review of the beneficiary's information in TexMedConnect, which is the system Nextra uses to verify eligibility. As a result, there are no audit recommendations to Nextra.

Section 2: Objective, Scope, Methodology, Criteria, and Standards

During previous audits of DME fee-for-service providers, OIG Audit noted that DME services were provided to some Medicaid beneficiaries after their death. OIG Audit reviewed data on all fee-for-service DME services provided after death for Medicaid beneficiaries who died in 2018 and 2019 and initiated an audit of Nextra for DME delivered to deceased Medicaid beneficiaries more than 30 days after death.

Objective and Scope

The audit objective was to determine compliance with requirements applicable to delivery of fee-for-service DME supplies and submissions of Medicaid claims more than 30 days after the date of death of Medicaid beneficiaries during the period September 1, 2017, to August 31, 2019.

The audit scope was limited to DME services provided more than 30 days after the date of death during 2018 and 2019. The following principles of the control activities component of internal control were significant to the objectives:

- The organization selects and develops control activities that contribute to the mitigation of risks to acceptable levels.
- The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Auditors assessed the design of the two internal control activities noted above. This control assessment resulted in testing the TIERS system eligibility status of Medicaid beneficiaries before the delivery of DME supplies.

Methodology

An analysis of the fee-for service data identified Nextra as one of the top three DME providers who delivered services more than 30 days after the death of the Medicaid beneficiary. OIG Audit collected information for this audit through discussions and electronic communications with Nextra management and staff and by reviewing all fee-for-service DME services provided after death for Medicaid beneficiaries who died during the audit scope. OIG Audit reviewed all the identified deliveries made more than 30 days after the beneficiary was deceased and performed other selected tests and procedures.

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)

Auditing Standards

Generally Accepted Government Auditing Standards

The OIG Audit and Inspections Division 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. The OIG Audit and Inspections Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

Report Team

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 for Audit
- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Bruce Andrews, CPA, Audit Manager
- Jeffrey L. Jones, CPA, CIGA, Audit Project Manager
- Marcos Castro, CIGA, Staff Auditor
- Kanette Blomberg, CPA, CIGA, Quality Assurance Reviewer
- Mo Brantley, Senior Audit Operations Analyst

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 of Internal Audit
- Stephanie Stephens, State Medicaid Director, Medicaid and CHIP Services
- Katherine Scheib, Deputy Associate Commissioner, Medicaid and CHIP Services

Nextra Health, Inc.

- Jeff Smith, President and Chief Executive Officer
- Anita Stevenson, Director of Operations

Section 3: 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
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