

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

**FEE-FOR-SERVICE CLAIMS SUBMITTED
BY LONGHORN HEALTH SOLUTIONS**

*A Texas Medicaid Durable Medical Equipment
and Supplies Provider*



May 9, 2019



HHSC OIG

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WHY OIG CONDUCTED THIS AUDIT

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of Longhorn Health Solutions, Inc. (Longhorn), a durable medical equipment (DME) and supplies provider in Austin, Texas. The audit evaluated whether documentation to support the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Longhorn existed and were completed in accordance with state laws, rules, and guidelines.

During the audit scope, from September 1, 2016, through August 31, 2017, Longhorn processed 309,667 Medicaid fee-for-service claims for DME and supplies delivered to 11,899 Medicaid beneficiaries, for which it received reimbursements of \$11,214,018.83.

WHAT OIG RECOMMENDS

Longhorn should submit Medicaid fee-for-service DME and supplies claims to TMHP only (a) for eligible beneficiaries and (b) when it has a current, complete, and valid Title XIX form indicating the DME and supplies are authorized.

Based on issues identified in this audit, Longhorn Health Solutions owes the State of Texas \$96,921.60.

WHAT OIG FOUND

Texas Medicaid requires a physician to sign a Title XIX form, which serves as the physician order for the Medicaid beneficiary to receive the DME and supplies listed on the form. The OIG Audit Division examined Title XIX forms and delivery records for two groups of Medicaid beneficiaries: the deceased population and a sample from the general population. The OIG Audit Division also evaluated IT general controls to determine whether data used for audit testing was reliable.

Longhorn complied with guidelines related to documentation supporting delivery of supplies to Medicaid beneficiaries. In addition, Longhorn's data was sufficiently reliable for the purposes of this audit.

There were exceptions in which Longhorn submitted and was reimbursed for 39 DME and supplies claims with service dates more than 30 days after the beneficiaries' date of death. In addition, there were exceptions in which Title XIX forms were missing, expired, did not support the procedure codes billed, were missing the date last seen by physician, or were signed by the physician more than 12 months after last seeing the beneficiary.

The unauthorized claims represent the following overpayments to Longhorn:

- An overpayment amount of \$1,784.47 for unsupported claims with dates of services more than 30 days after the date of death associated with the deceased population.
- An overpayment amount of \$61,009.61 for unauthorized claims due to missing, expired or invalid Title XIX forms associated with the deceased population.
- An overpayment amount of \$34,127.52 for unauthorized claims due to missing, expired or invalid Title XIX forms associated with the general population.

The OIG Audit Division presented preliminary audit results, issues, and recommendations to Longhorn in a draft report dated April 18, 2019. Longhorn provided management responses to the recommendations, indicating that it implemented improvements to its controls and processes designed to prevent future overpayments, and plans to reimburse the overpayment amounts. Longhorn's management responses are included in the report following each recommendation.

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INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division has completed an audit of Longhorn Health Solutions, Inc. (Longhorn), a durable medical equipment (DME) and supplies provider located in Austin, Texas. The audit focused on Medicaid fee-for-service claims Longhorn submitted to, and received payment from, the Texas Medicaid Healthcare Partnership (TMHP), the Texas Medicaid claims administrator.

Objective and Scope

The objective of the audit was to determine whether documentation to support the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Longhorn existed and were completed in accordance with state laws, rules, and guidelines.

The scope of the audit included paid fee-for-service claims for the period from September 1, 2016, through August 31, 2017, and a review of relevant activities, internal controls, and information technology (IT) general controls through the end of fieldwork in November 2018.

Background

Texas Medicaid covers DME, medical supplies, and nutritional products, including bath and bathroom equipment, incontinence supplies, and enteral formulas. Texas Medicaid expenditures for DME and supplies during fiscal year 2017 were approximately \$758.5 million.

Longhorn, with headquarters in Austin, Texas, has been a DME and supplies provider in Texas since 2005, and provides services to Medicaid beneficiaries across the state. During the period from September 1, 2016, through August 31, 2017, Longhorn processed 309,667 Medicaid fee-for-service claims for DME and supplies delivered to 11,899 Medicaid beneficiaries, for which it received reimbursements of \$11,214,018.83.

For DME and supplies, Texas Medicaid requires a physician to sign a Title XIX form, which serves as the physician order for the Medicaid beneficiary to receive the DME and supplies listed on the form. The signed Title XIX form is valid for up to, but no more than, six months from the date of the physician's signature.

Texas Medicaid reimburses DME and supplies claims only for DME and supplies authorized by a valid Title XIX form signed six months or less before the date of service for a DME and supplies claim. Since the Title XIX form authorizes

services for no more than six months, beneficiaries may have multiple Title XIX forms during the period of this audit.

Claims for nine of the beneficiaries who received DME and supplies from Longhorn during the audit period had previously been reviewed by another OIG unit. The OIG Audit Division removed these beneficiaries, and the 208 claims totaling \$9,903.70 associated with them, from the total of claims included in this audit.

The OIG Audit Division performed multiple audit tests during this audit. Each test began with a selection of beneficiaries, review of the applicable authorization or delivery documents associated with each selected beneficiary, and identification of paid claims that were not supported by evidence of delivery or a valid authorization form. Summaries of the tests the OIG Audit Division performed, and the number of beneficiaries selected for each test, follow.

Data Reliability

The OIG Audit Division performed IT tests to evaluate whether the automated Longhorn information it used to perform audit test work was reliable.

Authorization – Deceased Population

Longhorn billed at least one DME and supplies claim for 191 beneficiaries after the date of death. The OIG Audit Division tested all 164 Title XIX forms, associated with 3,403 paid claims, for the 191 beneficiaries. Longhorn billed and received payment of \$127,898.25 for these 3,403 claims. Some of these claims were billed with dates of service before the date of death, some after the date of death. The OIG Audit Division tested whether Longhorn met Texas Medicaid requirements that allow billing DME and supplies claims only when Longhorn had a valid XIX form.

Deliveries

After removing the 9 beneficiaries previously reviewed by OIG Medical Services and the 191 beneficiaries who received services after the date of death, the OIG Audit Division tested deliveries associated with a non-statistical sample of 60 beneficiaries selected from the remaining population of 11,699 beneficiaries. There were 1,243 claims, totaling \$47,432.87, paid to Longhorn for deliveries to these 60 beneficiaries during the audit period.

Authorization – General Population

After selecting the beneficiaries in the groups described above, there remained a total of 11,639 beneficiaries, from which 23 beneficiaries, each with cumulative claims under \$10, were removed. For the remaining 11,616 beneficiaries who, for the purposes of this audit, represent the general population, Longhorn billed and received payment of \$11,028,643.62 for 304,785 fee-for-service claims.

Title XIX forms for the general population were too numerous to test for authorization. The OIG Audit Division selected a random sample of 66 beneficiaries from the general population and tested 103 Title XIX forms, associated with 2,003 paid claims, for the sampled beneficiaries. Longhorn billed and received payment of \$90,550.48 for these 2,003 claims.

Consistent with how it tested authorization for the deceased population, the OIG Audit Division tested whether Longhorn met Texas Medicaid requirements that allow billing DME and supplies claims only when Longhorn has a valid XIX form.

Table 1 shows the populations and test samples at each stage.

Table 1. Unique Beneficiaries for Each Test Population and Sample

	Beneficiaries Sampled or Otherwise Reviewed	Beneficiaries Population	Paid Claims Count	Paid Amount
Total Original Population		11,899	309,667	\$11,214,018.83
- Less: Beneficiaries Identified as Receiving Services After Date of Death	(191)		(3,403)	(127,898.25)
- Less: Beneficiaries previously reviewed by HHSC OIG Medical Services	(9)		(208)	(9,903.70)
Population Available for Delivery Confirmation Testing		11,699	306,056	11,076,216.88
- Less: Sample for Delivery Confirmation Testing	(60)		(1,243)	(47,432.87)
Remaining Population		11,639	304,813	11,028,784.01
- Less: Beneficiaries with Total Claims Under \$10	(23)		(28)	(140.39)
Population Available for Authorization Testing		11,616	304,785	\$11,028,643.62
Sample for Authorization Testing	66		2,003	\$ 90,550.48

Source: OIG Audit Division

The OIG Audit Division conducted the audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

The OIG Audit Division presented preliminary audit results, issues, and recommendations to Longhorn in a draft report dated April 18, 2019. Longhorn provided management responses to the recommendations, indicating that it implemented improvements to its controls and processes designed to prevent future overpayments, and plans to reimburse the overpayment amounts. Longhorn's management responses are included in the report following each recommendation.

AUDIT RESULTS

Longhorn complied with guidelines related to documentation supporting delivery of supplies to Medicaid beneficiaries, and audit results did not identify any exceptions. In addition, Longhorn's data was sufficiently reliable for the purposes of this audit.

Longhorn did not always meet requirements for demonstrating authorization for DME and supplies. In Texas Medicaid, authorization for fee-for-service DME and supplies is demonstrated when a physician signs a Title XIX form. The authorization for DME and supplies listed on the form is valid for up to six months after the date the physician signs the Title XIX form.

Audit testing included two groups, or populations, of beneficiaries: a general beneficiary population, from which OIG selected a random sample, resulting in 2,003 claims tested; and a deceased beneficiary population, where at least one claim with a date of service after a beneficiary's date of death was paid. The deceased population included all claims for each deceased beneficiary during the audit period, both before and after the beneficiary's date of death. The OIG Audit Division tested 100 percent of the 3,403 claims in the deceased population.

Unauthorized claims identified had the following issues:

- DME or supplies delivered to deceased Medicaid beneficiaries
- Missing Title XIX forms
- Expired Title XIX forms
- Unauthorized procedure codes
- Date last seen by physician over 12 months
- Missing date last seen by physician

The claims associated with the exceptions identified in these issues did not have a corresponding authorization. Consequently, Texas Medicaid reimbursed Longhorn for DME and supplies that were not authorized, and the amounts Texas Medicaid paid to Longhorn for these claims are overpayments.

The unauthorized claims represent the following overpayments to Longhorn:

- An overpayment of \$1,784.47 for unauthorized claims with dates of services more than 30 days after the date of death associated with the deceased population.
- An overpayment of \$61,009.61 for unauthorized claims with dates of services before the date of death or within 30 days of the date of death associated with the deceased population.
- An overpayment of \$34,127.52 for unauthorized claims associated with the general population sample.

This resulted in a total overpayment amount of \$96,921.60, which Longhorn should repay to the State of Texas. Beneficiary-level details of these issues will be provided to Longhorn electronically in a separate Excel workbook.

Results by Population Tested

Summaries of overall test results follow in Table 2 (Deceased Population) and Table 3 (General Population). Five of the claims tested in the deceased population had more than one exception. These five claims are counted only once in Table 2. None of the other claims tested in either the deceased or general populations had more than one exception.

Table 2. Deceased Population Test Results

Test Results	Dollars	Claims
Authorization Exceptions	\$ 62,794.08	1,719
No Exceptions	64,935.53	1,678
Previously Refunded to State	168.64	6
Total	\$127,898.25	3,403

Source: *OIG Audit Division*

Table 3. General Population Sample Test Results

Test Results	Dollars	Claims
Authorization Exceptions	\$34,127.52	839
No Exceptions	56,422.96	1,164
Total	\$90,550.48	2,003

Source: *OIG Audit Division*

A Title XIX form serves as support for Medicaid DME and supplies claims within the authorization period. The authorization period begins when the physician signs and dates the form, and it extends until the earlier of (a) the end of the duration of need period or (b) six months from the date of the physician’s signature.

The Title XIX form must be renewed every six months for the duration of the beneficiary's need. Either the physician or the DME supplies provider may initiate a renewal. A previous Title XIX form is renewed when a new Title XIX form is completed, signed, and dated by the physician, and certified by the DME and supplies provider.

A single Title XIX form provides support for a provider's claim for DME and supplies prescribed by a physician for a beneficiary for up to six months. If the form is missing or invalid, all of the claims for which the form would have provided support are invalid.

The OIG Audit Division reviewed all 2,003 DME and supplies claims associated with the sample of 66 general population beneficiaries receiving DME and supplies from September 1, 2016, through August 31, 2017, to determine whether each of the claims was supported by a current, complete, and valid Title XIX form.

The OIG Audit Division also reviewed 3,403 DME and supplies claims, for the same period of time, associated with 191 beneficiaries for whom Longhorn billed at least one DME and supplies claim with a date of service after the beneficiary's date of death.

During its testing of authorizations for DME and supplies, the OIG Audit Division identified issues related to billing for DME and supplies after date of death, missing Title XIX forms, expired Title XIX forms, date last seen by physician, and unauthorized DME and supplies. Detailed results for both populations tested are included in the issues that follow.

BILLING FOR DME AND SUPPLIES AFTER DATE OF DEATH

The Texas Administrative Code requires that services or items furnished to a Medicaid recipient to be medically necessary and not substantially exceed the patient's needs.¹ In addition, The Texas Medicaid Provider Procedures Manual (TMPPM) requires providers to verify the current eligibility status of Medicaid beneficiaries before providing services to the beneficiaries.² Beneficiary eligibility for Medicaid is for one month at a time.³ Information needed to indicate that a beneficiary is no longer eligible for Medicaid DME and supplies due to death may not be available to Longhorn for a few weeks. HHSC Medicaid and CHIP Services indicated that Longhorn should halt delivery of DME and supplies to beneficiaries as soon as it is aware of a death, which should be known no longer than 30 days after the date of death.

¹ 1 Tex. Admin. Code § 371.1659(3) (May 1, 2016).

² Texas Medicaid Provider Procedures Manual, Vol. 1, § 4.3 (July 15, 2016, through Jan. 13, 2017).

³ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.1 (July 15, 2016, through Mar. 31, 2017).

Issue 1: Claims Were Billed for DME and Supplies Delivered After Beneficiary's Death

Longhorn submitted and received reimbursement for DME and supplies claims that were delivered to ineligible beneficiaries. Of the 3,403 claims tested for the deceased population, 39 (1.1 percent) claims had a date of service more than 30 days after a beneficiary's date of death.

Longhorn did not follow TMPPM guidelines, which require DME and supplies claims to be delivered only to eligible beneficiaries. Texas Medicaid reimbursed Longhorn \$1,784.47 for 39 unauthorized claims.

Recommendation 1

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only for DME and supplies delivered to eligible beneficiaries.
- Return the overpayment amount of \$1,784.47 to the State of Texas for 39 deceased population paid claims delivered more than 30 days after a beneficiary's death.

Management Response

Action Plan

- *Following the initiation of the OIG's audit, Longhorn implemented a new protocol to ensure that it does not submit claims to Texas Medicaid for beneficiaries ineligible for DME and supplies due to death. Under the new protocol, Longhorn re-educated appropriate personnel that all insurance information in a beneficiary's file expire on the last day of the current month and, therefore, must be re-verified. Re-verifications must be appropriately documented in the beneficiary's file. Promptly upon receipt of notice of a beneficiary's death, Longhorn personnel will update the beneficiary's file to reflect a "Deceased" status and will review the beneficiary's file to identify any claims associated with active rental items or open orders for which a refund should be made to Texas Medicaid.*
- *Longhorn's Corporate Training Manager will conduct on a monthly basis an internal audit to confirm compliance with the new protocol.*
- *Longhorn will submit the overpayment amount of \$1,784.47 to Texas Medicaid pending the issuance of the final audit report.*

Responsible Manager

- *Chief Operating Officer*
 - *Revenue Cycle Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$1,784.47 is within 15 days of receipt of the final audit report.*
- *Longhorn initially prepared and implemented the new protocol in January 2019 and has been subsequently conducting internal audits on a monthly basis.*

MISSING⁴ TITLE XIX FORMS

The TMPPM requires a DME and supplies provider to retain a copy of a completed Title XIX form to support Medicaid claims.⁵

Issue 2: Title XIX Forms to Support Paid Claims Did Not Exist

Longhorn submitted and received reimbursement for DME and supplies claims that were not supported by a Title XIX form. Of the 2,003 general population claims tested, 734 (36.6 percent) did not have a corresponding Title XIX form to support the claim. Of the 3,403 deceased population claims tested, 1,425 (41.9 percent) did not have a corresponding Title XIX form to support the claim.

Longhorn did not follow TMPPM guidelines, which require DME and supplies claims to be supported by a Title XIX form. As a result, Texas Medicaid reimbursed Longhorn \$30,166.77 for 734 unauthorized general population claims.

Texas Medicaid also reimbursed Longhorn \$50,538.97 for 1,425 unauthorized deceased population claims. Longhorn had already identified 3 of the 1,425 unauthorized claims totaling \$76.56 as exceptions, and returned the overpayment amount to the State of Texas. For the remaining 1,422 unauthorized claims, Texas Medicaid reimbursed Longhorn \$50,462.41.

⁴ When there was no Title XIX form in effect between September 1, 2016, and the date of service for a claim within the audit scope period, the Title XIX form needed to support the claim was considered missing.

⁵ Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.1 (July 15, 2016, through Mar. 31, 2017).

Recommendation 2

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only when Longhorn has a current, complete, and valid Title XIX form indicating the DME and supplies are authorized.
- Return the overpayment amount of \$30,166.77 to the State of Texas for 734 general population paid claims not supported by a Title XIX form.
- Return the overpayment amount of \$50,462.41 to the State of Texas for 1,422 deceased population paid claims not supported by a Title XIX form.

Management Response

Action Plan

- *Longhorn understands that Title XIX forms serve as important safeguards against the furnishing of medically unnecessary or unsafe DME and supplies to beneficiaries in the Texas Medicaid fee-for-service program. It is Longhorn's standard of practice to maintain a valid Title XIX form for each claim submitted to Texas Medicaid for reimbursement. To the extent the OIG identified claims for which Longhorn had failed to obtain current, complete and valid Title XIX forms, such instances are due to inadvertent or clerical errors and do not accurately represent Longhorn's business operations.*
- *Following the initiation of the OIG's audit, Longhorn conducted internal testing and data analysis to determine the root cause of any missing Title XIX forms for claims audited by the OIG. To the extent claims without a current Title XIX form were identified, Longhorn subsequently either obtained valid Title XIX forms or ceased billing Texas Medicaid for such beneficiaries. In addition, Longhorn's Data Analyst now creates and issues to the Corporate Training Manager and DocuCert Manager for additional follow up a monthly exception report identifying any Texas Medicaid beneficiaries with missing Title XIX forms.*
- *On a monthly basis, Longhorn's Corporate Training Manager will monitor compliance with the Title XIX form requirement through the internal audit testing and review of claim files.*
- *Longhorn will submit the combined overpayment amount of \$80,629.18 to Texas Medicaid.*

Responsible Manager

- *Chief Operating Officer*
 - *DocuCert Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$80,629.18 is within 15 days of receipt of the final audit report or as requested by Texas Medicaid, if earlier.*
- *Longhorn completed its internal root cause analysis regarding the missing Title XIX forms and has implemented routine monitoring requirements in order to ensure greater compliance as of October 2018.*

EXPIRED⁶ TITLE XIX FORMS

The TMPPM states that a Title XIX form may be valid for up to but no more than six months from the date of the physician's signature on the form.⁷ Physicians frequently indicate a duration of need period on the Title XIX form that is more than six months in the future. However, this does not extend the Title XIX authorization beyond six months for Medicaid.

Issue 3: Title XIX Forms Used to Support Paid Claims Were Expired

Longhorn submitted and received reimbursement for DME and supplies claims that were not supported by a current Title XIX form. Of the 2,003 general population claims tested, 96 (4.8 percent) did not have a current⁸ Title XIX form signed by a physician to support the claim. Of the 3,403 claims tested for the deceased population, 173 (5.1 percent) did not have a current Title XIX form to support the claim.

⁶ Unless the physician indicated a duration period of less than six months, when there was a Title XIX form in effect on or after September 1, 2016, but the effective date on the form was more than 6 months prior to the date of service for a claim within the audit scope period, the Title XIX form used to support the claim is expired. If the physician indicated a duration of less than six months, the Title XIX form is expired beginning the day after the authorized duration period was over.

⁷ Texas Medicaid Provider Procedures Manual, Vol. 2, "Durable Medical Equipment, Medical Supplies, and Nutritional Products" § 2.2.1 (July 15, 2016, through Mar. 31, 2017).

⁸ A Title XIX form is current within six months (or duration of need if less than six months) of the date the physician signed the form.

Longhorn did not follow TMPPM guidelines, which require DME and supplies claims to be supported by a Title XIX form signed by a physician within the previous six months.

As a result, Texas Medicaid reimbursed Longhorn \$3,529.44 for 96 unauthorized general population claims. Texas Medicaid also reimbursed Longhorn \$6,477.11 for 173 unauthorized deceased population claims.

Recommendation 3

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only when Longhorn has a current Title XIX form indicating the DME and supplies are authorized.
- Return the overpayment amount of \$3,529.44 to the State of Texas for 96 general population paid claims not supported by a current Title XIX form.
- Return the overpayment amount of \$6,477.11 to the State of Texas for 173 deceased population paid claims not supported by a current Title XIX form.

Management Response

Action Plan

- *Longhorn understands that Title XIX forms serve as important safeguards against the furnishing of medically unnecessary or unsafe DME and supplies to beneficiaries in the Texas Medicaid fee-for-service program. It is Longhorn's standard of practice to maintain a valid Title XIX form for each claim submitted to Texas Medicaid for reimbursement. To the extent the OIG identified claims for which Longhorn had failed to obtain current, complete and valid Title XIX forms, such instances are due to inadvertent or clerical errors and do not accurately represent Longhorn's business operations.*
- *Following the initiation of the OIG's audit, Longhorn conducted internal testing and data analysis to determine the root cause of any expired Title XIX forms for claims audited by the OIG. To the extent claims without a current Title XIX form were identified, Longhorn subsequently either obtained valid Title XIX forms or ceased billing Texas Medicaid for such beneficiaries. In addition, Longhorn's Data Analyst now creates and issues to the Corporate Training Manager and DocuCert Manager for additional follow up a monthly exception report identifying any Texas Medicaid beneficiaries with expired Title XIX forms.*

- *On a monthly basis, Longhorn’s Corporate Training Manager will monitor compliance with the Title XIX form requirement through the internal audit testing and review of claim files.*
- *Longhorn will submit the combined overpayment amount of \$10,006.55 to Texas Medicaid.*

Responsible Manager

- *Chief Operating Officer*
 - *DocuCert Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$10,006.55 is within 15 days of receipt of the final audit report or as requested by Texas Medicaid, if earlier.*
- *Longhorn completed its internal root cause analysis regarding expired Title XIX forms and has implemented routine monitoring requirements in order to ensure greater compliance as of October 2018.*

UNAUTHORIZED PROCEDURE CODES

The TMPPM states that the completed Title XIX form must include the procedure codes for services requested.⁹ In addition, the Title XIX instructions state that all fields must be filled out completely including the “most appropriate procedure code description using the Healthcare Common Procedure Coding System (HCPCS).”¹⁰

Issue 4: Procedure Codes Billed Were Not Prescribed by a Physician

Longhorn submitted and received reimbursement for DME and supplies claims that were not supported by a valid Title XIX form. Of the 2,003 general population claims tested, 4 (0.2 percent) included procedure codes that were not prescribed by the physician who signed the form. Of the 3,403 claims tested for the deceased population, 26 (0.8 percent) claims had procedure codes billed that did not match the codes prescribed on the corresponding Title XIX form.

⁹ Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.2.2 (July 15, 2016, through Mar. 31, 2017).

¹⁰ Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form Instructions (Apr. 1, 2016).

Longhorn did not follow TMPPM guidelines, which require DME and supplies claims to be supported by a Title XIX form that includes the procedure codes for services requested. As a result, Texas Medicaid reimbursed Longhorn \$181.04 for four unauthorized general population claims.

Texas Medicaid also reimbursed Longhorn \$2,660.29 for 26 unauthorized deceased population claims.

Recommendation 4

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only for procedure codes that are prescribed on a Title XIX form.
- Return the overpayment amount of \$181.04 to the State of Texas for 4 general population paid claims not supported by a valid Title XIX form.
- Return the overpayment amount of \$2,660.29 to the State of Texas for 26 deceased population paid claims not supported by a valid Title XIX form.

Management Response

Action Plan

- *Longhorn understands the importance of ensuring that it furnishes to Texas Medicaid beneficiaries only those DME and supplies prescribed by the beneficiary's physician on the Title XIX form. In order to ensure that such inadvertent errors do not occur in the future, Longhorn's Corporate Training Manager has conducted retraining and has issued education resources, including examples of Title XIX forms, on this topic to staff responsible for document verification and management.*
- *On a monthly basis, Longhorn's Corporate Training Manager will conduct an internal audit of claim files to verify that the DME and supplies furnished by Longhorn to Texas Medicaid beneficiaries accurately comply with the physician's orders as documented on the applicable Title XIX form.*
- *Longhorn will submit the combined overpayment amount of \$2,841.33 to Texas Medicaid.*

Responsible Manager

- *Chief Operating Officer*
 - *DocuCert Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$2,841.33 is within 15 days of receipt of the final audit report or as requested by Texas Medicaid, if earlier.*
- *In October 2018, Longhorn retrained and educated applicable personnel regarding the need to verify that all items dispensed to Texas Medicaid beneficiaries are appropriately authorized by a valid Title XIX form.*

DATE LAST SEEN BY PHYSICIAN

The TMPPM requires the physician to sign a Title XIX form within 12 months of the date the physician last saw the beneficiary, unless a physician waiver is obtained.¹¹ During OIG’s review of supporting documents, no waivers were noted. The Title XIX form specifically states that the date last seen must be filled in.¹² When the date last seen is not filled in, the Title XIX form does not provide evidence that the physician signed the form within 12 months of last seeing the beneficiary.

Issue 5: Title XIX Forms Listed Date Beneficiary Last Seen by Physician More Than 12 Months Prior to Authorization

Longhorn submitted and received reimbursement for DME and supplies claims that were not supported by a valid Title XIX form. Of the 2,003 general population claims tested, 5 (0.2 percent) had a corresponding Title XIX signed by a physician more than 12 months after the physician had last seen the beneficiary. Of the 3,403 deceased population claims tested, 13 (0.4 percent) had a corresponding Title XIX form signed by a physician more than 12 months after the physician had last seen the beneficiary.

Longhorn did not follow TMPPM guidelines, which require DME and supplies claims to be supported by a Title XIX form signed by a physician within 12 months

¹¹ Texas Medicaid Provider Procedures Manual, Vol. 2, “Durable Medical Equipment, Medical Supplies, and Nutritional Products” § 2.2.2.2 (July 15, 2016, through Mar. 31, 2017).

¹² Home Health Services (Title XIX) DME/Medical Supplies Physician Order Form (Apr. 1, 2016).

of the date the physician had last seen the beneficiary. As a result, Texas Medicaid reimbursed Longhorn \$250.27 for 5 unauthorized general population claims.

Texas Medicaid also reimbursed Longhorn \$445.99 for 13 unauthorized deceased population claims. Of these 13 unauthorized claims, 2 claims, totaling \$10.32, were identified as an exception in another issue of this report. For the remaining 11 unauthorized claims, Texas Medicaid reimbursed Longhorn \$435.67.

Recommendation 5

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only when Longhorn has a Title XIX form signed by a physician within 12 months of the date the physician had last seen the beneficiary.
- Return the overpayment amount of \$250.27 to the State of Texas for 5 general population paid claims not supported by a valid Title XIX form.
- Return the overpayment amount of \$435.67 to the State of Texas for 11 deceased population paid claims not supported by a valid Title XIX form.

Management Response

Action Plan

- *Longhorn understands the importance of ensuring that claims for DME and supplies are properly supported by a valid Title XIX form that is signed by a physician within 12 months of the date the physician had last seen the beneficiary. In particular, Longhorn understands such requirement ensures that DME and supplies furnished to a Texas Medicaid beneficiary remain medically necessary. In order to ensure that such inadvertent errors do not occur in the future, Longhorn's Corporate Training Manager issued retraining and education resources on this topic, including examples of Title XIX forms reflecting the completion of the "Date last seen by physician" field, to staff responsible for document verification and management.*
- *On a monthly basis, Longhorn's Corporate Training Manager will monitor compliance with the 12-month requirement through internal audit testing of claim files.*
- *Longhorn will submit the combined overpayment amount of \$685.94 to Texas Medicaid.*

Responsible Manager

- *Chief Operating Officer*
 - *DocuCert Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$685.94 is within 15 days of receipt of the final audit report or as requested by Texas Medicaid, if earlier.*
- *In October 2018, Longhorn retrained and educated applicable personnel regarding the requirement that a physician sign Title XIX forms within 12 months of the date the physician last saw the beneficiary.*

Issue 6: Title XIX Forms to Support Paid Claims Did Not Contain Date Beneficiary Last Seen by Physician

Longhorn submitted and received reimbursement for DME and supplies claims that were not supported by a valid Title XIX form. Of the 2,003 general population claims tested, 125 (6.2 percent) claims had a corresponding Title XIX form in which the date last seen by physician was missing. Of the 3,403 claims tested for the deceased population, 125 (3.7 percent) claims had a corresponding Title XIX form in which the date last seen by physician was missing.

Longhorn did not follow the instructions on the Title XIX form, which state that the date last seen must be filled in. In addition to reviewing the Title XIX forms, the OIG Audit Division reviewed TMHP's records to determine whether the beneficiary had visited the physician within 12 months of the date the physician signed the form. The additional review of TMHP's records indicated that each of the beneficiaries of the 125 general population claims had seen a physician within the previous 12 months of the completion of the Title XIX. Within the deceased population, the beneficiaries associated with 77 of the 125 claims had seen a physician within the previous 12 months of the completion of the Title XIX.

Texas Medicaid did not reimburse Longhorn for any unauthorized general population claims under this issue. See Appendix C for details about these claims. However, Texas Medicaid did reimburse Longhorn \$974.13 for 48 unauthorized deceased population claims.

Recommendation 6

Longhorn should:

- Submit Medicaid fee-for-service DME and supplies claims to TMHP only when Longhorn has a Title XIX form that includes the date the physician had last seen the beneficiary.
- Return the overpayment amount of \$974.13 to the State of Texas for 48 deceased population paid claims not supported by a valid Title XIX form.

Management Response

Action Plan

- *Longhorn acknowledges the importance of ensuring that claims for DME and supplies are properly supported by a fully completed Title XIX form, including information regarding the date the physician last saw the beneficiary. In particular, Longhorn understands that such requirement ensures that DME and supplies furnished to a Texas Medicaid beneficiary remain medically necessary. In order to ensure that such inadvertent errors do not occur in the future, Longhorn's Corporate Training Manager issued retraining and education resources, including examples of Title XIX forms reflecting the completion of the "Date last seen by physician" field, on this topic to staff responsible for document verification and management.*
- *On a monthly basis, Longhorn's Corporate Training Manager will monitor compliance with the 12-month requirement through internal audit testing of claim files.*
- *Longhorn will submit the combined overpayment amount of \$974.13 to Texas Medicaid.*

Responsible Manager

- *Chief Operating Officer*
 - *DocuCert Manager*
 - *Corporate Training Manager*

Target Implementation Date

- *The target date for submission of the overpayment amount of \$974.13 is within 15 days of receipt of the final audit report or as requested by Texas Medicaid, if earlier.*
- *In October 2018, Longhorn retrained and educated applicable personnel regarding the requirement that the date the physician last saw the beneficiary be properly documented on the Title XIX forms.*

OVERPAYMENTS TO LONGHORN

Overpayments for Longhorn claims tested during this audit are divided into three groups:

Deceased Population

- The first group (Issue 1) included overpayments associated with the deceased population, and included all DME and supplies claims with dates of service more than 30 days after the date of death.
- The second group (Issues 2 through 6) was also associated with the deceased population, and included overpayments for unauthorized DME and supplies claims for beneficiaries with a date of death during the audit scope period, but for dates of service either before the date of death or no more than 30 days after the date of death.

See Table 4 for a summary of the audit exceptions for the deceased population. Claims that had more than one exception were not double counted in the dollars for recoupment or the number of claims for recoupment columns.

Table 4. Authorization Exceptions for the Deceased Population to be Recouped

Authorization Issue	Overpayment Amounts	Number of Claims
1. Date of Service > 30 Days After Death	\$ 1,784.47	39
2. No Title XIX Form	50,462.41	1,422
3. Expired Title XIX Form	6,477.11	173
4. Wrong Procedure Code	2,660.29	26
5. Date Last Seen Over 12 Months	435.67	11
6. Date Last Seen Missing	974.13	48
Total	\$62,794.08	1,719

Source: *OIG Audit Division*

General Population

- The third group (Issues 2 through 5) included overpayments for unauthorized DME and supplies claims for the general population.

See Table 5 for a summary of the audit exceptions for the general population.

Table 5: Authorization Exceptions for the General Population to be Recouped

Authorization Issue	Overpayment Amounts	Number of Claims
2. Title XIX Forms to Support Paid Claims for the General Population Did Not Exist	\$30,166.77	734
3. Title XIX Forms to Support Paid Claims for the General Population Were Expired	3,529.44	96
4. Procedure Codes Billed Were Not Prescribed by a Physician	181.04	4
5. Title XIX Forms Listed Date Beneficiary Last Seen by Physician More Than 12 Months Prior to Authorization	250.27	5
Total	\$34,127.52	839

Source: *OIG Audit Division*

Overpayments for the deceased population with dates of service over 30 days after the date of death totaled \$1,784.47. Overpayments for the deceased population with dates of service on or before 30 days after the date of death totaled \$61,009.61. Overpayments for the general population totaled \$34,127.52. Overpayments for both populations totaled \$96,921.60.

CONCLUSION

The OIG Audit Division completed an audit of Longhorn. The audit evaluated whether evidence to support the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Longhorn existed and were completed in accordance with state laws, rules, and guidelines. The OIG Audit Division accomplished this by examining Title XIX forms and delivery records for two groups of Medicaid beneficiaries: a general population and a deceased population. The OIG Audit Division also evaluated IT general controls to determine whether data used for audit testing was reliable.

Longhorn complied with guidelines related to documentation supporting delivery of supplies to Medicaid beneficiaries. In addition, Longhorn's data was sufficiently reliable for the purposes of this audit.

There were exceptions in which Longhorn submitted and was reimbursed for 39 DME and supplies claims totaling \$1,784.47 with service dates more than 30 days after the beneficiaries' date of death, as well as exceptions in which:

- Title XIX forms were missing
- Title XIX forms were expired
- Procedure codes billed were not prescribed
- Title XIX forms were signed by the physician more than 12 months after last seeing the beneficiary
- Title XIX forms were missing the date last seen by the physician

Texas Medicaid requires a Title XIX form, which is signed by a physician within 12 months after seeing the beneficiary and lists the prescribed DME and supplies, to authorize fee-for-service DME and supplies. The Title XIX form is valid for up to six months after the date the physician signs it.

The claims associated with the exceptions listed above did not have a corresponding authorization. Consequently, Texas Medicaid reimbursed Longhorn for DME and supplies that were not authorized, and the amounts Texas Medicaid paid to Longhorn for these claims are overpayments.

Longhorn did not meet authorization requirements for DME and supplies for 1,680 of 3,403 claims in the deceased population. The 1,680 unauthorized deceased population claims resulted in \$61,009.61 reimbursed in error.

The OIG Audit Division tested a random sample of 2,003 claims selected from a population of 304,785 general population claims. Longhorn did not meet authorization requirements for DME and supplies for 839 of the 2,003 sampled

general population claims. The 839 unauthorized general population claims resulted in \$34,127.52 reimbursed in error.

The total amount due to the State of Texas, based on the amounts Texas Medicaid paid Longhorn for 2,558 unauthorized claims, is \$96,921.60.

The OIG Audit Division offered recommendations to Longhorn, which, if implemented, will correct deficiencies in compliance with state laws, rules, and guidelines.

The OIG Audit Division thanks management and staff at Longhorn for their cooperation and assistance during this audit.

Appendix A: Objectives, Scope, Methodology, Criteria, and Auditing Standards

Objective

The objective of the audit was to determine whether documentation to support the authorization and delivery of fee-for-service DME and supplies associated with Medicaid claims submitted by and paid to Longhorn existed and were completed in accordance with state laws, rules, and guidelines.

Scope

The scope of the audit included paid fee-for-service claims for the period from September 1, 2016, through August 31, 2017, and a review of relevant activities, internal controls, and IT general controls through the end of fieldwork in November 2018.

Methodology

The OIG Audit Division issued an engagement letter to Longhorn on April 26, 2018, providing information about the upcoming audit, and conducted fieldwork at the Austin, Texas, facility the week of April 30, 2018. While on site, the OIG Audit Division interviewed responsible personnel, evaluated internal controls, and reviewed Title XIX forms, delivery documents, and supplier invoices that related to billings for DME and supplies delivered to Medicaid beneficiaries during 2017. Auditors did not remove original records from the Longhorn premises. During fieldwork, auditors requested additional documents, which Longhorn provided. Subsequently, a few additional documents were supplied by Longhorn's attorneys Brown and Fortunato, P.C. OIG also requested the dates beneficiaries were last seen by physicians from TMHP in order to complete the review of whether there had been a physician visit within 12 months of Title XIX issuance.

Criteria

The OIG Audit Division 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 (2016 through 2017)

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

Auditing Standards

Generally Accepted Government Auditing Standards

The OIG Audit Division conducted this audit in accordance with 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 obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. The OIG Audit Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

ISACA

The OIG Audit Division performs work in accordance with the IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals published by ISACA.

Appendix B: Sampling Methodology

Longhorn processed 309,667 Texas Medicaid fee-for-service claims for DME and supplies with dates of service from September 1, 2016, through August 31, 2017. Longhorn received Texas Medicaid reimbursements totaling \$11,214,018.83 for DME and supplies to 11,899 Medicaid beneficiaries. The OIG Audit Division obtained a list of the fee-for-service DME and supplies claims and the associated Medicaid beneficiaries from the OIG Data and Technology Division (DAT).

Claims for nine of the beneficiaries who received DME and supplies from Longhorn during the audit period had previously been reviewed by another OIG unit. The OIG Audit Division removed these beneficiaries and the 208 claims associated with them from the total of claims included in this audit.

The OIG Audit Division performed multiple audit tests during this audit. Each test began with a selection of beneficiaries, review of the applicable authorization or delivery documents associated with each selected beneficiary, and identification of paid claims that were not supported by evidence of delivery or a valid authorization form.

Claims without evidence of delivery and claims associated with Title XIX forms that did not represent valid authorization were identified as recoverable, and are to be returned to the State of Texas.

The sampling unit was patient control number (PCN) which represents one beneficiary.

Authorization - Deceased Population

Longhorn billed at least one DME and supplies claim for 191 PCNs after the date of the beneficiary's death. The OIG Audit Division tested all 164 Title XIX forms, associated with 3,403 paid claims, for the 191 PCNs. Longhorn billed and received payment of \$127,898.25 for these 3,403 claims. Some of these claims were billed for dates of service before the date of death, and some after the date of death.

A total of 810 Medicaid beneficiaries were deceased as of end of the audit period. For 619 of the 810 beneficiaries, there were no paid claims with dates of service after the date of death. Claims associated with these 619 beneficiaries became part of the general population described later in this section. The OIG Audit Division tested whether Longhorn met Texas Medicaid requirements for billing DME and supplies claims only when Longhorn had a valid Title XIX form.

Deliveries

The OIG Audit Division selected a judgmental sample¹³ of 60 PCNs, representing 1243 claims, to determine whether support existed for DME and supplies fee-for-service claims Longhorn billed. Using the RAND command in Excel, random numbers were assigned to each of the remaining population of 11,699 PCNs. The random numbers were converted from formula to static numbers and sorted from largest to smallest. The OIG Audit Division judgmentally selected deliveries associated with the largest 60 random numbers for testing.

No exceptions were identified during delivery confirmation testing.

Authorization - General Population

After selecting the PCNs in the groups described above, there remained a total of 11,639 PCNs, from which 23 PCNs, each with cumulative claims under \$10, were removed. For the remaining 11,616 PCNs, which, for the purposes of this audit, represent the general population, Longhorn billed and received payment of \$11,028,643.62 for 304,785 claims.

Title XIX forms for the general population were too numerous to test for authorization. Due to the large variation in the dollar amounts associated with each sampling unit, stratified sampling was utilized to create a representative sample of the population. The sample design was determined by a statistician. OIG selected a random sample of 66 PCNs from the general population, and tested 103 Title XIX forms associated with 2,003 paid claims for the 66 PCNs. Longhorn billed and received payment of \$90,550.48 for these 2,003 claims.

Consistent with how it tested authorization for the deceased population, the OIG Audit Division tested whether Longhorn met Texas Medicaid requirements for billing DME and supplies claims only when Longhorn had a valid Title XIX form.

¹³ “Judgmental sampling” is a non-probability sampling method where the auditor selects a sample based on certain characteristics, such as dollar amount, timeframe, or type of transaction.

Appendix C: Report Team and Distribution

Report Team

The OIG staff members who contributed to this audit report include:

- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Melissa Larson, CISA, CIA, CFE, HCISPP, Information Technology Audit Manager
- Priscilla Suggs, CIA, CFE, Audit Manager
- Donna Keel, CIA, CGAP, Audit Project Manager
- Babatunde Sobanjo, CGAP, Senior Auditor
- Richard Kukucka, CFE, Senior Auditor
- Louis Holley, Staff Auditor
- Leia Villaret, Staff Auditor
- Mo Brantley, Senior Audit Operations Analyst

Report Distribution

Health and Human Services

- Dr. Courtney N. Phillips, Executive Commissioner
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Victoria Ford, Chief Policy Officer
- Karen Ray, Chief Counsel
- Karin Hill, Director of Internal Audit
- Enrique Marquez, Chief Program and Services Officer, Medical Social Services Division
- Stephanie Muth, State Medicaid Director, Medicaid and CHIP Services
- Stephanie Stephens, Deputy State Medicaid Director
- Dee Budgewater, Deputy Associate Commissioner, Policy and Program

Longhorn Health Solutions, Inc.

- James Wittenberg, Board Chairman
- Britt Peterson, Chief Executive Officer
- Heather Davis, Vice President of Operations

Appendix D: OIG Mission 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
- Anita D'Souza, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Olga Rodriguez, Chief of Strategy and Audit
- Quinton Arnold, Chief of Inspections and Investigations
- Brian Klozik, Chief of Medicaid Program Integrity
- Tony Owens, Deputy IG for Third Party Recoveries
- David Griffith, Deputy IG for Audit
- Alan Scantlen, Deputy IG for Data and Technology
- Lizet Hinojosa, Deputy IG for Benefits Program Integrity
- Judy Hoffman-Knobloch, Assistant Deputy IG for Medical Services

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- Phone: 1-800-436-6184

To Contact OIG

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services Commission
Office of Inspector General
P.O. Box 85200
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- Phone: 512-491-2000