



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

August 4, 2008

Report Number: A-05-08-00040

Mr. Jason Helgerson
Administrator
Wisconsin Department of Health and Family Services
1 West Wilson Street
P.O. Box 309
Madison, Wisconsin 53701-0309

Dear Mr. Helgerson:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Wisconsin's Non-Emergency Medical Transportation Costs for Services Provided by American United Taxicab, Inc. for January 1 Through December 31, 2005." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Dave Markulin, Audit Manager, at (312) 353-1644 or through e-mail at David.Markulin@oig.hhs.gov. Please refer to report number A-05-08-00040 in all correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Gustafson".

Marc Gustafson
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Jackie Garner
Consortium Administrator
Consortium for Medicaid and Children's Health Operations
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF WISCONSIN'S NON-
EMERGENCY MEDICAL
TRANSPORTATION COSTS FOR
SERVICES PROVIDED BY
AMERICAN UNITED TAXICAB,
INC. FOR JANUARY 1 THROUGH
DECEMBER 31, 2005**



Daniel R. Levinson
Inspector General

August 2008
A-05-08-00040

Office of Inspector General

<http://oig.hhs.gov>

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THIS REPORT IS AVAILABLE TO THE PUBLIC
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Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5).

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

Federal regulations (42 CFR § 431.53) require each State to ensure that Medicaid beneficiaries have necessary transportation to and from medical providers and to describe the methods that the State will use to meet this requirement in its State plan. Pursuant to 42 CFR § 440.170, transportation includes transportation expenses and other related travel expenses deemed necessary by the State agency to secure medical examinations and treatment for a beneficiary.

The Wisconsin Department of Health and Family Services (the State agency) administers the State's Medicaid program. Pursuant to Wisconsin Statute 46.034(3), the State's common carrier Non-Emergency Medical Transportation (NEMT) program is administered by the State's 72 counties. Milwaukee County provides NEMT services to Medicaid-eligible beneficiaries through agreements with Wisconsin Medicaid health maintenance organizations (HMOs). The agreements require the HMOs to provide their beneficiaries with NEMT services to and from Medicaid-covered services. The HMOs must pre-authorize the NEMT services, coordinate the services with private transportation companies, and claim reimbursement from Milwaukee County for NEMT service costs. Milwaukee County claims reimbursement from the State agency, which claims Federal reimbursement by reporting NEMT service costs on the Form CMS-64, "Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program."

American United Taxicab, Inc. (American) is a taxicab company, located in Milwaukee, Wisconsin, that provides dispatch service to taxicabs in Milwaukee County. During January 1 through December 31, 2005, American was the largest common carrier NEMT service provider in Milwaukee County. The State agency claimed Medicaid reimbursement totaling \$6,345,003 (\$3,172,502 Federal share) for NEMT services provided by American from January 1 through December 31, 2005.

OBJECTIVE

Our objective was to determine whether the State agency claimed Medicaid reimbursement for NEMT services provided by American in accordance with Federal and State requirements.

SUMMARY OF FINDINGS

The State agency claimed Medicaid reimbursement for NEMT services provided by American that did not always comply with Federal and State requirements. From a random sample of 100

claims totaling \$1,483 for services provided by American, 18 claims totaling \$295 were paid for NEMT services on dates when beneficiaries did not receive Medicaid-covered services. We identified two additional claims for which we were unable to contact the medical providers to verify that no Medicaid-covered service was provided on the date of the transportation service. For the remaining 80 sampled claims, NEMT services were provided and claimed on dates when beneficiaries received Medicaid-covered services. The State agency claimed reimbursement based on the costs reported by the HMOs and Milwaukee County. However, Milwaukee County's and the HMOs' internal controls did not ensure that NEMT services were paid and claimed only on dates when beneficiaries received Medicaid-covered services for the 18 claims. As a result, for the period January 1 through December 31, 2005, we estimate that the State agency claimed \$694,066 (\$347,033 Federal share) for NEMT services provided by American on dates when beneficiaries did not receive Medicaid-covered services.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$347,033 to the Federal Government for the unallowable NEMT costs claimed when the beneficiaries did not receive Medicaid-covered services and
- work with the HMOs to implement internal controls to ensure that NEMT services are claimed only on dates when beneficiaries receive Medicaid-covered services.

STATE AGENCY COMMENTS

In written comments to our draft report, the State Agency agreed with the recommendations. The State Agency comments are included in their entirety as Appendix B.

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INTRODUCTION

BACKGROUND

Medicaid Program and Non-Emergency Medical Transportation Program

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

Federal regulations (42 CFR § 431.53) require each State to ensure that Medicaid beneficiaries have necessary transportation to and from medical providers and to describe the methods that the State will use to meet this requirement in its State plan. Pursuant to 42 CFR § 440.170, transportation includes transportation expenses and other related travel expenses deemed necessary by the State agency to secure medical examinations and treatment for a beneficiary.¹

Wisconsin Non-Emergency Medical Transportation Program

The Wisconsin Department of Health and Family Services (the State agency) administers the State's Medicaid program. In accordance with the CMS approved State plan, the Wisconsin Non-Emergency Medical Transportation (NEMT) program provides transportation services for beneficiaries to receive Medicaid-covered services. The State plan, Attachment 3.1-D, states that medical assistance administrative payments may be made for common carrier transportation to obtain medical services. Transportation costs may be reimbursed only to and from a location where the beneficiary receives a Medicaid-covered service. Pursuant to Wisconsin Statute 46.034(3), the State's common carrier NEMT program is administered by the State's 72 counties. NEMT services require advance authorization by the appropriate county department of social services or other designated agent prior to the medical transportation. In Milwaukee County, the Wisconsin Medicaid health maintenance organizations (HMOs) are the designated agents that pre-authorize the NEMT services.

Non-Emergency Medical Transportation in Milwaukee County

Milwaukee County provides NEMT services to Medicaid-eligible beneficiaries through agreements with HMOs. The agreements require the HMOs to provide their beneficiaries with NEMT services to and from Medicaid-covered services. The HMOs pre-authorize the NEMT services, coordinate the services with private transportation companies, and claim reimbursement

¹Federal financial participation (FFP) is available when the State agency directly reimburses a transportation provider for NEMT services. If other arrangements are made to assure transportation, FFP is available as an administrative cost. Common carrier NEMT services are administrative costs in Wisconsin.

from Milwaukee County for NEMT service costs. Milwaukee County claims reimbursement from the State agency, which claims Federal reimbursement by reporting NEMT service costs on the Form CMS-64, “Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program.”

American United Taxicab, Inc.

American United Taxicab, Inc. (American) is a taxicab company, located in Milwaukee, Wisconsin, that provides dispatch service to taxicabs in Milwaukee County. American had agreements with five HMOs² in Milwaukee County to provide NEMT services to Medicaid beneficiaries. During January 1 through December 31, 2005, American was the largest common carrier NEMT service provider in Milwaukee County.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency claimed Medicaid reimbursement for NEMT services provided by American in accordance with Federal and State requirements.

Scope

We reviewed NEMT service costs totaling \$6,345,003 (\$3,172,502 Federal share) that the State agency claimed for services provided by American from January 1 through December 31, 2005. From the universe of 397,969 NEMT claims, we selected and reviewed a random sample of 100 claims with payments totaling \$1,483.

Our review of internal controls was limited to understanding the HMOs’ pre-authorization and scheduling of NEMT services, the taxicab driver’s procedures and documentation, and the billing, claiming, and reimbursement procedures for American, the five HMOs, Milwaukee County, and the State agency.

We conducted fieldwork at the State agency in Madison, Wisconsin, and at Milwaukee County and American in Milwaukee, Wisconsin.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, and other requirements related to Medicaid NEMT services;

²American provided transportation services to Medicaid beneficiaries of five HMOs: Abri Health Plan, Inc., Independent Care Health Plan, Managed Health Services, Network Health Plan, and United Health Care of Wisconsin, Inc., in 2005.

- reviewed Wisconsin laws and Milwaukee city requirements related to taxi and driver licensing;
- reviewed the HMOs' agreements with Milwaukee County and American;
- interviewed State agency, Milwaukee County, HMO, and American staff regarding processing claims and reporting costs for NEMT services;
- reconciled the State agency's claim for NEMT services for the quarter ended June 30, 2005, on the Form CMS-64 to supporting documentation;
- interviewed American officials regarding policies and procedures used to record NEMT services in their system, dispatch taxis, audit the trip vouchers, pay the drivers, and claim reimbursement from the HMOs; and
- selected a random sample of 100 claims paid to American for NEMT services provided during January 1 through December 31, 2005.

For each of the 100 sampled claims, we determined whether the claim met Federal, State and local requirements for Medicaid reimbursement. Specifically, we:

- reviewed the Medicaid eligibility of each of the beneficiaries;
- reviewed American's documentation regarding the beneficiary, origination and destination addresses, authorization from the HMO, and the driver and vehicle utilized;
- reviewed American receipts to ensure they were in accordance with rates established in Chapter 100-52 of the City of Milwaukee Public Passenger Vehicle Regulations;
- reviewed American's records of the drivers' public passenger licenses to determine if the driver was properly licensed;
- reviewed Milwaukee Department of Licensing records to determine if the vehicle had a current permit at the time of the transportation service;
- analyzed the CMS Medicaid Statistical Information System (MSIS) to determine if the beneficiary obtained a Medicaid-covered medical service on the date of the transportation service;
- requested documentation from Medicaid providers for those beneficiaries that did not have a Medicaid-covered service provided (documented in the MSIS) on the date of the transportation service and if no service was provided, obtained a signed confirmation that the beneficiaries did not receive a medical service on the date;

- quantified the number of claims paid for NEMT services on dates when beneficiaries did not receive Medicaid-covered services; and
- estimated the total dollars that the State agency claimed reimbursement for NEMT services when beneficiaries did not receive Medicaid-covered services. (See Appendix A)

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINDING AND RECOMMENDATIONS

The State agency claimed Medicaid reimbursement for NEMT services provided by American that did not always comply with Federal and State requirements. From a random sample of 100 claims totaling \$1,483 for services provided by American, 18 claims totaling \$295 were paid for NEMT services on dates when beneficiaries did not receive Medicaid-covered services. We identified two additional claims for which we were unable to contact the medical providers to verify that no Medicaid-covered service was provided on the date of the transportation service. For the remaining 80 sampled claims, NEMT services were provided and claimed on dates when beneficiaries received Medicaid-covered services. The State agency claimed reimbursement based on the costs reported by the HMOs and Milwaukee County. However, Milwaukee County's and the HMOs' internal controls did not ensure that NEMT services were paid and claimed only on dates when beneficiaries received Medicaid-covered services for the 18 claims. As a result, for the period January 1 through December 31, 2005, we estimate that the State agency claimed \$694,066 (\$347,033 Federal share) for NEMT services provided by American on dates when beneficiaries did not receive Medicaid-covered services.

CLAIMS FOR NON-EMERGENCY TRANSPORTATION SERVICE WITHOUT A MEDICAID-COVERED SERVICE

We estimate that the State agency claimed \$694,066 (\$347,033 Federal share) for NEMT services provided by American on dates when a beneficiary did not receive Medicaid-covered services.

Federal, State, Milwaukee County, and HMO Requirements

Federal regulation 42 CFR § 440.170 states that transportation includes transportation expenses and other related travel expenses deemed necessary by the State agency to secure medical examinations and treatment for a beneficiary.

The Wisconsin Medicaid State Plan, Attachment 3.1-D, states that payment may be made for transportation by common carrier to obtain medical services. Such payment requires advance authorization prior to the medical transportation.

In the agreements with Milwaukee County, the HMOs agree to provide common carrier transportation for their Medicaid beneficiaries. Transportation services are limited to transportation of Medicaid beneficiaries to and from Medicaid-covered services only.

Medicaid-Covered Services Not Provided

The State agency claimed reimbursement for 20 claims totaling \$335 for NEMT services on dates when beneficiaries did not receive Medicaid-covered services or we were unable to verify that Medicaid-covered services were provided.

- For the 18 claims totaling \$295, the HMOs did not maintain documentation that the beneficiary received a Medicaid-covered service on the NEMT service date. For 17 of 18 claims, the Medicaid providers identified by the HMOs could not provide medical records or other documentation to support that a beneficiary received a medical service. For the remaining claim, the NEMT service was provided for a Social Security disability determination appointment,³ which was not a Medicaid-covered service.
- For 2 claims totaling \$40, the HMOs did not maintain documentation that the beneficiary received a Medicaid-covered service on the NEMT service date. We were unable to contact the medical providers⁴ to verify that no Medicaid-covered services were provided on the NEMT service date for the 2 claims.⁵

Milwaukee County and Health Maintenance Organizations' Controls

The State agency claimed reimbursement for the 18 claims based on costs reported by Milwaukee County and the HMOs. However, Milwaukee County's and the HMOs' internal controls did not ensure NEMT services were paid and claimed only on dates when beneficiaries received Medicaid-covered services.

³The Social Security Administration reimbursed the beneficiary for mileage for the transportation to and from the appointment.

⁴The HMO could not identify the medical provider or the provider was no longer in business.

⁵We did not question the NEMT services and did not include them in our estimation.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$347,033 to the Federal Government for the unallowable NEMT costs claimed when the beneficiaries did not receive Medicaid-covered services and
- work with the HMOs to implement internal controls to ensure that NEMT services are claimed only on dates when beneficiaries receive Medicaid-covered services.

STATE AGENCY COMMENTS

In written comments to our draft report, the State Agency agreed with the recommendations. The State Agency comments are included in their entirety as Appendix B.

APPENDIXES

SAMPLE DESIGN AND METHODOLOGY

AUDIT OBJECTIVE

The objective of our audit was to determine whether the State agency claimed Medicaid reimbursement for NEMT services provided by American in accordance with Federal and State requirements.

AUDIT UNIVERSE

The universe consisted of all Medicaid paid NEMT claims for services provided by American to Medicaid beneficiaries for five health maintenance organizations (HMOs) in Milwaukee County from January 1 through December 31, 2005.

SAMPLING FRAME

The sampling frame was a computer file containing 397,969 Medicaid paid NEMT claims for services rendered by American, from January 1 through December 31, 2005. The 397,969 claims totaled \$6,345,003 (\$3,172,502 Federal share).

SAMPLE UNIT

The sampling unit was an individual Medicaid paid NEMT claim for service rendered by American during the audit period.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample size of 100 Medicaid paid NEMT claims for services.

SOURCE OF RANDOM NUMBERS

The source of the random numbers for selecting sample items is the Office of Audit Services statistical software, RAT-STATS 2007, version 2. We used the random number generator for our simple random sample.

METHOD OF SELECTING SAMPLE ITEMS

We sequentially numbered the Medicaid NEMT claims for services in our sampling frame and selected the sequential numbers that correlated to the random numbers. We then created a list of 100 sampled items.

CHARACTERISTICS TO BE MEASURED

We based our determination as to whether a sampled Medicaid NEMT claim for service was proper on applicable Federal and State requirements and a review of documentation obtained from American, Medicaid providers, and the HMOs.

If the beneficiary did not receive a Medicaid-covered service on the transportation date of service, the NEMT claim for service was considered improper. For Medicaid providers that we were unable to contact, we did not question the associated NEMT services and did not include them in our estimation.

ESTIMATION METHODOLOGY

We used RAT-STATS to calculate the estimated overpayments associated with any unallowable NEMT claims for services reimbursed by Medicaid.

SAMPLE RESULTS AND ESTIMATES

Overall Sample Results and Estimates

NEMT Services in Universe	Value of Universe	Sample Size	Value of Sampled Services	Number of Services in Error	Unallowable Federal Funding for Sampled Services
397,969	\$6,345,003	100	\$1,483	18	\$295

Limits Calculated for a 90% Confidence Interval

	<u>Estimated Value of Improper Services Claimed</u>
Point estimate	\$1,174,009
Lower limit	\$694,066
Upper limit	\$1,653,951



DIVISION OF HEALTH CARE ACCESS AND ACCOUNTABILITY

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July 23, 2008

Mr. Marc Gustafson
Regional Inspector General for Audit Services
Office of Audit Services
Department of Health and Human Services
233 North Michigan Avenue
Chicago, IL 60601**RE: Report Number: A-05-08-00040**

Dear Mr. Gustafson:

Thank you for having your staff review Wisconsin's non-emergency medical transportation program. I have had an opportunity to review the U.S. Department of Health and Human Services Office of Inspector General's draft report entitled "Review of Wisconsin's Non-Emergency Medical Transportation Costs for Services Provided by American United Taxicab, Inc. for January 1 Through December 31, 2005."

The Wisconsin Department of Health Services concurs with the recommendations made by the OIG in its draft report; however, we reserve the right for DHS, Milwaukee County, or the managed care organizations to examine the claims in question and conduct independent analysis of the findings. Department staff are currently working with our HMOs to implement controls to ensure that all future NEMT services are claimed only on appropriate dates when Medicaid-covered services have been received.

Again, we appreciate OIG's review of our NEMT program and look forward to working with you to ensure that our transportation program operates in the most efficient and effective manner.

Sincerely,

A handwritten signature in black ink, appearing to read "J. A. Helgerson".

Jason A. Helgerson
Medicaid DirectorJAH:jmc
BP07022

cc: Dave Marulin, Audit Manager