

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PARTNERSHIP REVIEW OF MEDICAID
CLAIMS BY AMBULANCE PROVIDERS
FOR TRANSPORTATION SERVICES
DURING AN INPATIENT STAY**

**ILLINOIS DEPARTMENT OF
PUBLIC AID
SPRINGFIELD, ILLINOIS**



JANET REHNQUIST
Inspector General

APRIL 2003
A-05-02-00074

Notices

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

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





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

REGION V
OFFICE OF
INSPECTOR GENERAL

April 18, 2003

Report Number: A-05-02-00074

Mr. Barry Maram, Director
Illinois Department of Public Aid
201 South Grand Avenue East
Springfield, Illinois 62763

Dear Mr. Maram:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Audit Services' (OAS) final report entitled, "Partnership Review of Medicaid Claims by Ambulance Providers for Transportation Services During an Inpatient Stay." A copy of this report will be forwarded to the HHS action official noted below for review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official. We request that you respond to the HHS 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.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, OIG OAS reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

To facilitate identification, please refer to report number A-05-02-00074 in all correspondence relating to this report.

Sincerely,

Paul Swanson
Regional Inspector General
for Audit Services

Wyona Johnson
Acting Inspector General
Illinois Department of
Public Aid

Enclosures -- as stated

Page 2 – Mr. Barry Maram

Direct Reply to HHS Action Official:

Cheryl Harris, Associate Regional Administrator
Centers for Medicare & Medicaid Services – Division of Medicaid, Region V
233 North Michigan Avenue
Chicago, Illinois 60601

EXECUTIVE SUMMARY

OBJECTIVE

The objective of this partnership review was to determine the allowability of Medicaid claims submitted by ambulance providers for emergency and non-emergency transportation services provided to recipients during an inpatient hospital stay.

FINDINGS

Using a computerized detection routine developed by the Illinois Department of Public Aid's (IDPA) Office of Inspector General, the partnership identified thirteen ambulance providers who submitted claims for transportation services when the recipient was hospitalized. According to Chapter T-204 of IDPA's *Handbook for Providers of Transportation Services*, payment will not be made for a hospitalized patient transported to a second hospital for outpatient services not available at the hospital of origin. Because hospitals typically bill after coinciding transportation bills are submitted, prepayment edits by IDPA would not detect transportation services provided to recipients during an inpatient stay. These 13 ambulance providers were paid \$178,294 for unallowable transportation services provided during the period April 1, 1999 to March 31, 2002.

RECOMMENDATIONS

The partnership recommends that the IDPA:

- provide additional guidance and clarification to transportation providers concerning services given to recipients when they are hospital inpatients;
- perform the computerized detection routine periodically to identify transportation providers billing for services provided to recipients during an inpatient stay.
- take the necessary steps to recover the unallowable payments, which may be as large as \$178,294 (Federal share - \$89,147).

In their written response to our draft report, IDPA officials agreed with the findings and recommendations presented in the report. The full text of IDPA's comments is included in Appendix B of this report.

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INTRODUCTION

BACKGROUND

Under its Partnership Plan, the Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Audit Services (OAS), entered into this joint project with the Illinois Department of Public Aid's (IDPA) Office of Inspector General. (See Appendix A for a description of the offices participating in the joint project.) The IDPA administers the Illinois Medicaid Program and submits quarterly claims to the Centers for Medicare and Medicaid Services (CMS), previously referred to as the Health Care Financing Administration.

Under the Illinois Medicaid Program, covered services include transportation to secure medical services. Chapter T-200 of the *Handbook for Transportation Services* contains the policy and procedures for emergency and non-emergency transportation services to be used by transportation providers.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of this audit was to determine the allowability of Medicaid claims, submitted by ambulance providers, for emergency and non-emergency transportation services provided to recipients during an inpatient hospital stay.

Scope

The audit was made in accordance with generally accepted government auditing standards. The transportation routine identified claims by ambulance providers for transportation of Medicaid recipients during an inpatient hospital stay. For claims paid during the period April 1, 1999 through March 31, 2002, the routine identified 25 ambulance providers that were paid a total of \$183,179 for transportation services during an inpatient stay. The review was limited to the 13 providers that were paid more than \$1,000 during the 3-year period. These 13 providers encompass \$178,294 or 97.3 per cent of the \$183,179.

The internal control review was limited to obtaining an understanding of IDPA's payment policy and procedures for transportation services. The fieldwork was performed at IDPA's OIG administrative office in Springfield, Illinois, during the period June to November 2002.

Methodology

To accomplish this project's audit objectives, the partnership:

- obtained an understanding of IDPA's policies and procedures for transportation services;

- developed a detection routine to identify transportation claims for services provided to Medicaid recipients during an inpatient hospital stay; and
- performed an analysis and tests on the results of the computer program to ensure its accuracy.

The transportation routine was designed by IDPA OIG to identify transportation claims for services provided to Medicaid recipients during an inpatient hospital stay. HHS OIG selected several providers to validate the accuracy of the transportation routine. For each of the claims selected, HHS OIG contacted the hospitals to verify that the recipient was a patient at the hospital when the transportation service was provided. In addition, HHS OIG interviewed hospital staff to confirm that payments for transportation services were not made by the hospitals to the transportation providers.

FINDINGS AND RECOMMENDATIONS

Our review of the transportation routine disclosed that 13 ambulance providers submitted claims for transportation services when the recipient was hospitalized. According to Chapter T-204 of IDPA's *Handbook for Providers of Transportation Services*, payment will not be made for a hospitalized patient transported to a second hospital for outpatient services not available at the hospital of origin. One provider claimed to be unaware, until recently, that transportation services for a hospital inpatient were unallowable under Illinois' Medicaid program. Because hospitals typically bill after coinciding transportation bills are submitted, prepayment edits by IDPA would not detect transportation services provided to recipients during an inpatient stay. During the period April 1, 1999 to March 31, 2002, the 13 ambulance providers were paid \$178,294 (Federal share - \$89,147) for unallowable transportation services.

IDPA TRANSPORTATION POLICY

The IDPA *Handbook for Providers of Transportation Services* contains information and guidance for transportation providers who provide services to Medicaid recipients. Contained in the Handbook are both policy and procedures for emergency and non-emergency transportation services. Chapter T-204 of the Handbook prohibits payment by IDPA for transportation services provided for a hospital inpatient who is transported to a second hospital for outpatient services not available at the hospital of origin.

TRANSPORTATION CLAIMS FOR HOSPITALIZED PATIENTS

The review concluded that the transportation services were provided when the recipients were patients in the hospitals. For claims selected in the probe, HHS OIG contacted the hospitals identified on the claim as the place of origin. Hospital staff confirmed that the recipients were patients on the dates in question. The majority of the claims were to transport the patients to another facility for magnetic resonance imaging (MRI) testing. These patients were transported back to the hospital on the same day.

Since the payment to the hospital encompasses all medical services needed by the patient for a particular admitting diagnosis and subsequent treatment, any transportation services provided to the patient during the inpatient stay would be the responsibility of the hospital. However, the transportation providers submitted billings to IDPA rather than the hospital. We found no evidence of payments being made by the hospitals to the ambulance providers for the same transportation services.

ADDITIONAL GUIDANCE AND MONITORING NEEDED

The routine identified claims totaling \$86,407 (47 per cent of \$183,179) from one transportation provider. When HHS OIG contacted the provider, HHS OIG was told that they were not aware, until recently, that transportation services for a hospital inpatient were unallowable under the Illinois Medicaid program. In addition, because hospitals typically bill after coinciding transportation bills are submitted, prepayment edits by IDPA would not detect transportation services provided to recipients during an inpatient stay. The computerized detection routine used in this partnership review could be periodically performed to identify transportation providers billing for services for hospital inpatients.

UNALLOWABLE TRANSPORTATION CLAIMS

Transportation services normally provided by the ambulance providers to transport hospitalized patients would not be eligible for reimbursement under the Medicaid program. Based on the results of the transportation routine performed by IDPA OIG, 13 ambulance providers submitted claims totaling \$178,294 to transport hospitalized patients to other facilities. Since the recipient was hospitalized, the partnership believes that the transportation services are the responsibility of the hospital and would be unallowable under the Medicaid program.

RECOMMENDATIONS

We recommend that the IDPA:

- provide additional guidance and clarification to transportation providers concerning services given to recipients when they are hospital inpatients;
- perform the computerized detection routine periodically to identify transportation providers billing for services provided to recipients during an inpatient stay.
- take the necessary steps to recover the unallowable payments, which may be as large as \$178,294 (Federal share - \$89,147).

AUDITEE RESPONSE

In a letter dated April 4, 2003, IDPA concurred with the findings and recommendations presented in the report. The IDPA agreed to provide further guidance and clarification to transportation providers, to periodically perform the detection routine and to take steps to recover

the unallowable payments made to date. An inconsistency resulting from a typographical error was brought to our attention and was corrected.

OAS COMMENTS

We agree that the steps taken by IDPA should address the issues presented in the report.

APPENDICES

PARTNERSHIP PLAN

In order to provide broader audit coverage of State Medicaid programs in Region V states, the U.S. Department of Health and Human Services, Office of Inspector General, proposed to jointly review Medicaid payments with the Illinois Department of Public Aid, Office of Inspector General and Division of Medical Programs. As our model, we referred to previously successful approaches presented in the existing publication, *Partnerships Work and Deliver Results, A Summary of Federal/State Joint Audit Initiatives*. That document suggests that State and Federal oversight groups working together are the most effective and efficient use of scarce Federal and State resources. In implementing the partnership approach, the following offices with their compatible missions participated in this joint project.

HHS, OIG OAS: The mission of the HHS OIG is to improve programs and operations of HHS and to protect against fraud, waste, and abuse. By conducting independent and objective audits, evaluations, and investigations, the HHS OIG provides timely, useful, and reliable information and advice to HHS officials, the Administration, the Congress, and the public.

The OAS, one component of the HHS OIG, provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs, in general, and of its grantees and contractors, in regard to carrying out their respective responsibilities. These audits are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency in HHS programs.

IDPA OIG: The IDPA OIG employs 280 staff to fulfill the Illinois General Assembly's mandate to prevent, detect, and eliminate fraud, waste, abuse, mismanagement and misconduct in programs administered by the Department of Public Aid. The IDPA OIG has a multi-disciplinary staff of professionals who initiate enforcement actions and develop prevention strategies to safeguard the Illinois Medical Assistance, Food Stamp, and Temporary Assistance for Needy Families programs.

The IDPA OIG conducts numerous research projects and studies issues affecting the fiscal integrity of the programs it monitors. The IDPA OIG conducted the nation's first statistically valid study of the accuracy of Medicaid payments in Illinois. The project's findings have provided significant guidance to continuing fraud prevention work, and its methodology has served as a blueprint for other states and other payers who are undertaking medical payment accuracy studies. The IDPA OIG has also produced numerous reports on key program integrity issues.

The IDPA OIG Fraud Science Team (FST) also has an active effort to develop innovative fraud and overpayment detection routines of which this project is a component. FST staff developed and implemented the detection routine used in this review. They also contributed to the field validation by providing consultation and assistance to the HHS OIG audit team.

APPENDIX A

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The IDPA OIG also has a Fraud and Abuse Executive who coordinates actions with State and Federal law enforcement agencies. The Fraud and Abuse Executive also leads and coordinates other State-Federal initiatives for the IDPA OIG, including the HHS OIG Partnership Plan.



Rod R. Blagojevich, Governor
Barry S. Maram, Director

Illinois Department of Public Aid

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April 4, 2003

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

Ms. Wyona Johnson
Acting Inspector General
Illinois Department of Public Aid
400-404 North 5th Street
Springfield, Illinois

RE: Common Identification Number A-05-02-00074

Dear Mr. Swanson and Ms. Johnson:

This is in response to your request to provide comments to the draft report entitled "*Illinois Partnership Review of Medicaid Claims by Ambulance Providers for Transportation Services During an Inpatient Stay.*" I agree with your recommendations to provide further guidance and clarification to transportation providers, to periodically perform the detection routine and to take steps to recover the unallowable payments made to date. However, I would like to point out one inconsistency.

The last sentence of the *Methodology* section appears to be inconsistent with the last sentence of the TRANSPORTATION CLAIMS FOR HOSPITALIZED PATIENTS section. Perhaps it is just a typographical error caused by the omission of the word "not." I suggest that you revise the last sentence of the Methodology section to read, "In addition, HHS OIG interviewed hospital staff to confirm that payments for transportation services were not made by the hospitals to the transportation providers."

Page 2 – Mr. Swanson and Ms. Johnson

Thank you for the opportunity to comment. If you have any questions, please contact Kelly Carter, Bureau Chief of Contract Management at 217-524-7478. Please forward this office a copy of the final report.

Sincerely,

A handwritten signature in cursive script that reads "Barry S. Maram". The signature is fluid and extends to the right.

Barry S. Maram
Director

ACKNOWLEDGMENTS

This report was prepared under the direction of Paul Swanson (RIGA). Other principal Office of Audit Services staff who contributed include:

Ross Anderson, *Audit Manager*

Victor Schmitt, *Senior Auditor*

Thomas Tucker, *Auditor*

Leslie Foster, *Auditor*