



OHIO AUDITOR OF STATE
KEITH FABER



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

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

RE: Aeratech Medical, LLC
Ohio Medicaid Number: 2125891 National Provider Identifier: 1811990302

We examined compliance with specified Medicaid requirements for the select payments¹ listed below related to the provision of durable medical equipment (DME) supplies during the period of January 1, 2019 through December 31, 2021 for Aeratech Medical, LLC (Aeratech).

We tested the following select payments:

- All instances in which the claims data indicated the same procedure code was paid for the same recipient and service date by both fee-for-service (FFS) and a managed care organization (MCO);
- All instances in which coverage limitations as specified in the Ohio Admin. Code were exceeded during the examination period;
- All instances in which a back-up ventilator was reimbursed for a recipient with no primary ventilator; and
- All instances in which the service date was after the recipient's date of death.

Aeratech 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 to fully disclose the extent of services provided and significant business transactions. Management of Aeratech is responsible for its compliance with the specified requirements. The Compliance Section of this report identifies the specific requirements examined. Our responsibility is to express an opinion on Aeratech's compliance with the specified Medicaid requirements based on our examination.

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 Aeratech complied, in all material respects, with the specified requirements detailed in the Compliance Section. We are required to be independent of Aeratech 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 Aeratech 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.

¹ Payments examined were limited to fee-for-service (FFS) and one Medicaid managed care organization (MCO).

We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion. Our examination does not provide a legal determination on Aeratech's compliance with the specified requirements.

Internal Control over Compliance

Aeratech 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 the Aeratech's internal control over compliance.

Basis for Qualified Opinion

Our examination disclosed the following non-compliance in the selected payments:

- Aeratech had no CMN to support the payment or the CMN did not authorize the selected payment;
- Aeratech exceeded the coverage limitations for tubing and oxygen probes;
- Aeratech received a duplicate payment from FFS and an MCO; and
- Aeratech received payments after a recipient's date of death.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Aeratech has complied, in all material respects, with the select requirements for the selected payments for the period of January 1, 2019 through December 31, 2021.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Section. We did not test other requirements and, accordingly, we do not express an opinion on Aeratech's compliance with other requirements.

We identified improper Medicaid payments in the amount of \$4,815.20. This finding plus interest in the amount of \$496.76 (calculated as of October 18, 2023) totaling \$5,311.96 is due and payable to the Department upon its adoption and adjudication of this examination 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 Aeratech, 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

October 18, 2023

COMPLIANCE SECTION

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each State's Medicaid program. The rules and regulations for the program are specified in the Ohio Administrative Code and the Ohio Revised Code. Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years from receipt of payment or until any audit initiated within the six-year period is completed. Providers must furnish such records for audit and review purposes. See Ohio Admin. Code § 5160-1-17.2(D) and (E).

Aeratech is a DME supplier and has two locations in Ohio (Kent and Toledo) and one location in Indianapolis, Indiana. Aeratech received payment of approximately \$5.3 million for over 43,000 DME supplies². In August 2022, Aeratech Medical Inc. converted its business records to Aeratech Medical, LLC with the Ohio Secretary of State. In September 2022, Aeratech's parent company Aeratech Holdings, Inc. was purchased by Advent Home Medical, LLC. Aeratech continues to do business as Aeratech Medical, LLC.

Purpose, Scope, and Methodology

The purpose of this engagement was to determine whether Aeratech's claims for payment complied with Ohio Medicaid regulations. Please note that 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.

The scope of the engagement was limited to FFS payments and payments from one selected MCO³ for select DME supplies, as specified below, for which Aeratech billed with dates of service from January 1, 2019 through December 31, 2021 and received payment.

We obtained Aeratech's claims history from the Medicaid database of services billed to and paid by Ohio's Medicaid Program. We also obtained paid claims data from the MCO and confirmed the services were paid to Aeratech's tax identification number. From the FFS and MCO data, we removed denied services, services paid at zero, third-party payments and Medicare crossover claims. From the remaining total paid services population, we selected the following payments:

- All instances in which the claims data indicated the same recipient was reimbursed for the same DME supply by both FFS and a MCO on the same day (Recipients with FFS and MCO Payments on Same Day Exception Test);
- All instances in which the coverage limitation for tubing with integrated heating element for use with a positive airway pressure device (procedure code A4604), oxygen probes for use with an oximeter device (A4606) or ventilator (E0465 and E0466), was exceeded during the examination period (Services in Excess of Limitations Exception Test);
- All instances in which a back-up ventilator (Y2032) was reimbursed for a recipient with no primary ventilator (Recipients with Back-Up Ventilator and No Primary Ventilator Exception Test); and
- All instances in which the date of service for the DME supply was after the recipient's confirmed date of death (Payments After Date of Death Exception Test).

The exception tests and calculated sample size are shown in **Table 1**.

² Payment data from the Medicaid Information Technology System (MITS).

³ With the exception of two payments from two additional MCOs which were also reimbursed by FFS and were included in our testing.

Purpose, Scope, and Methodology (Continued)

Table 1: Exception Tests	
Exception Tests	Selected Payments
Recipients with FFS and MCO Payments on Same Day ¹	4
Services in Excess of Limitations (A4604, A4606, E0465 and E0466)	339
Recipients with Back-Up Ventilator (Y2032) and No Primary Ventilator	3
Payments After Date of Death ²	10
Total	356

¹ These payments include portable gas oxygen system rentals (E0431) and oxygen concentrators (E1390).

² These payments include an oropharyngeal suction catheter (A4628), a disposable canister (A7000), tubing used with suction pump (A7002), disposable administration set with small volume nonfiltered pneumatic nebulizer (A7003), a portable gas oxygen system rental (E0431), ventilators (E0465 and E0466) and oxygen concentrators (E1390).

A notification letter was sent to Aeratech setting forth the purpose and scope of the examination. During the entrance conference, Aeratech described its documentation practices and billing process. During fieldwork, we obtained an understanding of the document and business management system used and reviewed service documentation. We sent preliminary results to Aeratech, and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

Results

The summary results are shown in **Table 2**. While certain payments had more than one error, only one finding was made per payment. The non-compliance and basis for findings is discussed below in further detail.

Table 2: Results				
Exception Tests	Payments Examined	Non-compliant Payments	Non-compliance Errors	Improper Payment
Recipients with FFS and MCO Payments on Same Day	4	1	1	\$75.00
Services in Excess of Limitations	339	37	76	\$3,740.20
Recipients with Back-Up Ventilator and No Primary Ventilator	3	0	0	\$0.00
Payments After Date of Death	10	2	2	\$1,000.00
Total	356	40	79	\$4,815.20

A. Provider Qualifications

Exclusion or Suspension List

Per Ohio Admin. Code § 5160-1-17.2(H), in signing the Medicaid provider agreement, a provider agrees that the individual practitioner or employee of the company is not currently subject to sanction under Medicare, Medicaid, or Title XX; or is otherwise prohibited from providing services to Medicaid beneficiaries.

A. Provider Qualifications (Continued)

We compared identified administrative staff names to the Office of Inspector General's exclusion database and the Department's exclusion/suspension list and found no matches.

B. Service Documentation

We tested compliance with Ohio Admin. Code § 5160-10-01 which requires a provider maintain documentation to support proof of delivery. In addition, "if a provider delivers directly to a recipient, proof of delivery must include signature of recipient or authorized representative...If a provider used a third-party shipper, acceptable proof of delivery includes the tracking slip or returned postage-paid delivery invoice." We obtained the proof of delivery from Aeratech for the below payments and compared it to the required elements.

Per Ohio Admin. Code § 5160-1-17.2, by signing the provider agreement the provider certifies and agrees to submit claims only for services actually performed.

Services in Excess of Limitations Exception Test

The 339 payments examined contained nine instances in which there was no proof of delivery to support the payment. These nine errors are included in the improper payment of \$3,740.20.

Recipients with Back-Up Ventilator and No Primary Ventilator Exception Test

Aeratech had a proof of delivery to support all three payments examined for the two recipients.

For one recipient, it appeared the primary ventilator was provided through the recipient's private health insurance. For the other recipient, Aeratech billed for the primary ventilator; however, the claim was not paid (voided).

Payments After Date of Death Exception Test

Aeratech had documentation to support all 10 payments examined. We confirmed proof of delivery, including the initial proof of delivery of equipment for the rental payments included in the test.

Recommendation

Aeratech should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. Aeratech should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

C. Service Authorization

A DME provider is required to maintain a completed and signed certificate of medical necessity (CMN) for each claim submitted for payment. A CMN is a written statement by a practitioner attesting that a particular item or service is medically necessary for an individual. 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. See Ohio Admin. Code § 5160-10-01. We obtained CMNs from Aeratech for the below payments to confirm that the CMN complied with the requirements effective on the date of service.

Services in Excess of Limitations Exception Test

The 339 payments examined contained 32 instances in which there was no CMN authorizing the DME supply and one instance in which the CMN did not authorize the service. These 33 errors are included in the improper payment of \$3,740.20.

C. Service Authorization (Continued)

Aeratech stated that it was unaware that Medicaid paid for these services as they were bundled as an accessory; however, Aeratech offered the supply and included it on the recipient's record. Aeratech indicated it was unaware that these services had been billed and paid. Aeratech stated it has updated its forms for this supply for future use.

Recipients with Back-Up Ventilator and No Primary Ventilator Exception Test

All three payments examined were authorized by a signed CMN.

Payments After Date of Death Exception Test

All 10 payments examined were authorized by a signed CMN.

Recommendation

Aeratech should develop and implement procedures to ensure that all services billed are authorized by a signed CMN. Aeratech should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

D. Medicaid Coverage

Recipients with FFS and MCO Payments on Same Day Exception Test

The four payments examined consisted of two instances in which the claims data indicated that the same DME supply was reimbursed for the same recipient by both FFS and an MCO on the same service date. In one instance, Aeratech indicated that the payment was recouped and we confirmed this with the MCO. We did not associate an improper payment in this instance.

In the remaining instance, we confirmed the recipient was not enrolled in managed care on the date of service⁴ and identified the MCO payment as improper. This error resulted in the improper payment amount of \$75.00.

Services in Excess of Limitations Exception Test

We identified 34 tubing with integrated heating element for use with positive airway pressure device supplies, 135 oxygen probes for use with an oximeter device, and 170 ventilators that exceeded coverage limitations as specified in the Appendix to Ohio Admin. Code § 5160-10-01.

The documentation to support the ventilators indicated that they were all back-up ventilators. For the 166 ventilators paid by the MCO, Aeratech indicated the MCO requires back-up ventilators to be billed under the primary ventilator procedure code. We confirmed with the MCO that a modifier may be used with the ventilator procedure code to indicate "back-up" equipment. We noted that not all ventilators billed contained the appropriate modifier; however, we did not associate any improper payment with these instances as the MCO reimbursed the same amount for the primary and back-up ventilators. For the four ventilators paid through fee-for-service, we identified an improper payment based on the difference in the amount paid and the reimbursement amount for a back-up ventilator.

Additionally, we confirmed with the MCO that it did not impose the same limitation as specified in the Ohio Admin. Code for tubing; however, it did impose the same limitation for oxygen probes. We applied this information to our testing. There were 30 tubing supplies paid through fee-for-service which exceeded Medicaid's coverage limitation and no prior authorization was obtained.

⁴ Based on information in MITS.

D. Medicaid Coverage (Continued)

These 34 total errors identified were included in the improper payment amount of \$3,740.20.

Payments After Date of Death Exception Test

The 10 payments examined consisted of seven recipients in which DME supplies were reimbursed after the recipient's confirmed date of death. There were eight instances in which the service date was in the same month as the recipient's death and three of these eight instances involved delivering supplies to the recipient's address after the recipient's date of death. We did not associate an improper payment in these eight instances. The remaining two payments resulted in the improper payment amount of \$1,000.00.

Recommendation

Aeratech should ensure that services billed to Medicaid are consistent with the benefits covered by the program. Aeratech should address the identified issue to ensure compliance with Medicaid rules and avoid future findings.

Official Response

Aeratech disputed select errors for eight recipients and provided additional information and/or rationale to support the payments.

Auditor of State Response

We reviewed Aeratech's response and the evidence obtained during the examination again. We also confirmed the application of limitations listed in the Ohio Admin. Code when Medicaid is a secondary payer with the Department. We updated results for three recipients and removed six errors. We confirmed the criteria was appropriately applied for the remaining five recipients and no change to the results was warranted. We clarified the description for one error for one recipient for the purpose of clarity only.

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AERATECH MEDICAL, LLC

MEDINA 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 11/30/2023

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