



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO SELECT DURABLE MEDICAL EQUIPMENT SUPPLIES

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: Diabetic Supplies, Inc.
Ohio Medicaid Number: 2541913 NPI: 1144250382

We examined compliance with specified Medicaid requirements for provider qualifications, service documentation and service authorization related to the provision of disposable sensors and external transmitters for use with interstitial continuous glucose monitoring systems during the period of January 1, 2019 through December 31, 2021 for Diabetic Supplies, Inc.¹ In addition, we tested all potential duplicate payments (same recipient, service date, paid amount, procedure code and modifier) and select recipients in which coverage limitations as specified in the Ohio Admin. Code were exceeded during the examination period.

Diabetic Supplies entered into an agreement with the Ohio Department of Medicaid (the Department) to provide services to Medicaid recipients and to adhere to the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules, including the duty to maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. Management of Diabetic Supplies is responsible for its compliance with the specified requirements. Our responsibility is to express an opinion on Diabetic Supplies' compliance with the specified Medicaid requirements based on our examination.

The purpose of this examination was to determine whether Diabetic Supplies claims for payment complied with Ohio Medicaid regulations. All rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect. We obtained proof of delivery and CMNs from Diabetic Supplies to confirm that the services examined were authorized.

Ohio Admin. Code § 5160-1-17.2(H) specifies that a provider cannot be currently subject to sanction under Medicare, Medicaid, or Title XX or otherwise prohibited from providing services to Medicaid beneficiaries. We compared identified owners and administrative staff to the Office of Inspector General exclusion database and the Department's exclusion/suspension list and found no matches. We also haphazardly selected five prescribing physicians and ensured the physician was licensed in Ohio and had an active Ohio Medicaid provider number.

¹ Per the Ohio Secretary of State's web site: Diabetic Supplies cancelled its tradename of Shoes 4 Diabetics in June, 2019 and cancelled its fictitious name of Life Care Solutions in February, 2022.

Ohio Admin. Code § 5160-10-01 requires a provider maintain documentation that includes, but is not limited to, a completed and signed certificate of medical necessity (CMN) and proof of delivery; however, the CMN requirement was amended between June 12, 2020 and July 1, 2021 to allow attestation by a provider to establish medical necessity and the signature of the practitioner was optional due to the COVID-19 state of emergency.

We initially performed our analysis using the Service Date in the claims data and identified 37 potentially duplicate payments (these included procedure codes A4222, A4230, A9274, A9276 and A9277). We then determined the Facility Detail Service Date was the accurate service date and confirmed 33 of the 37 were not duplicates. From the four remaining potential duplicate payments, Diabetic Supplies' documentation supported two sets of supplies being delivered. The remaining two payments were confirmed as duplicates which resulted in an improper payment amount of \$374.19. Diabetic Supplies acknowledged one payment was made in error and the other payment was a billing error in which the incorrect procedure code was billed.

We identified 39 external transmitters (A9277), 12 insulin supplies (A9274) and three disposable censors (A9276) that exceeded coverage limitations as specified in the Ohio Admin. Code § 5160-10-01. We confirmed with the Medicaid managed care organization that paid for these services that it did not impose the same limitation for external transmitters and that prior authorization was not required for insulin supplies prior to September 30, 2019 and applied this information to our testing.

We obtained prior authorizations for the applicable services to confirm that the managed care organization authorized the additional services. The 54 services contained one instance in which there was no prior authorization to support the medical necessity of the insulin supplies. This error resulted in an improper payment amount of \$674.10. Diabetic Supplies indicated it was not made aware of the change in the prior authorization requirement by the managed care organization.

All 60 disposable censors (A9276) and 60 external transmitters (A9277) sampled were supported by a CMN and proof of delivery.

Recommendation

Diabetic Supplies should implement a quality review process to ensure that billing practices fully comply with requirements contained in the Ohio Medicaid rules. In addition, Diabetic Supplies should ensure that services billed to Medicaid are consistent with the benefits covered by the program. Diabetic Supplies should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Diabetic Supplies complied, in all material respects, with the specified requirements referenced above. We are required to be independent of Diabetic Supplies and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our compliance examination.

An examination involves performing procedures to obtain evidence about whether Diabetic Supplies complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on Diabetic Supplies' compliance with the specified requirements.

Internal Control over Compliance

Diabetic Supplies is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of Diabetic Supplies' internal control over compliance.

Opinion on Compliance

In our opinion, Diabetic Supplies has complied, in all material respects, with the aforementioned requirements of disposable sensors and transmitters for use with interstitial continuous glucose monitoring systems for the period of January 1, 2019 through December 31, 2021.

Our testing was limited to the specified Medicaid requirements detailed above. We did not test other requirements and, accordingly, we do not express an opinion on Diabetic Supplies' compliance with other requirements.

We identified improper Medicaid payments in the amount of \$1,048.29. This finding plus interest in the amount of \$126.05 (calculated as of August 7, 2023) totaling \$1,174.340 is due and payable to the Department upon its adoption and adjudication of this report. Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process. See Ohio Admin. Code § 5160-1-27.

This report is intended solely for the information and use of Diabetic Supplies, the Department and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

August 7, 2023

OHIO AUDITOR OF STATE KEITH FABER



DIABETIC SUPPLIES, INC.

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/3/2023

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