

## Report in Brief

Date: December 2018

Report No. A-02-16-01021

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

Previous OIG reviews and investigations have identified Medicare ambulance services as highly vulnerable to waste, fraud, and abuse. Further, a 2013 OIG report indicated that the number of Medicare fee-for-service beneficiaries who received ambulance transports increased by 34 percent from 2002 to 2011, while the total number of Medicare fee-for-service beneficiaries increased by just 7 percent during the same period, and the number of ambulance suppliers increased by 26 percent. For calendar year (CY) 2016, Medicare paid ambulance suppliers approximately \$1.8 billion for nonemergency ambulance transport services.

Medicare paid Midwood Ambulance & Oxygen Service, Inc. (Midwood), \$23.5 million for 114,138 claims with payments of \$100 or more for nonemergency ambulance transport services provided during CYs 2014 and 2015.

Our objective was to determine whether Midwood complied with Medicare requirements for billing nonemergency ambulance transport services.

### How OIG Did This Review

We reviewed a random sample of 100 of Midwood's nonemergency ambulance transport claims. We evaluated the claims for compliance with selected billing requirements and subjected them to medical review.

## Midwood Ambulance & Oxygen Service, Inc., Billed for Nonemergency Ambulance Transport Services That Did Not Comply With Medicare Requirements

### What OIG Found

Midwood did not comply with Medicare requirements for billing nonemergency ambulance transport services for 89 of the 100 claims we reviewed. Specifically, Midwood incorrectly billed Medicare for beneficiaries whose conditions did not meet medical necessity requirements and billed for services that did not meet documentation requirements. These errors occurred because Midwood did not have adequate controls to prevent the incorrect billing of nonemergency ambulance transport claims.

On the basis of our sample results, we estimated that Midwood received overpayments of at least \$19.2 million for the audit period. This amount includes claims with payment dates outside of the Medicare 4-year claim-reopening period.

### What OIG Recommends and Midwood Comments

We made a series of detailed recommendations to Midwood in our report. Among them, we recommend that Midwood (1) refund to the Medicare program the portion of the estimated \$19.2 million overpayment for claims incorrectly billed that are within the Medicare reopening period; (2) for the remaining portion of the estimated \$19.2 million in overpayments for claims that are outside of the Medicare reopening period, exercise reasonable diligence to identify and return additional overpayments; (3) identify and return any additional similar improper payments made after our audit period; and (4) strengthen its procedures for billing nonemergency ambulance transport services.

Midwood disagreed with our first two recommendations, did not indicate concurrence or nonconcurrence with our third recommendation, and partially agreed with our fourth recommendation. Midwood stated that it could not agree with our findings without performing a detailed review of our determinations. Further, Midwood stated that it did not agree with our use of statistical sampling. Midwood also stated that the length of the Medicare reopening period cited in our recommendations was unclear. After reviewing Midwood's comments, we maintain that our recommendations are valid. Our findings were based on determinations made by a qualified independent medical review contractor. Also, Federal courts have consistently upheld statistical sampling and extrapolation as a valid means to determine overpayment amounts in Medicare and Medicaid.