Why OIG Did This Review
The Medicaid program pays for nonemergency medical transportation (NEMT) services that a State determines to be necessary for beneficiaries to obtain care. Prior OIG audit reports have consistently identified NEMT services as vulnerable to fraud, waste, and abuse.

Our objective was to determine whether Michigan's NEMT brokerage program claimed Medicaid reimbursement for NEMT services provided by its contracted provider, LogistiCare, in accordance with Federal and State requirements.

How OIG Did This Review
We reviewed Michigan's oversight of its NEMT brokerage program, including its monitoring of LogistiCare's compliance with Federal and State requirements for verifying that (1) beneficiaries received a Medicaid-eligible service performed on the NEMT date of service, (2) transportation provider qualifications met State regulations, (3) vehicles complied with State regulations, (4) there was adequate documentation supporting all provisions of the NEMT program, and (5) NEMT transportation providers retained all appropriate records. We reviewed 200 randomly sampled claims from LogistiCare's 682,819 transports between October 2012 and September 2014 for which LogistiCare was paid $24.9 million.

Michigan Did Not Always Comply With Federal and State Requirements for Claims Submitted for the Nonemergency Medical Transportation Brokerage Program

What OIG Found
Of the 200 claims in our sample, 105 did not comply with Federal and State requirements. Specifically, Michigan's oversight and monitoring of LogistiCare did not ensure that NEMT services were adequately documented; driver qualifications were met; vehicle inspection, safety, and insurance requirements were met; and NEMT records were maintained.

On the basis of our sample results, we estimated that at least 243,508 Medicaid claims, totaling $4.5 million (Federal share), did not comply with Federal and State regulations. Because the items we reviewed related to LogistiCare's assurances on the safety of the vehicles used to transport Medicaid patients and the qualifications of the individuals who drove those vehicles, LogistiCare's failure to provide full supporting documentation for those items posed a potential risk to the health and safety of the Medicaid beneficiaries who used the services of Michigan's Medicaid transportation brokerage program.

What OIG Recommends and Michigan Comments
We recommend that Michigan refund $4.5 million to the Federal Government, improve its oversight and monitoring of its NEMT brokerage program by requiring LogistiCare to strengthen its procedures, and controls over its process for reporting expenditures claimed for NEMT services. Also, Michigan should ensure that the State agency's contract with the transportation broker contains provisions that provide a means for the State agency to recoup, through future capitation rates, funds from the transportation broker when contract provisions and State requirements are not met.

In written comments on our draft report, Michigan acknowledged that additional improvements are necessary in regards to its oversight and monitoring of its NEMT broker and that it is in the process of working with the NEMT broker to implement corrective actions. Regarding our recommendation to refund $4.5 million, Michigan said that a lack of some supporting documentation does not mean that the services provided were not appropriate and, therefore, does not agree that the entire amount should be refunded.

We maintain that our findings are valid. The contract specifies that both the services and the quality and safety of the services must have supporting documentation. Therefore, the lack of supporting documentation we found in our review were violations of the terms of the contract and render all the undocumented services unacceptable for payment.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51600021.asp.