

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES
MEDICAID REIMBURSEMENT FOR
DURABLE MEDICAL EQUIPMENT
FOR RECIPIENTS IN
SKILLED NURSING HOMES**



JUNE GIBBS BROWN
Inspector General

OCTOBER 2000
A-01-00-00002

OFFICE OF INSPECTOR GENERAL

<http://www.hhs.gov/progorg/oig/>

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NOTICES

THIS REPORT IS AVAILABLE TO THE PUBLIC

at <http://www.hhs.gov/progorg/oig/>

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, Office of Inspector General, Office of Audit Services, reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed as well as other conclusions and recommendations in this report represent the findings and opinions of the HHS/OIG/OAS. Final determination on these matters will be made by authorized officials of the HHS divisions.





OCT 12 2000

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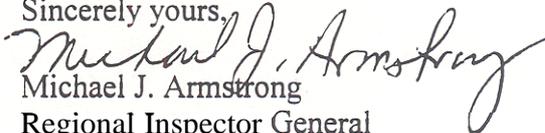
Darlene O'Connor
Director of Health and Long Term Care Policy
State of Connecticut
Department of Social Services
25 Sigoumey Street
Hartford, Connecticut 06 106

Dear Ms. O'Connor:

Enclosed are two copies of the Department of Health and Human Services, Office of Inspector General, Office of Audit Services' report on the results of the review of the Connecticut Department of Social Services' (State Agency's) Medicaid reimbursement for durable medical equipment (DME) purchases and rentals associated with recipients who were also residing in skilled nursing facilities (SNFs). The objective of this review was to determine the adequacy of the State Agency procedures and controls over Medicaid payments made to outside suppliers for DME when recipients were also receiving skilled nursing care during their stays in a nursing facility

Most DME are considered routine equipment that are normally supplied by the SNF, the cost of which is included in the SNF Medicaid per diem rates. Our review disclosed that the State Agency has established policies that do not allow for Medicaid reimbursement of most DME services to outside suppliers while a recipient is a resident in a SNF. Based on results of a computer match and related payment testing, we found that the State Agency was adhering to its reimbursement policies and that DME was not being inappropriately charged to the Medicaid program. As a result, we have no further recommendations to make on this issue.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C.552, as amended by Public Law 104-231, Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR Part 5.) AS such, within ten business days after the final report is issued, it will be posted on the world wide web at <http://www.hhs.gov/progorg/oig>.

Sincerely yours,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures - as stated



DEPARTMENT OF HEALTH & HUMAN SERVICES

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Darlene O'Connor
Director of Health and Long Term Care Policy
State of Connecticut
Department of Social Services
25 Sigoumey Street
Hartford, Connecticut 06106

Dear Ms., O'Connor:

This report presents the results of our review of the Connecticut Department of Social Services' (State Agency's) Medicaid reimbursement for durable medical equipment (DME) purchases and rentals associated with recipients who were also residing in skilled nursing facilities (SNFs). The objective of this review was to determine the adequacy of the State Agency procedures and controls over Medicaid payments made to outside suppliers for DME when recipients were also receiving skilled nursing care during their stays in a nursing facility.

Most DME are considered routine equipment that are normally supplied by the SNF, the cost of which is included in the SNF Medicaid per diem rates. Our review disclosed that the State Agency has established policies that do not allow for Medicaid reimbursement of most DME services to outside suppliers while a recipient is a resident in a SNF. Based on results of a computer match and related payment testing, we found that the State Agency was adhering to its reimbursement policies and that DME was not being inappropriately charged to the Medicaid program. As a result, we have no further recommendations to make on this issue.

BACKGROUND

Medicaid state agencies have established guidelines for the reimbursement of DME on behalf of those Medicaid recipients who are also receiving skilled nursing care in a SNF. For example, the Connecticut Medical Services Policy for Medicaid reimbursement of DME specifies that "...The Department will not pay for DME in Long Term Care Facilities (SNF...), which the Department considers to be routine services and, therefore, included in the facilities daily rate..." Such DME includes: traction equipment, inhalation therapy equipment, hospital beds and accessories, canes, crutches, walkers, and wheelchairs, except for customized wheelchairs, and other similar routine DME.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to determine the adequacy of the State Agency procedures and controls over Medicaid payments made to outside suppliers for DME when recipients were also receiving skilled nursing care during their stays in a nursing facility. We reviewed selected DME payments made during the period January 1996 through December 1998.

To accomplish our objectives, we obtained the Connecticut Medicaid payment tapes from the State Agency for reimbursements made during calendar years 1996 through 1998. These payment tapes included all Medicaid reimbursements for DME services and also all Medicaid reimbursements made to SNFs for care of Medicaid recipients. We utilized computer applications to determine the extent of potential DME overpayments that may have occurred while the recipients were residing in a SNF. The DME procedure codes used for this matching process were those DME codes identified by one or more of the four Durable Medical Equipment Regional Carriers which were considered unallowable for reimbursement when a Medicare beneficiary received skilled nursing care during their stay in a nursing facility. The dates of service for the DME codes were then matched with the dates of SNF stays for the same recipients to identify overlapping service dates which represented potential overpayments,

We identified and reviewed the State Agency payment policies for DME while a recipient is a SNF resident. We selected a judgmental sample of claims identified as potential overpayments and reviewed State Agency payment data to determine the accuracy of the computer matching results and to identify whether the claims were paid in accordance with State Agency reimbursement policies.

We conducted the review in accordance with generally accepted government auditing standards and performed the review between April and May 2000 at the State Agency offices in Hartford, Connecticut.

RESULTS OF REVIEW IN CONNECTICUT

Our review disclosed that the State Agency had procedures and controls in place to prevent inappropriate reimbursement of DME for recipients residing in SNFs. For those DME reimbursements that were related to recipients who were residing in SNFs, we found that the reimbursements were made in accordance with State Agency policies and procedures.

The computer matching process for the Connecticut Medicaid payment tapes identified 2,618 instances where the DME dates of service overlapped the recipients stay in the SNF. Medicaid payments made by the State Agency for DME in these overlapping instances amounted to \$4,126,194. Our analysis of this data disclosed that \$3,955,515, or about 95 percent of the total DME reimbursements, were related to one DME code (E1036). We determined that this code represented a customized position chair (wheelchair). Discussions with State Agency officials

indicated that this particular item of DME is not part of the SNF Medicaid per diem rate and is paid separately for Medicaid recipients residing in SNFs. Specifically, State Agency officials indicated that in October 1985, Connecticut State Medicaid policy was amended to allow for a direct and separate payment to suppliers of these type of customized wheelchairs.

With regard to the remaining \$170,679 of identified DME payments for recipients residing in SNFs, we found that most DME involved purchases that were made within a few days of the recipient's discharge from the SNF. Our review of a sample of claims containing this DME disclosed that the individuals were discharged from the SNF back to their home. The payments included such items as wheelchairs, IV equipment and other routine DME supplies. We believe that because the recipients were being discharged from the SNF to their homes, such purchases were for necessary medical equipment that the recipient would need outside the SNF and, therefore, would be allowable for Medicaid reimbursement.

Discussion with State Agency officials indicated that they conduct periodic meetings with DME suppliers to inform them of any new policy changes and to stress the existing policies regarding DME reimbursements, including those for recipients in SNFs. The State Agency officials believe that these information sessions have been a significant factor in the proper billing for DME services.

CONCLUSION

Our review of the DME issue in Connecticut has determined that State Agency is reimbursing DME for certain individuals who are residing in SNFs in accordance with State Medicaid policy. About 95 percent of the DME payments identified while a recipient was residing in a SNF were for only one DME code for which the State Agency is required to pay based on a State Court decision. The remaining DME payments identified by our computer matches were related to DME purchases made within a few days of the recipients' discharge from the SNF to their regular home. We believe that such purchases were medically necessary for the recipients' use outside the SNF. Based on this, we have concluded that the State Agency is reimbursing DME providers in accordance with State policies and have no recommendations to offer.

Sincerely yours,



Michael J. Armstrong
Regional Inspector General
for Audit Services