Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

MEDICAID TRANSPORTATION CLAIMS

INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION INDIANAPOLIS, INDIANA

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

REGION V
OFFICE OF
INSPECTOR GENERAL

March 26, 2001

Common Identification No. A-05-00-000 17

Ms. Kathy Gifford
Asst. Secretary, Office of Medicaid Policy and Planning
Indiana Family and Social Services Administration
Indiana Government Center Room W-382
402 West Washington Street
Indianapolis, IN 46204

Dear Ms. Gifford:

This final letter report provides you with the results of our audit "Medicaid Transportation Claims." The objective of our audit was to determine the allowability of paid Medicaid claims for non emergency transportation trips which could not be matched to a claim for medical service or product on the same date.

Although your Office of Medicaid Policy and Planning (OMPP) initially identified non-emergency transportation claims without related medical services, amounting to over $1.3 million during fiscal year 1999, a subsequent refinement to this analysis reduced the potential questionable claims to $157,948 for the quarter ended September 30, 1998. Our sample review noted reasonable explanations for about 35 percent of these claims and documentation problems for the remaining 65 percent of the transportation claims.

Although 24 percent of the transportation providers had some supporting documentation of where the Medicaid beneficiary was transported, we were unable to link the destination address with a medical provider providing services to the beneficiary. The remaining 41 percent of the sampled transportation providers had no documentation to support their claim. The statistically projected value of the undocumented claims is $63,896 for the quarter ended September 30, 1998. The amount could be as much as $250,000 annually.

BACKGROUND\CRITERIA

Medicaid regulations allow recipients to receive transportation services to and from providers so that medical services and products can be received. 42 CFR Part 43 1.53 provides that "...the Medicaid agency will assure necessary transportation for recipients to and from providers...." 42 CFR Part 440.170 defines transportation as "...expenses for transportation and other related travel expenses determined to be necessary by the agency to secure medical examinations and treatment for a recipient.. . ."

To support their claims, transportation providers are required to maintain (i) date of service, (ii) recipient name, (iii) recipient Medicaid identification number, (iv) recipient signature, (v)

waiting time, and (vi) name and address of the travel destination. The Provider Manual includes an illustration of acceptable documentation but does not mandate its use. Further, the Provider Manual states:

> ...It is clearly to the provider's benefit to verify that the recipient is being transported to and/or from a Medicaid covered service. Transportation providers put themselves at risk of recoupment of Medicaid payment if they fail to maintain the required documentation and covered services cannot be verified...

In a previous Indiana audit, with the objective of determining methods for controlling future transportation costs (CIN:A-05-93-00037), we disclosed that more than 12 per cent (about $1.9 million) of the paid transportation claims were potentially unallowable. These transportation claims could not be matched to a corresponding medical service or product to validate the propriety of the transportation claim. In that report, we recommended that Indiana implement an annual computer edit of its paid claim data base to identify these "unmatched" claims and to establish their allowability.

We were advised that although OMPP had recently produced a computer listing of "unmatched" transportation claims, it had not researched the allowability of transportation claims. The OMPP agreed to allow us to use this computer listing as our data base for our review.

OBJECTIVES AND SCOPE

We conducted our audit in accordance with generally accepted government auditing standards. The objective of our audit was to determine the allowability of paid Medicaid claims for non-emergency transportation without a corresponding claim for a medical service or product on the same date.

For the fiscal year ending June 1999, the previously cited computer listing contained 55,656 paid transportation claims, totaling $1,3 12,984, that were "unmatched" to a medical service. We determined that a number of problems in this computer listing reduced its overall reliability, Therefore, we worked closely with OMPP and, its fiscal contractor, EDS, to refine and purify the listing of "unmatched" transportation claims. We subsequently received a computer listing with 4,104 unmatched transportation claims, totaling $157,948, for the quarter ending September 30, 1998. The reduced data base reflected the removal of Medicare crossover claims, where a paid Medicare service could be associated with the Medicaid transportation claim; Medicaid services rendered to a child, yet the transportation claim was assigned to the parent or guardian; Medicaid services were pending or denied, resulting in the transportation claim being unmatched. We used this reduced universe of "unmatched" claims for our audit

We contacted the State's Medicaid Fraud Control Unit (MFCU) and Health Care Excel (HCE), the survey and utilization review contractor, to determine if our audit would conflict with any ongoing reviews of transportation providers. Although both the MFCU and HCE were looking

into "unmatched" transportation claims, they indicated that our audit would not interfere with their ongoing reviews.

To determine whether there were any obvious reasons for the transportation claims being unmatched, we reviewed the Medicaid on-line claims data base. We then contacted the transportation providers to determine whether supporting documentation for their claims was available. Where supporting documentation listed the trip destination as a medical service provider, we contacted the provider to determine why there was no corresponding claim for service on that date.

Using a single-stage sampling design, we randomly selected 100 claims from our universe of 4,104 unmatched transportation' claims. Our unrestricted variable appraisal resulted in an midpoint estimate of the error amounting to $63,896 (+ or - 38% at the 95 percent confidence level). Although we are confident that the point estimate is reasonable, we are questioning undocumented transportation costs at the lower limit.

We conducted our field work at the State Agency offices in Indianapolis, Indiana, and at offices of selected transportation providers and medical service providers around Indiana. Field work was completed in December 2000.

RESULTS OF AUDIT

The State pays Medicaid transportation provider claims without knowing whether the Medicaid recipient was transported to a valid Medicaid service or' product provider. After payment, many of the transportation claims can be related to Medicaid service or product claims, but under the States' current documentation and claims submission requirements, it is not possible to eliminate unmatched exceptions prior to payment. The only way to validate the unmatched transportation claim is to review supporting documentation maintained by the transportation provider and to confirm that the Medicaid recipient actually visited the Medicaid service or product provider. If the transportation provider does not obtain the provider identifier, a match can not be readily made. Since identifying information is not submitted with the claim, it can not be captured and screened against on a prepayment basis.

Although OMPP requires the transportation providers to support the validity of the transportation services by maintaining specific information as to the medical purpose of transporting the Medicaid beneficiary, it does not require the submission of this information as part of the claim. Claims are paid without regard to the existence of documentation. The only control against inappropriate transportation claims is the possibility of a post payment review of the provider's documentation.

Within our sample of 100 statistically selected unmatched transportation claims, we found 35 claims, totaling $1,795, with adequate supporting documentation of trips to Medicaid service or product providers. We were able to validate the transportation claim by calling the Medicaid

service providers and confirming that the Medicaid recipient had a service appointment. Some of the trips were to Mental Health facilities where the visit was part of a prepaid package of visits previously charged to the Medicaid program. Similarly, other trips were follow-up visits for ob-gyn services, pre-natal services, or dental services previously paid by Medicaid. We also noted that some Medicaid recipients were transported to a medical provider for a valid appointment but did not keep the appointment, either because of long lines or anticipated delays in service. Only 35 of the claims could be validated.

Another 24 claims, totaling $697, had documentation supporting a destinations which could not be linked to a service provider. Most of these trips concerned destinations with addresses of, or near, large medical buildings with many potential medical providers, who might have provided a service on that day. We reviewed the Medicaid on-line claims data base for providers near the travel destinations, but were unable to identify a provider billing for services on the travel date. If the transportation providers had obtained the name of the service provider, we might have been able to confirm an appointment.

For 41 claims, submitted by 13 transportation providers (totaling $1,557), we were unable to review the supporting documentation. One transportation provider advised us that a recent fire had destroyed all of their records, and they could not support any of their claims. This provider filed for bankruptcy shortly after the fire. Two other transportation providers were no longer in business and their records were not available for review. Another provider said there were no records for review. These four providers account for 663 claims equaling 16 percent of the unmatched transportation universe and were paid $19,466 for undocumented transportation services. The remaining sampled claims by nine providers were also unsupported. 'The statistical projection of the undocumented claims for the quarter ended September 30, 1998 resulted in a estimate at the 95 percent confidence level of $63,896 (lower limit - $39,735). This amount could be as much as $250,000 annually.

In addition to the four transportation providers with the significant proportion of undocumented claims, we identified one transportation provider billing 22 unmatched trips for one Medicaid recipient during the three months audit period. Without specific details to confirm the need for transportation services to scheduled or unscheduled medical appointments, we doubt the validity of the Medicaid recipient's need for this transportation or the authenticity of the documentation maintained to support the transportation provider's claim. Insufficiently documented and undocumented claims should be referred to the MFCU and HCE to assess whether fraud or abuse has taken place.

RECOMMENDATIONS

We are recommending that the OMPP

(i) refund $39,735 for providers not maintaining the required documentation to support a valid visit to a medical service or product provider.

(ii) consider strengthening the documentation requirements by requiring that transport&ion claims be accompanied by evidence of a visit to an identified medical provider.

(iii) refer the 24 partially documented and 41 undocumented claims to the MFCU and HCE for inclusion in their ongoing transportation reviews. Emphasis should be placed on the four transportation providers unwilling or unable to provide any supporting documentation and on the one provider that billed 22 unmatched trips for one Medicaid recipient.

The names of the transportation providers and the Medicaid recipients will be provided in a letter accompanying this report.

STATE AGENCY COMMENTS

In a written response, dated February 19,2001, the OMPP (i) stated that they would like to independently audit the providers mentioned in our report before refunding the $39,735, (ii) agreed to develop and distribute a bulletin to transportation providers, reminding them of the documentation requirements and the consequences associated with non-compliance, and (iii) agreed to coordinate the MFCU on reviews of the partially documented and undocumented claims discussed in the report. The full text of OMPP's response is attached to this report.

OIG RESPONSE

The bulletin OMPP develops for its transportation providers should emphasize the importance of documenting the full name of the medical or service provider that the Medicaid recipient has been transported to or from. A general building name or street address is insufficient to document a medical visit.

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Final determinations as to actions taken on all matters reported will be made by the HHS action official. We request that you respond to this official within 30 days from the date of this letter report. Your response should present any comments or additional information that you believe may have a bearing on the final determination. It should be directed to:

Associate Regional Administrator
Division of Medicaid and Insurance Oversight
Health Care Finance Administration
233 N. Michigan Avenue, 5th Floor
Chicago, Illinois 60601-5519

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To facilitate identification, please refer to Common Identification Number A-05-00-000 17 in all correspondence relating to the report.

Paul Swanson
Regional Inspector General
for Audit Service

INDIANA FAMILY & SOCIAL SERVICES ADMINISTRATION
"People helping people help themselves"

Frank O'Bannon, Governor
State of Indiana

Office of Medicaid Policy and Planning
402 W. WASHINGTON STREET, ROOM W382
INDIANAPOLIS, IN 46204-2739

Katherine Humphreys, Secretary

February 19, 2001

Mr. Paul Swanson
Regional Inspector General,
Department of Health and Human Services
Office of Audit Services
233 North Michigan Avenue
Chicago, Illinois 60601

Dear Mr. Swanson:

Thank you for providing our office with a copy of the draft Medicaid Transportation Claims audit findings report (Report Number A-05-00-00017). Our office appreciates the time and effort dedicated to this audit by OIG staff. The draft report was received in our office on February 12, 2001. The purpose of this letter is to provide your office with our comments in response to the audit findings. Our comments are as follows:

1. Page 3 of the report states, *"Although OMPP requires the* transpoxtation *providers to support the validity of the transportation services by maintaining* specific information *as to the medical purpose of transporting the Medicaid beneficiary,* it *does not require the submission of this information as part of the claim."*

   Medicaid transportation claims are processed in the same manner as all other Medicaid claims. We do not require that providers submit supporting documentation along with a claim, except for those providers who have been placed on Pre Payment Review. The Indiana Medicaid Program processes millions of claims a year. It would be cost-prohibitive to subject all claims to this type of front-end auditing suggested in the draft report. As an alternative to front-end auditing, post-payment auditing is conducted. to determine whether providers are complying with the documentation requirements. We believe this methodology is consistent throughout the insurance industry.

2. Regarding Recommendation (i) (bottom of page 4), we would appreciate receiving the claims detail in support of the $39K overpayment associated with providers who failed to maintain required documentation. Our office would like the opportunity to independently audit these providers to determine whether the necessary documentation exists.

3. In response to Recommendation (ii), (page 5), *Strengthen Documentation Requirements,* our concerns have already been addressed in **Item 1** above. However, we agree to develop and distribute a bulletin to transportation providers reminding them of the documentation requirements and consequences associated with non-compliance.

4. In response to Recommendation (iii), (page 5), we will coordinate with the MFCU as recommended. In addition, we would appreciate receiving the claims detail associated with the provider who billed 22 unmatched trips. We intend to perform a focused audit on this provider as soon as possible.

You note on page 5 of your findings letter that the names of the transportation providers and Medicaid recipients included in the audit will be provided in a letter accompanying this report (we assume you mean the final Report). However, as requested in Items: 2 and 4 above, we would appreciate receiving this information' before the report is finalized so that we can begin our independent audit as soon as possible.

We appreciate the opportunity to comment on the draft audit findings. If you have any questions concerning this letter, please have a member of your staff contact Judy Maret at 317 232-4308 or Angela Jackson at 317 232-4944.

Sincerely,

Kathleen D. Gifford

Kathleen Gifford, Assistant Secretary
Office of Medicaid Policy & Planning

KG/jm