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Final Audit Report-NBN Infusions Inc.

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Background

As part of its oversight of the Medicaid program, the Medicaid Fraud Division of the Office of the State Comptroller (OSC) selected DME providers for audit based on conclusions reached in a DME audit performed by the Office of Legislative Services (OLS) for the period beginning July 1, 2005 through December 31, 2007. Among other things, the OLS concluded that the Division of Medical Assistance and Health Services (DMAHS) within the Department of Human Services needs to improve controls over provider reimbursements, to protect improper payments for durable medical equipment and supplies, and enhance its program oversight.

NBN Infusions, Inc. (NBN) a Durable Medical Equipment (DME) supplier located in Cherry Hill, New Jersey, was selected by OSC for review. NBN enrolled in the Medicaid program effective January 7, 1991. The NBN Group services patients of all ages from pediatrics to geriatrics. The NBN Group provides a wide range of home medical equipment including ventilators, wheelchairs, hospital beds, and bathroom safety items, to help improve the quality of life for patients with special needs. The Medicaid program pays for prescribed durable medical equipment in accordance with N.J.A.C. 10:59. With respect to rented ventilators, DMAHS may reimburse a provider up to \$1,265.55 per ventilator, per month.

Objective

The objective of this audit is to examine the propriety of claims submitted by NBN in accordance with N.J.A.C. 10.59.

Scope

The scope of OSC's audit was limited to a review of a sample of 10 DME recipients for whom NBN received Medicaid compensation for ventilators for the period beginning April 1, 2009 through July 26, 2010. The audit is conducted under the authority of the *Medicaid Program Integrity and Protection Act* (N.J.S.A. 30:4D-53 *et seq.*) and N.J.S.A. 52:15C-23.

AUDIT FINDING

Finding

OSC examined 318 claims totaling \$402,444.90 for the 10 DME recipients in its sample. For each of these claims, NBN was reimbursed the maximum rental amount that DMAHS may reimburse a provider of \$1,265.55 per ventilator, per month. OSC's audit field work determined that NBN could not substantiate its monthly rental billings of \$1,600 per ventilator, per month.

Additionally, NBN failed to provide detailed information regarding the cost of ventilator services to DMAHS as a basis for them to make a decision regarding rental or purchase of the equipment. Pursuant to N.J.A.C. § 10:59-1.7(b)(1) "durable medical equipment may be rented when, in the judgment of the Medicaid/NJ FamilyCare program, the medical need for the equipment is of such duration that rental of the equipment is more economically practical than authorizing its purchase."

Audit Response & Conclusion

Subsequent to our field work, NBN provided appropriate documentation to support its monthly billings. OSC's review of the documentation furnished by NBN revealed that the provider billed Medicaid its usual and customary monthly charge to the general public of \$1,600 for services rendered for HCPC E0450. Consequently, there was no recovery. Nevertheless, the provider's documentation revealed that the maximum monthly reimbursement rate of \$1,265.55 for these services should be lowered.

Additionally, DMAHS advised OSC that going forward, the administrative code will be revised to reflect that HCPC E0450-Volume Ventilators will be continuously rented as was intended and practiced prior to OSC's finding. Therefore, there are no consequences with regard to NBN's failure to provide detailed information regarding the cost of ventilator services, except as noted in the recommendation below.

Regulatory Recommendation

The NBN audit confirmed that DMAHS over estimated the maximum allowable rental reimbursement rate for HCPC E0450 – Volume Ventilators. OSC recommends that DMAHS reduce its maximum allowable rental rate to 80% of the Medicare rate so that the Medicaid program reaps an annual cost savings of approximately \$852,000. DMAHS concurs with OSC's recommendation.