



CADA
ACAF

Canadian Assistive Devices Association
Association Canadienne d'Appareils Fonctionnels

Assistive Devices Program AUDIT UPDATE

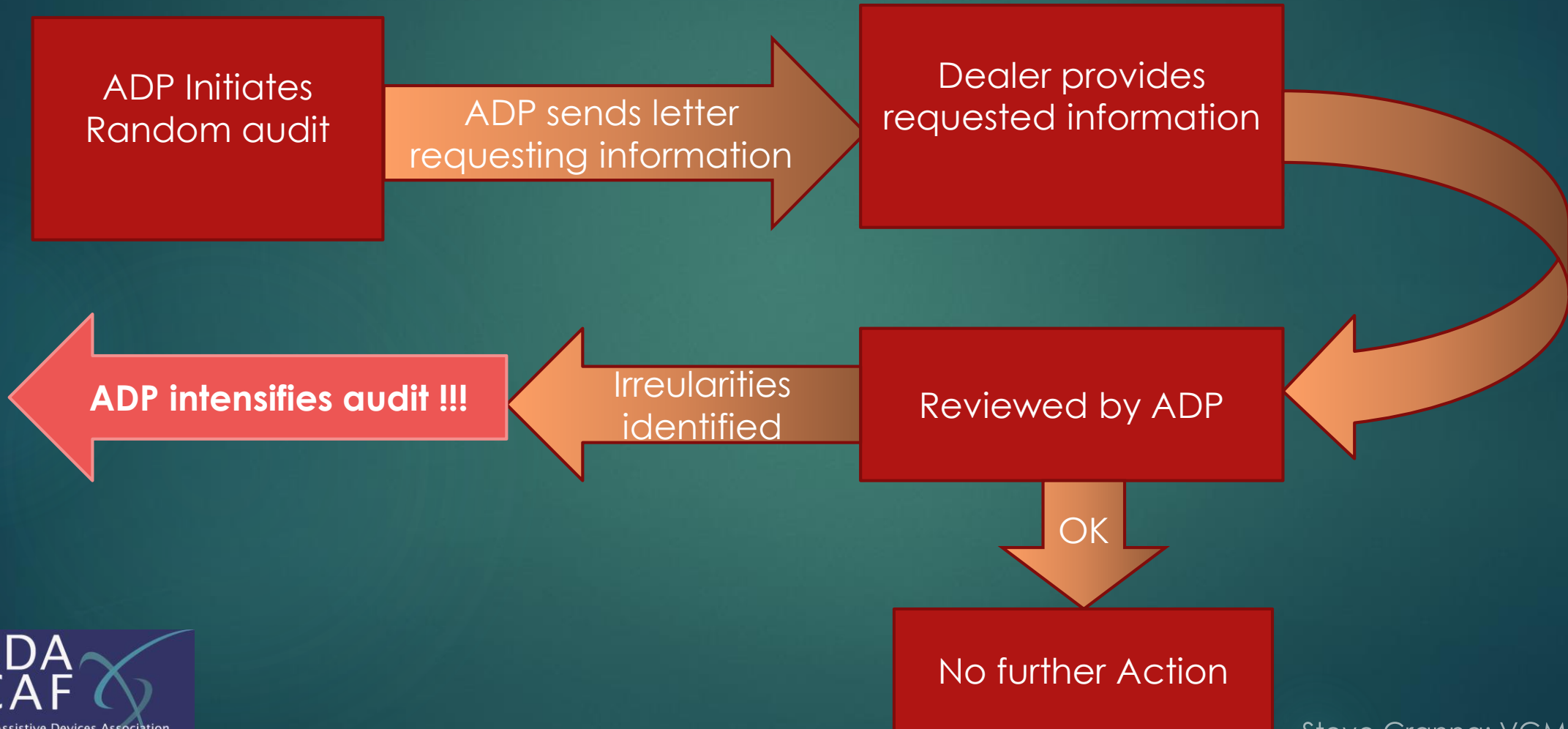
Today's Focus

1. Overview of historic and current Audit Process
2. Observations regarding current audits
3. Implications and pitfalls for dealers
4. How do we minimize our exposure

Audits

- ▶ Have always been in existence
 - ▶ Historically Audit was verification of items delivered to the client
- ▶ Ensure tax payers receive value for \$\$\$ spent
- ▶ Protect a valuable program for Ontarians and for our industry from exploitation
- ▶ Barrier to Entry: Protects the dealer network from unethical start-ups entering and compromising the market

ADP Simplified Audit Process



Recent Audit Activity

- ▶ Standard vendor audits
- ▶ Category audits
 - ▶ Example: scooters
- ▶ Vendor / OT volume audits
- ▶ Detailed secondary audits
- ▶ Extrapolation approach applied

ADP Audit approach

- ▶ Differs by situation
- ▶ Standard
- ▶ “Please provide the requested documents for the claims listed. The information is requested for verification purposes”
 - ▶ Vendor's invoice issued to client
 - ▶ Proof of Delivery document
 - ▶ Manufacturer's/Supplier's invoice
 - ▶ Proof of payment (Client Portion)
- ▶ 10 day turnaround to have these documents submitted

Subsequent request (about 4 to 6 weeks later)

- ▶ Requests similar information for larger number of clients
- ▶ 2 week turn around to submit requested information
- ▶ Request can be for 200 to 500 claims
- ▶ Some secondary audits related to duplicate S/N request only supplier invoices
- ▶ Dealers should consider the implications of their current systems and the information provided to ADP
- ▶ More importantly consider the process and systems in place prior an audit

Implications of these audits

- ▶ Exposure to in depth audits
- ▶ Claw-backs of significant amounts; exceeding \$100,000's from individual dealers
- ▶ Suspension of applications in process
- ▶ Loss of authorizer numbers
- ▶ Loss of ADP vendor numbers

What are the flags for secondary audit.

- ▶ Ensure equipment is not being sold more than once without authorization
- ▶ If re-selling authorised by ADP, ensure there is a paper trail on the verification that the S/N is approved for resale
- ▶ The practise of buying back of used equipment is not new, but there seems to be a perceived escalation in dealers selling the same product twice
- ▶ The result is in-depth audits
- ▶ Incorrect recording of serial numbers on walkers
- ▶ This gives the optics of creating s/n for used product.(not supported by the manufacturer invoice

Implications and Pitfalls (your exposure and vulnerability)

- ▶ Ensure Equipment is not sold more than once
- ▶ Walker serial numbers: correct number must be recorded
- ▶ Avoid created S/N numbers to get the product out the door
 - ▶ Extra time spent to verify correct number at the time of sale will save \$1,000's later on
 - ▶ Purchase exclusively from suppliers who serialize their products
- ▶ ADP Policies: **Review them**

ADP Policy

200.04	Except for rented or leased Devices expressly permitted by the Program, all Devices funded by the Program must be new. Additional exceptions may be specified in the Policy and Administration Manuals.
200.05	The Vendor cannot supply any Device, or any component, that has been previously used. The only exception to this policy is where the Vendor has an executed Vendor Agreement, which states that the Vendor is permitted to sell recycled equipment under the Program.
200.06	Equipment which manufacturers or dealers have loaned to institutions to promote their products and assist Authorizers in their assessments does not qualify as new equipment.

Delivery Dates

200.03	Devices in respect of which Funding is to be received can only be purchased after the Applicant has been assessed by an Authorizer or Prescriber. Otherwise, the Device will not be considered for funding. Clients who choose to purchase the Device prior to the health professional assessment cannot then submit a completed Application Form to the Program and expect reimbursement from the Program.
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- ▶ Delivery dates: practice of actual vs. estimated due to OT delays.
- ▶ Confirm your process / actions with the authorizer concerning delivery date and the date the OT signs the application

Understanding your exposure and vulnerability

▶ Manufacturer invoices and Demo Equipment

- ▶ http://www.health.gov.on.ca/en/pro/programs/adp/update_vendor_agreements/docs/mobility_devices_manual.pdf
- ▶ 200.04 except for rented or leased devices expressly expressly permitted by the program, all devices funded by the program must be new.
- ▶ New products delivered to clients for trial must not be classified as new
- ▶ Products purchased from suppliers as demo's cannot be invoiced through ADP
 - ▶ Includes **NEW** product that has title of demo on Manufacturer's invoice
 - ▶ ADP considers the wording... to their favour for a clawback
 - ▶ Manufacturer demo's should not be sold as new
 - ▶ Consider carefully the wording on all paperwork

Date of death vs delivery date

- ▶ Audit is questioning the sale if the delivery date is close to the date of death
- ▶ Where possible, dealers should make reasonable attempts to know when clients pass away. (sometimes reps may know , but not pass this information to the administrator)
- ▶ Issue of taking back equipment and charging a re-stocking fee vs holding on to equipment and hoping ADP will not notice
- ▶ “Beneficial use of the equipment:” Be ready to support your position.

Date of assessment

- ▶ Do not provide a “safety Zone for delivery dates to cover for OT.
- ▶ Ensure the Proof of Delivery form is signed by someone authorized to sign the form

Compliant and friendly process for all stakeholders

- ▶ Know that a % of clients will pass away shortly after delivery and have a policy in place that your staff are aware of
- ▶ Recognize there is a cost of doing business if the client passes prior to final delivery
- ▶ Understand your vulnerability in case of custom products

How do I protect my business?

- ▶ Review your policies around the ADP processes
- ▶ Internal audits protect your business
- ▶ Who is the “last word” in your organization? Administrator? Owner? Sales Manager?
- ▶ Review processes with Senior management and delivery staff
- ▶ Get a second external opinion on policy if you are not sure.
- ▶ Keep CADA informed as to issues you are seeing
- ▶ Let's limit the “divide and conquer” mindset

Develop a Compliant and friendly process for all stakeholders

- ▶ Review process with OT's
- ▶ Make them aware of the pitfalls of dating
- ▶ One page summary of dealer process to OT's for information purposes
- ▶ Encourage them to give you the application form to send to ADP

Grey areas

- ▶ Date of Death
- ▶ “Beneficial use of equipment
- ▶ New delivered for trial



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Comments, Question and Answers