

**DEPARTMENT OF SOCIAL SERVICES
AUDIT PROTOCOL –MEDICAL EQUIPMENT PROVIDERS
UPDATED FEBRUARY 1, 2015**

Listed are the most common audit findings for Medicaid medical equipment providers, and clarification of the criteria the Connecticut Department of Social Services (the Department) uses when it makes those findings. Disallowances for medical equipment services under the Medicaid program are governed by policies included in the Connecticut Medical Assistance Program Provider Manual (PM), the Medicaid Provider Enrollment Agreement (PA), Provider Bulletins (PB), the Regulations of Connecticut State Agencies (Conn. Agencies Regs.), the Connecticut General Statutes (Conn. Gen. Stat.), the Code of Federal Regulations (C.F.R.), and the United States Code (U.S.C.)

Audit Finding	Department Criteria	Regulatory Reference
Documentation - All Required Documentation Not Available for Review	The Department will disallow payment if documentation is missing. All required documentation must be maintained for at least 5 years.	Conn. Agencies Regs. 17b-262-721(a) & (b) - MSS Conn. Agencies Regs. 17b-262-802 (b) - HEARING Conn. Agencies Regs. 17-134d-84 (d)(7) and (9) - OXYGEN Conn. Agencies Regs. 17b-262-681(a) (b) - DME Conn. Agencies Regs. 17b-262-745 (a) (b) (c) – OPD Conn. Agencies Regs. 17b-262-526(7) and (8) – Provider Participation

Documentation - No Prescription	The Department will disallow payment if the prescription or Certificate of Medical Necessity is missing.	Conn. Agencies Regs. 17b-262-721 (a),(b),(c) - MSS Conn. Agencies Regs. 17b-262-795(c)(4), 17b-262-802(b) - HEAR Conn. Agencies Regs. 17-134d-84(a)(3), 17b-134d(7) and (9)- OXY Conn. Agencies Regs. 17b-262-681(a)(b)(c) - DME Conn. Agencies Regs. 17B-262-745(a),(b),(c) - OPD
Documentation - Incomplete Prescription	The Department will disallow payment if the prescription or Certificate of Medical Necessity (CMN) does not contain the required information.	Conn. Agencies Regs. 17b-262-721(f)(1) -(6) - MSS Conn. Agencies Regs. 17b-262-802(i)(1) - HEARING Conn. Agencies Regs. 17-134d-84(a)(3) - OXYGEN Conn. Agencies Regs. 17b-262-681(f)(1) -(6)- DME Conn. Agencies Regs. 17b-262-745(f)(1)-(6)- OPD
Documentation - Medical Evaluation & Audiometric Report	The Department will disallow payment if the Audiometric Report and/or medical evaluation is missing.	Conn. Agencies Regs. 17b-262-795(i), 17b-262-802(j)(1)(4) - HEAR
Documentation - Prescription Not Signed	The Department will disallow payment if the Prescription (CMN - Oxygen) is not signed by a licensed practitioner authorized to issue the prescription within the practitioner's scope of practice.	Conn. Agencies Regs. 17b-262-713(10), 17b-262-721(c) and (f)(6) - MSS Conn. Agencies Regs. 17b-262-793(20) & (28), 17b-262-795(c)(4) - HEAR Conn. Agencies Regs. 17-134d-83(b), 17b-134d-84(a)(3) - OXYGEN Conn. Agencies Regs. 17b-262-673(10) & (16), 17b-262-681(c) - DME & OXYGEN Conn. Agencies Regs. 17b-262-737(9), (15), 17b-262-745(f)(6) - OPD

Documentation - No Delivery Receipt	The Department will disallow payment if the delivery receipt is missing.	Conn. Agencies Regs. 17b-262-721(e) - MSS Conn. Agencies Regs. 17b-262-802(h) - HEARING Conn. Agencies Regs. 17b-262-681(e) - DME & OXYGEN Conn. Agencies Regs. 17b-262-745 (e) - OPD
Documentation - Incomplete Delivery Receipt	The Department will disallow payment if the delivery receipt does not contain the required information, as specified in regulation.	Conn. Agencies Regs. 17b-262-721(e) - MSS Conn. Agencies Regs. 17b-262-802(h) - HEARING Conn. Agencies Regs. 17b-262-681(e) - DME & OXYGEN Conn. Agencies Regs. 17b-262-745 (e) - OPD
Documentation - Delivery Receipt Not Signed	The Department will disallow payment if the delivery receipt is not signed documenting that the recipient or designated representative took delivery of the item.	Conn. Agencies Regs. 17b-262-721(e)-MSS Conn. Agencies Regs. 17b-262-802 (h) - HEARING Conn. Agencies Regs. 17b-262-681(e) - DME & OXYGEN Conn. Agencies Regs. 17b-262-745(e)-OPD
Services – Recipient Does Not Live at Home	The Department will disallow payment if the recipient does not live at home, except for ventilators, customized wheelchairs and Group 2 Reducing Support Surfaces for residents of nursing facilities and ICF/IID.	Conn. Agencies Regs. 17b-262-713(7), 17b-262-716(2) - MSS Conn. Agencies Regs. 17b-262-795(e), 17b-262-798(e) - HEARING Conn. Agencies Regs. 17b-262-673(10), 17b-262-676(2) DME Conn. Agencies Regs. 17-134d-84(d)(6) - OXYGEN Conn. Agencies Regs. 17b-262-740(b)(2), 17b-262-740(a)(2) -OPD

Billing - Incorrect Amount Billed/Paid	If the Department pays for a product in excess of the lowest required payment, the Department will disallow the amount paid in excess of the lowest required payment, as set forth in regulations.	Conn. Agencies Regs. 17b-262-719(d) (e)-MSS Conn. Agencies Regs. 17b-262-799(b)-HEARING Conn. Agencies Regs. 17b-262-679(c) - DME Conn. Agencies Regs. 17b-134d-85(b) - OXYGEN Conn. Agencies Regs. 17b-262-743(c)-OPD
Billing- Excess of Quantity Ordered	If the Department has paid a claim that is in excess of what was ordered, the Department will disallow the difference between the quantity of the paid claim and the quantity that was ordered.	Conn. Agencies Regs. 17b-262-716(b)(1) - MSS Conn. Agencies Regs. 17b-262-795(j)(k) - HEARING Conn. Agencies Regs. 17-134d-83(g)(1) - OXYGEN Conn. Agencies Regs. 17b-262-676(b)(1) - DME Conn. Agencies Regs. 17b-262-741(1) - OPD
Billing - Item Paid Does Not Match Item Ordered	The Department will disallow payment for an item if that item was not ordered.	Conn. Agencies Regs. 17b-262-721(e)(5)(A), (f)(3) - MSS Conn. Agencies Regs. 17b-262-802(5)(A) - HEARING Conn. Agencies Regs. 17b-262-681(e)(3)(A) - DME Conn. Agencies Regs. 17b-262-745(5)(A) - OPD
Limitation - No Explanation of Benefits (EOB)/Third Party Liability	The Department will disallow payment if third party liability exists on the date of service and the provider has not exhausted the client's TPL. The provider must bill all other insurance for products/services prior to submitting a Medicaid claim. The provider must obtain an EOB before billing Medicaid. An EOB must be received before submission to Medicaid showing that the service is not covered by such payer for a substantive reason. Claims denied by another insurance or Medicare for purely	42 U.S.C. § 1396a(a)(25) [Section 1902(a)(25) of the Social Security Act] Conn. Agencies Regs. 17b-262-526(3) Conn. Agencies Regs. 17B-262-744 (e)- OPD PM Chapter 5 Section 3 PM Chapter 8 Line 9d

	technical reasons are insufficient to meet this requirement. The Department will disallow payment if a recipient has Medicare or other insurance and an EOB is not presented.	
Billing - Rent to Purchase	If a product is rented and subsequently purchased, and the purchase price is not reduced by the amount of rental payments, the Department will disallow the amount paid in excess of the purchase price, less rentals payments.	PM Chapter 8 Section 8.3 - DME
Limitation - Incorrect Procedure Code	The Department will disallow the difference between payment of the incorrect procedure code and correct procedure if a product is paid under an incorrect procedure code.	Conn. Agencies Regs. 17b-262-719(c), Chapter 8, Field 24D - MSS Conn. Agencies Regs. 17b-262-799 - HEARING Conn. Agencies Regs. 17b-262-676 -DME Conn. Agencies Regs. 17-134d-85(b)(d) - OXYGEN Conn. Agencies Regs. 17b-262-744 - OPD
Limitation - Rental Amount Exceeds Purchase Price	The Department will disallow the excess payment if a paid claim is for rental charges for items that are not subsequently purchased and the costs of all the rental charges exceeds the purchase price.	Conn. Agencies Regs. 17b-262-680(f) (DME)
Limitation - Quantity Dispensed Exceeds Maximum Allowances	The Department will disallow payment for a quantity exceeding the maximum allowed on the Medicaid fee schedule, without prior authorization.	Conn. Agencies Regs. 17b-262-716 - MSS Conn. Agencies Regs. 17b-262-797 - HEARING Conn. Agencies Regs. 17-134d-83 - OXYGEN Conn. Agencies Regs. 17b-262-676 - DME Conn. Agencies Regs. 17b-262-740 - OPD
Billing- Duplicate Payment	The Department will disallow payment for any duplicate payment.	Conn. Agencies Regs. 17b-262-533

<p>Services – Improper Services Dispensed</p>	<p>The Department will disallow payment if a provider dispenses products/services for which that provider is not properly enrolled.</p>	<p>Conn. Agencies Regs. 17b-262-713(18)(19), 17b-262-714 - MSS Conn. Agencies Regs. 17b-262-793(30), 17b-262-794 - HEARING Conn. Agencies Regs. 17-134d-83(b)(c) - OXYGEN Conn. Agencies Regs. 17b-262-673 (18)(19), 17b-262-674 - DME Conn. Agencies Regs. 17b-262-737(17), 17b-262-738 - OPD 42 U.S.C. § 1396a(a)(23) [Section 1902(a)(23) of the Social Security Act] 42 C.F.R. § 431.51</p>
<p>Documentation - CMN for Oxygen Services</p>	<p>The Department will disallow payment if the CMN does not cover the date of service. The CMN shall be completed annually for patients who required oxygen on a lifetime basis, and every six months for all other patients.</p>	<p>Conn. Agencies Regs. 17-134d-84 (a)(3) - OXYGEN</p>
<p>Limitation - Oxygen Accessories</p>	<p>The Department will disallow payment for any CPAP accessories paid during the CPAP rental.</p>	<p>Conn. Agencies Regs. 17-134d-83 and 85</p>
<p>Limitation - Warranties</p>	<p>The Department will disallow payment if the Provider does not exhaust any warranties for DME items under warranty before billing Medicaid.</p>	<p>Conn. Agencies Regs. 17b-262-680(d)</p>
<p>Services - Labor Charges</p>	<p>The Department will disallow payment for those charges that are part of the procedure code included in the fee schedule. The charges that are part of the procedure code include, but are not limited to, labor charges, fittings, and delivery costs.</p>	<p>Conn. Agencies Regs. 17b-262-713(18)(19), 17b-262-720 - MSS Conn. Agencies Regs. 17b-262-673(21)(22), 17b-262-680 - DME Conn. Agencies Regs. 17b-262-737(17), 17b-262-744 - OPD</p>