



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, TX 75242

June 15, 2010

Report Number: A-06-08-00096

Mr. Thomas M. Suehs
Executive Commissioner
Texas Health and Human Services Commission
P.O. Box 13247
Austin, TX 78711

Dear Mr. Suehs:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Nonemergency Medical Transportation Costs in the State of Texas (Transportation Provided by Capital Area Rural Transit System)*. 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (214) 767-8414 or contact Sylvie Witten, Audit Manager, at (512) 339-3071 or through email at Sylvie.Witten@oig.hhs.gov. Please refer to report number A-06-08-00096 in all correspondence.

Sincerely,

/Patricia Wheeler/
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
233 North Michigan Avenue, Suite 600
Chicago, IL 60601

cc:

Mr. Billy R. Millwee
Associate Commissioner for Medicaid and CHIP
Texas Health and Human Services Commission
P.O. Box 85200
Austin, TX 78708-5200

Mr. David M. Griffith
Internal Audit Director
Texas Health and Human Services Commission
P.O. Box 13247
Austin, TX 78711

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF NONEMERGENCY MEDICAL
TRANSPORTATION COSTS IN THE STATE
OF TEXAS
(TRANSPORTATION PROVIDED BY
CAPITAL AREA RURAL TRANSIT SYSTEM)**



Daniel R. Levinson
Inspector General

June 2010
A-06-08-00096

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health & Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

Office of Audit Services

The Office of Audit Services (OAS) 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 and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

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 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 transportation to and from medical providers and to describe in its State plan the methods that the State will use to meet this requirement. Federal regulations (42 CFR § 440.170) define transportation expenses as costs for transportation that the State deems necessary to secure medical examinations and treatment for Medicaid beneficiaries.

During our audit period, the Texas Health and Human Services Commission (the State agency) contracted with the Texas Department of Transportation (TxDOT) to administer the nonemergency medical transportation (transportation) program. This program provides transportation to and from covered health care service providers for Medicaid beneficiaries and other eligible recipients. TxDOT subcontracts with transportation providers.

One transportation provider, Capital Area Rural Transportation System (CARTS), provides these transportation services to 10 Texas counties. During calendar year (CY) 2007, the State agency claimed \$2,686,558 (\$1,343,279 Federal share) for medical transportation services provided by CARTS.

OBJECTIVE

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

SUMMARY OF FINDINGS

The State agency did not always claim Medicaid reimbursement for transportation services provided by CARTS in accordance with Federal and State requirements. Of 100 sampled transportation claim payments to CARTS for CY 2007, 38 were allowable. However, 35 claims were unallowable or partially unallowable for the following reasons:

- Transportation was provided by drivers who did not have a criminal background check or who had a prohibited criminal history on file with CARTS (17 claims).
- The beneficiary cancelled the transportation request in advance of the trip or was a “no-show” at the origination address (11 claims).

- The beneficiary did not receive a Medicaid-covered health care service on the transportation date (five claims).
- The claims were paid at a premium rate applicable for transportation between two counties when the transportation was actually provided within the same county (two claims).

As a result, CARTS received \$3,158 in overpayments. Based on our sample results, we estimated that CARTS received overpayments of at least \$583,244 (\$291,622 Federal share) for CY 2007.

In addition, the available documentation was insufficient to determine whether all or part of 27 claims met Federal and State requirements. In some cases, the State agency was unable to support that the service provided was covered by Medicaid, or we were unable to locate a medical provider to determine whether a beneficiary received a Medicaid-covered health care service on the date of transportation. In other cases, CARTS did not maintain adequate documentation to support the transportation service claimed. As a result, we are setting aside estimated costs of \$337,378 (\$168,689 Federal share) for further review by CMS.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$291,622 (Federal share) for claims that did not comply with Federal and State requirements;
- ensure that controls are in place to prevent payment for transportation services on dates when beneficiaries do not receive a Medicaid-covered health care service;
- work with CARTS to implement controls to ensure that cancelled and “no-show” trips are not claimed, that drivers receive criminal background checks in a timely manner, and that the correct rate is paid for transportation; and
- work with CMS to resolve the \$168,689 (Federal share) paid for transportation services that were provided but may not otherwise have complied with Federal and State agency requirements.

STATE AGENCY COMMENTS

The State agency said that it will work with CARTS to determine whether the unallowable services identified in our report complied with Federal and State requirements and that it will refund the Federal share for those services. The State agency also said that it will assess the feasibility of incorporating Medicaid provider enrollment information in the new Medical Transportation Program trip scheduling system to detect and prevent payments for transportation services on dates when the beneficiaries do not receive a Medicaid-covered health care service.

The State agency added that it will require CARTS to submit documentation to ensure that cancelled and “no-show” trips are not claimed, drivers receive criminal background checks in a timely manner, and the correct rate is paid for transportation. In addition, the State agency said that it will conduct enhanced monitoring of transportation services provided by CARTS. Lastly, the State agency said that it will work with CMS to review the transportation services identified in our report that may not comply with Federal and State requirements and that it will refund the Federal share of any payments that did not meet applicable requirements. The State agency’s comments are included in their entirety as Appendix C.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Nonemergency Medical Transportation Program in Texas	1
Capital Area Rural Transportation System.	1
State Requirements	1
OBJECTIVE, SCOPE, AND METHODOLOGY	2
Objective	2
Scope.....	2
Methodology.....	3
FINDINGS AND RECOMMENDATIONS	4
CRIMINAL BACKGROUND CHECK NOT PERFORMED OR DRIVER HAD A PROHIBITED CRIMINAL HISTORY	5
TRANSPORTATION WAS NOT PROVIDED	5
MEDICAID-COVERED SERVICE NOT PROVIDED ON DATE OF TRANSPORTATION	6
TRANSPORTATION CLAIMED AT THE INCORRECT RATE	6
INSUFFICIENT DOCUMENTATION	6
RECOMMENDATIONS	7
STATE AGENCY COMMENTS	7
APPENDIXES	
A: SAMPLE DESIGN AND METHODOLOGY	
B: SAMPLE RESULTS AND ESTIMATES	
C: STATE AGENCY COMMENTS	

INTRODUCTION

BACKGROUND

Pursuant to Title XIX of the Social Security 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 transportation to and from medical providers and to describe in its State plan the methods that the State will use to meet this requirement. Pursuant to 42 CFR § 440.170, transportation expenses include transportation costs and related travel expenses deemed necessary by the State agency to secure medical examinations and treatment for a beneficiary.

Nonemergency Medical Transportation Program in Texas

During our audit period, the Texas Health and Human Services Commission (the State agency) contracted with the Texas Department of Transportation (TxDOT) to administer the nonemergency medical transportation (transportation) program. This program provides transportation to and from covered health care services for Medicaid beneficiaries and other eligible recipients. TxDOT subcontracts with transportation providers.

Capital Area Rural Transportation System

Capital Area Rural Transportation System (CARTS) is 1 of 15 transportation providers that contracts with TxDOT to provide transportation services to a designated service area. The State agency designates one or more groups of counties as a transportation service area. There are a total of 24 service areas statewide. CARTS provides transportation to one service area that includes 10 counties in Central Texas.

The State agency claimed nonemergency transportation payments to CARTS as administrative services on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64). In calendar year (CY) 2007, the State agency paid CARTS \$2,686,558 for 26,798 claims.

State Requirements

The Texas Administrative Code (§ 380.203) states that the transportation program includes “reasonable transportation of a prior authorized [Medical Transportation Program] recipient to and/or from a prior authorized health care facility where health care needs will be met.” In addition, § 380.209 states that the transportation program does not cover “transportation of

individuals to services which are not covered by the applicable state or federal medical assistance program under which the recipient qualifies.”

The Texas Medicaid State plan, Attachment 3.1-D, states that transportation providers that provide medical transportation services as administrative services, which includes CARTS, must comply with applicable Federal and State rules and regulations and fulfill all the terms of the transportation contract.

The transportation contract between TxDOT and CARTS requires annual criminal background checks on drivers before they begin providing transportation services. The contract requires that the background check cover a minimum of 7 years and states that individuals with any criminal history should not be allowed to participate in providing transportation services. It also gives CARTS the discretion to use drivers with a criminal history prior to the 7-year period. The background check should include, but not be limited to, felony or misdemeanor convictions of any violent crimes, abusive behavior, sex offenses, or fraud in any jurisdiction. In addition, drivers with any finding by law enforcement of driving while intoxicated or driving under the influence of any substance that may impair a driver’s ability to safely operate a motor vehicle should not provide transportation services.

The contract also states that subcontractors must meet the same requirements as CARTS. Under the terms of the contract, CARTS assumes responsibility for the performance of all subcontractors and is held solely responsible and accountable for the completion of all subcontracted work.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

Our review covered transportation service payments totaling \$2,686,558 (\$1,343,279 Federal share) that the State agency paid to CARTS in CY 2007.

We limited our review of internal controls to understanding the preauthorization and scheduling of transportation services, driver procedures and documentation, and the billing, claiming, and reimbursement procedures for CARTS and the State agency.

We conducted fieldwork at the State agency and CARTS’s office in Austin, Texas.

Methodology

To accomplish our objective, we:

- reviewed Federal and State laws and regulations related to Medicaid transportation services;
- reviewed CARTS's contract with TxDOT;
- interviewed State agency officials regarding beneficiaries' eligibility for transportation services, prior authorization and scheduling of services, and the claims verification and monitoring process;
- reconciled the State agency's claim for transportation services for the quarter ending December 31, 2007, on the Form CMS-64 to supporting documentation;
- interviewed CARTS officials regarding policies and procedures used to record, modify, cancel, audit, and claim transportation services; and
- selected a random sample of 100 claims for transportation services submitted by CARTS for CY 2007.

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

- reviewed CARTS's documentation regarding the beneficiary, origination and destination addresses, prior authorizations, and the driver and vehicle utilized;
- reviewed the payments made to CARTS to determine whether the rates paid were in accordance with the contract for the type of service, the number of passengers, and the number of one-way trips provided;
- reviewed CARTS's documentation of the drivers' criminal background checks to determine whether each driver was free of a criminal history, as defined under the contract between TxDOT and CARTS, within 7 years of the dates of hire;
- reviewed CARTS's documentation of the drivers' moving violation records to determine whether each driver was free of any finding of driving while intoxicated or driving under the influence of any substance;
- reviewed CARTS's documentation of State vehicle registrations and annual State inspections to determine whether each vehicle had a current registration and inspection at the time of the transportation service;

- analyzed claims data from the State Medicaid Management Information System (MMIS) to determine whether each beneficiary obtained a Medicaid-covered health care service on the date of the transportation service;
- requested a confirmation from Medicaid providers that they provided a Medicaid-covered service to those beneficiaries that did not have a Medicaid claim documented in the MMIS on the date of the transportation service; and
- quantified the number of claims paid and estimated the total dollar amount that the State agency claimed for reimbursement for transportation services on dates when (1) beneficiaries did not receive Medicaid-covered services, (2) transportation was not provided, (3) transportation was provided by drivers with no criminal background check or a prohibited criminal history, or (4) services were claimed at the incorrect rate. (See Appendixes A and B.)

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.

FINDINGS AND RECOMMENDATIONS

The State agency did not always claim Medicaid reimbursement for transportation services provided by CARTS in accordance with Federal and State requirements. Of 100 sampled transportation claim payments to CARTS for CY 2007, 38 were allowable. However, 35 claims were unallowable or partially unallowable for the following reasons:

- Transportation was provided by drivers who did not have a criminal background check or who had a prohibited criminal history on file with CARTS (17 claims).
- The beneficiary cancelled the transportation in advance of the trip or was a “no-show” at the origination address (11 claims).
- The beneficiary did not receive a Medicaid-covered health care service on the transportation date (five claims).
- Services were paid at a premium rate applicable for transportation between two counties when the transportation was actually provided within the same county (two claims).

As a result, CARTS received \$3,158 in overpayments. Based on our sample results, we estimated that CARTS received overpayments of at least \$583,244 (\$291,622 Federal share).

In addition, the available documentation was insufficient to determine whether all or part of 27 claims met Federal and State requirements. In some cases, the State agency was unable to support that the service provided was covered by Medicaid, or we were unable to locate a

medical provider to determine whether a beneficiary received a Medicaid-covered health care service on the date of transportation. In other cases, CARTS did not maintain adequate documentation to support the transportation services claimed. As a result, we are setting aside estimated costs of \$337,378 (\$168,689 Federal share) for further review by CMS.

CRIMINAL BACKGROUND CHECK NOT PERFORMED OR DRIVER HAD A PROHIBITED CRIMINAL HISTORY

The State agency claimed reimbursement for 17 claims for transportation provided by CARTS and subcontractor drivers who did not have annual criminal background checks or who had prohibited criminal histories on file with CARTS.

Of the 17 claims, 15 were for transportation provided by 2 CARTS drivers and 5 subcontractor drivers who did not have an annual criminal background check on file with CARTS. The CARTS drivers were 5 and 6 months, respectively, overdue for their initial criminal background checks at the time they provided transportation. We requested that CARTS perform a criminal background check for both drivers during our onsite visit and found that neither had a history that would have prohibited them from participating as a CARTS driver. For the five subcontractor drivers, three did not have a criminal background check on file with CARTS and two were 6 and 8 months, respectively, overdue for a renewal criminal background check at the time they provided transportation.

Two of the seventeen claims were for transportation provided by two CARTS drivers who had on file with CARTS criminal histories that should have prohibited them from participating as CARTS drivers for the transportation program. One driver's criminal history included two counts of DWI and one count of intoxicated assault with a vehicle. The other driver had one count of a misdemeanor assault with bodily injury within 7 years of his date of employment with CARTS. The contract between TxDOT and CARTS prohibited CARTS from employing a driver with any history of driving while intoxicated. The contract also prohibits CARTS from employing a driver convicted of any felony or misdemeanor involving a violent crime within 7 years of the date of employment.

These lapses with criminal background checks occurred because CARTS did not have written policies and procedures to ensure that these checks were conducted in a timely manner and in accordance with the terms of the contract between TxDOT and CARTS. The CARTS official responsible for performing the criminal background checks told us that he had many other responsibilities and did not always remember to run the criminal background checks when they were due.

TRANSPORTATION WAS NOT PROVIDED

The State agency claimed reimbursement for 11 claims for transportation that CARTS did not actually provide. Of these 11 claims, CARTS's documentation confirmed that 8 transportation requests were canceled by the beneficiary in advance of the trip, or the beneficiary was a "no-show" at the scheduled origination address. The remaining three claims were paid based on the cost of a round trip even though CARTS's documentation showed that CARTS provided

transportation for only one leg of the trip; the other leg was either cancelled or not scheduled. CARTS officials told us that staff members were instructed to change the billing status of the trip to reflect cancellations and “no-shows” when they had extra time. However, CARTS did not have written procedures in place to ensure that the process was completed.

MEDICAID-COVERED SERVICE NOT PROVIDED ON DATE OF TRANSPORTATION

The State agency claimed reimbursement for five transportation claims with dates of service on which beneficiaries did not receive a Medicaid-covered health care service. The providers located at the destination addresses for all five claims confirmed that the beneficiary was a patient of theirs but that they had not provided a Medicaid-covered medical service to the beneficiary on the date of transportation. State agency officials told us that as of January 2008, the transportation program implemented procedures to match transportation claims to MMIS data to verify that a Medicaid-covered health care service was provided on the date of transportation.

TRANSPORTATION CLAIMED AT THE INCORRECT RATE

The State agency claimed the incorrect rate for two transportation claims submitted by CARTS. The transportation costs for these claims were paid at a premium rate because the scheduled origination and destination addressees provided by the State were incorrectly shown to be in different counties. However, the origination and destination addresses were actually in the same county; thus, the claims should have been paid at the lower regular rate.

State officials told us that prior to January 2009, determining the identification of the county for the origination and destination address was a manual process. Intake staff at the transportation program’s call centers relied on the beneficiary or the transportation provider to identify the correct counties. Alternatively, the intake staff used search engines or relied on their own working knowledge to identify the correct origination and destination counties. The State agency concurred with our assessment that the claims were paid at the incorrect rate and added that effective January 2009, it had implemented a software package that automatically identified the correct county based on the origination and destination addresses.

INSUFFICIENT DOCUMENTATION

There was insufficient documentation available to determine whether all or part of 27 claims met Federal and State requirements. For eight claims, the State agency did not have a corresponding Medicaid-covered health care claim for the beneficiary on the date of transportation. In addition, we were unable to locate a medical provider from the scheduled destination address to determine whether the beneficiary received a Medicaid-covered health care service. For 13 claims, CARTS did not have a beneficiary signature showing that the transportation service had been provided, as required by the contract. For the remaining six claims, CARTS could not identify the vehicle to determine whether it met registration and inspection requirements or identify the driver to determine whether he or she met criminal and driving history requirements.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$291,622 (Federal share) for claims that did not comply with Federal and State requirements;
- ensure that controls are in place to prevent payment for transportation services on dates when beneficiaries did not receive a corresponding Medicaid-covered health care service;
- work with CARTS to implement controls to ensure that cancelled and “no-show” trips are not claimed, that drivers receive criminal background checks in a timely manner, and that the correct rate is paid for transportation; and
- work with CMS to resolve the \$168,689 (Federal share) paid for transportation services that were provided but may not otherwise have complied with Federal and State agency requirements.

STATE AGENCY COMMENTS

The State agency said that it will work with CARTS to determine whether the unallowable services identified in our report complied with Federal and State requirements and that it will refund the Federal share for those services. The State agency also said that it will assess the feasibility of incorporating Medicaid provider enrollment information in the new Medical Transportation Program trip scheduling system to detect and prevent payments for transportation services on dates when the beneficiaries do not receive a Medicaid-covered health care service.

The State agency added that it will require CARTS to submit documentation to ensure that cancelled and “no-show” trips are not claimed, drivers receive criminal background checks in a timely manner, and the correct rate is paid for transportation. In addition, the State agency said that it will conduct enhanced monitoring of transportation service provided by CARTS. Lastly, the State agency said that it will work with CMS to review the transportation services identified in our report that may not comply with Federal and State requirements and that it will refund the Federal share of any payments that did not meet applicable requirements. The State agency’s comments are included in their entirety as Appendix C.

APPENDIXES

APPENDIX A: SAMPLE DESIGN AND METHODOLOGY

POPULATION

The population consisted of all Medicaid claims paid during calendar year (CY) 2007 for nonemergency medical transportation provided by Capital Area Rural Transportation System (CARTS).

SAMPLING FRAME

The State agency provided us with a database of Texas Medicaid payments made during CY 2007 for transportation services. To determine the sampling frame for this sample, we extracted from the database the transportation payments made to CARTS. Of the \$51,009,926 (\$25,504,963 Federal share) in transportation payments made to the transportation providers in the 10 Texas service areas during CY 2007, CARTS received \$2,686,558 (\$1,343,279 Federal share) for 26,798 claims. The sampling frame consisted of these claims.

SAMPLE UNIT

The sample unit was an individual paid Medicaid claim for transportation provided by CARTS.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample size of 100 transportation claims.

SOURCE OF RANDOM NUMBERS

We used the Office of Inspector General, Office of Audit Services, statistical software to generate the random numbers.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the sample units in our sampling frame from 1 to 26,798. After generating 100 random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the Office of Inspector General, Office of Audit Services, statistical software to estimate the total value of overpayments.

APPENDIX B: SAMPLE RESULTS AND ESTIMATES

Sample Results for Improper Transportation Services

Sampling Frame Size	Value of Frame (Federal Share)	Sample Size	Value of Sample (Federal Share)	Number of Improper Payments	Value of Improper Payments (Federal Share)
26,798	\$1,343,279	100	\$5,551	35	\$1,579

Estimated Value of Improper Transportation Services

(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$423,073
Lower limit	\$291,622
Upper limit	\$554,525

Sample Results for Potential Overpayment Amounts Set Aside

Sampling Frame Size	Value of Frame (Federal Share)	Sample Size	Value of Sample (Federal Share)	Number of Potential Improper Payments	Value of Potential Improper Payments (Federal Share)
26,798	\$1,343,279	100	\$5,551	27	\$944

Estimated Value of Potentially Improper Transportation Services

(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$253,040
Lower limit	\$168,689
Upper limit	\$337,391

APPENDIX C: STATE AGENCY COMMENTS



TEXAS HEALTH AND HUMAN SERVICES COMMISSION

THOMAS M. SUEHS
EXECUTIVE COMMISSIONER

May 27, 2010

Ms. Patricia Wheeler
Regional Inspector General for Audit Services
Office of Inspector General, Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

Reference Report Number A-06-08-00096

Dear Ms. Wheeler:

The Texas Health and Human Services Commission (HHSC) received a draft audit report entitled "Review of Nonemergency Medical Transportation Costs in the State of Texas (Transportation Provided by Capital Area Rural Transit System)" from the Department of Health and Human Services Office of Inspector General. The cover letter, dated April 27, 2010, requested that HHSC provide written comments, including the status of actions taken or planned in response to the report recommendations.

The report identified recommendations for HHSC to consider regarding the payment for Medicaid transportation services to the Capital Area Rural Transit System (CARTS) and other transportation services area providers (TSAPs) on behalf of Medicaid beneficiaries. These recommendations address:

- Refunding the federal share for CARTS transportation services that did not comply with federal and state requirements and working with the Centers for Medicare and Medicaid Services (CMS) to resolve amounts paid that may not have complied with applicable requirements.
- Ensuring controls are in place to prevent payment for transportation services on dates when beneficiaries do not receive a Medicaid-covered health care service.
- Ensuring CARTS has controls in place to prevent cancelled and "no-show" trips from being submitted for reimbursement, drivers receive criminal background checks in a timely manner, and the correct rate is paid for transportation services.

P. O. Box 13247 • Austin, Texas 78711 • 4900 North Lamar, Austin, Texas 78751 • 512-424-6500

Ms. Patricia Wheeler
May 27, 2010
Page 2

This management response includes comments related to these recommendations and details related to actions HHSC has completed or planned.

Summary Response

HHSC arranges transportation services after validating the beneficiary's Medicaid eligibility. Once eligibility is confirmed and no other means of transportation is available, transportation services are arranged through a transportation service provider to take the beneficiary to the health care provider of choice to receive services. The beneficiary provides the pick-up and drop-off locations, and other information is communicated by HHSC to the applicable transportation service provider, who arranges transportation for the beneficiary. At the conclusion of the trip, the transportation service provider driver asks the beneficiary to sign a drivers log to confirm that the transportation was provided.

HHSC Medical Transportation Program (MTP) staff performs desk reviews and on-site monitoring on a regular basis to determine whether transportation service providers are maintaining sufficient documentation to support the services provided. Payments for transportation claims that are found to lack appropriate supporting documentation are recouped, and the federal share is returned to CMS.

Detailed responses to the OIG recommendations follow.

DHHS/OIG Recommendation: *We recommend that the State agency refund \$291,622 (Federal share) for claims that did not comply with Federal and State requirements.*

HHSC Management Response

Actions Planned:

HHSC will work with CARTS to review the transportation services identified in the audit that reportedly did not comply with federal and state requirements and refund the federal share of any amounts paid for services that did not meet applicable requirements.

Estimated Completion Date: No later than 60 days after agreement is reached with CMS regarding any unallowable services.

Title of Responsible Person: Director, Medical Transportation Program

DHHS/OIG Recommendation: *We recommend that the State agency ensure that controls are in place to prevent payment for transportation services on dates when beneficiaries do not receive a Medicaid-covered health care service.*

Ms. Patricia Wheeler
May 27, 2010
Page 3

HHSC Management Response

Actions Planned:

To address the concern of transportation services being provided on dates when beneficiaries do not receive a Medicaid-covered health care service, HHSC will assess the feasibility of incorporating Medicaid provider enrollment information in the new MTP trip scheduling system in order to associate each transportation service to a particular enrolled Medicaid provider.

In addition, HHSC will consider what other practical approaches for preventing and detecting payment for transportation services on dates when beneficiaries do not receive a Medicaid-covered health care service that could be effectively implemented.

Estimated Completion Date: August 2011

Title of Responsible Person: Director, Medical Transportation Program
Director, Commission Information Technology

DHHS/OIG Recommendation: *We recommend that the State agency work with CARTS to implement controls to ensure that cancelled and "no-show" trips are not claimed, that drivers receive criminal background checks in a timely manner, and that the correct rate is paid for transportation.*

Management Response

Actions Planned:

HHSC will require CARTS to submit documentation outlining the processes and controls for ensuring: (1) cancelled and "no-show" trips are not claimed; (2) drivers receive criminal background checks in a timely manner; and (3) the correct rate is paid for transportation. HHSC will review CARTS processes and controls during on-site monitoring visits.

HHSC will conduct enhanced monitoring of transportation services provided by CARTS. These enhanced efforts will address a review of processes to ensure: (1) cancelled trips are not submitted for payment; (2) driver criminal background checks occur in a timely manner; and (3) the correct rate is paid for transportation services. Transportation claims that are found to lack appropriate supporting documentation will be recouped and the federal share returned.

Estimated Completion Date:

- July 2010 – Submission of CARTS documentation
- Ongoing – Enhanced monitoring will continue until improvement is consistently demonstrated

Title of Responsible Person: Director, Medical Transportation Program

Ms. Patricia Wheeler
May 27, 2010
Page 4

DHHS/OIG Recommendation: *We recommend that the State agency work with CMS to resolve the \$168,689 (Federal share) paid for transportation services that were provided but may not otherwise have complied with Federal and State agency requirements.*

HHSC Management Response

Actions Planned:

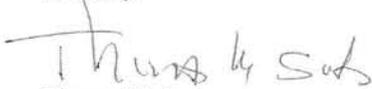
HHSC will work with CMS to review the transportation services identified in the audit that may not comply with federal and state requirements. Once completed, HHSC will refund the federal share of any amounts paid for services that did not meet applicable requirements.

Estimated Completion Date: No later than 60 days after agreement is reached with CMS regarding any unallowable services.

Title of Responsible Person: Director, Medical Transportation Program

If you have any questions or require additional information, please contact David M. Griffith, HHSC Internal Audit Director. Mr. Griffith may be reached by telephone at (512) 424-6998 or by e-mail at David.Griffith@hhsc.state.tx.us.

Sincerely,


Thomas M. Suehs