



July 22, 2011

Report Number: A-07-10-04172

Ms. Vivianne M. Chaumont
Director
Division of Medicaid & Long-Term Care
Department of Health & Human Services
301 Centennial Mall South, 3rd Floor
Lincoln, NE 68509-5026

Dear Ms. Chaumont:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Costs Claimed by the State of Nebraska for Non-Emergency Medical Transportation Services Provided by Shared Mobility Coach*. 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, or contact Chris Bresette, Audit Manager, at (816) 426-3591 or through email at Chris.Bresette@oig.hhs.gov. Please refer to report number A-07-10-04172 in all correspondence.

Sincerely,

/Patrick J. Cogley/
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
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, IL 60601

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF COSTS CLAIMED
BY THE STATE OF NEBRASKA
FOR NON-EMERGENCY MEDICAL
TRANSPORTATION SERVICES PROVIDED
BY SHARED MOBILITY COACH**



Daniel R. Levinson
Inspector General

July 2011
A-07-10-04172

Office of Inspector General

<http://oig.hhs.gov>

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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. In Nebraska, the Department of Health & Human Services (the State agency) administers the State Medicaid program.

Federal regulations at 42 CFR § 431.53 require each State to ensure that Medicaid recipients 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. These services, commonly known as non-emergency medical transportation (NEMT) services, include costs for transportation that the State deems necessary to secure medical examinations and treatment for Medicaid recipients. In Nebraska, NEMT services also include transportation associated with a non-medical service.

Transportation providers submit claims to the State agency in order to receive compensation for NEMT services they provide to Medicaid recipients. Each claim may include multiple NEMT services. State regulations at 473 Nebraska Administrative Code 3-002.02 require transportation providers to retain financial and statistical records related to these services. The State agency then submits to CMS its Medicaid expenditures for the Federal share of its claimed costs.

Shared Mobility Coach (SMC) is a transportation provider in Omaha, Nebraska. For the period July 1, 2007, through June 30, 2009, the State agency claimed \$1,269,990 (\$776,680 Federal share) for NEMT services provided by SMC.

OBJECTIVE

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

SUMMARY OF FINDINGS

The State agency did not always claim Medicaid reimbursement for NEMT services provided by SMC in accordance with Federal and State requirements. Our review of 100 sampled claims showed that 33 claims had 70 errors totaling \$1,091 (\$674 Federal share) of improper Medicaid reimbursement (some claims had more than one type of error). The errors included claims with 59 NEMT services that were not rendered, including instances for recipients who had either canceled the requested service or were “no-shows” at the scheduled origination address, and claims with 11 unsupported services.

Based on the results of our sample, we estimated that the State agency claimed \$89,589 (\$54,766 Federal share) for NEMT services that were not allowable pursuant to Federal and State requirements. Although the State agency had controls in place to monitor payments for NEMT services, these controls did not always prevent unallowable services.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$54,766 to the Federal Government for unallowable NEMT services that did not comply with Federal and State requirements,
- instruct transportation providers not to submit claims for “no-shows” or cancellations, and
- strengthen internal controls to prevent and detect improper payments for NEMT services.

SHARED MOBILITY COACH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

Shared Mobility Coach Comments

In written comments on our draft report, SMC disagreed with some of our findings. Specifically, SMC stated that we should not classify the 59 NEMT services (that were not rendered) as errors because there was no clear definition of billing for cancellations and “no-shows.” SMC stated that it has implemented corrective action to prevent future claims for “no-shows” or cancellations. For our finding related to the 11 unsupported services, SMC attributed the errors to “... poor communication or documentation between drivers and dispatchers.” SMC’s comments appear in their entirety as Appendix C.

Office of Inspector General Response

Nothing in SMC’s written comments caused us to change our findings or recommendations regarding improper claims for cancellations or “no-shows.” Although SMC stated that there was no clear definition of billing for these instances, State requirements mandate that the State agency only pay for transportation services when the client is actually in the vehicle. Further, State agency officials informed us that they were unaware of SMC’s billing practices in these instances.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our first recommendation. Regarding our second recommendation, the State agency said that it had reminded providers in April 2009 that they would not receive compensation for wait times or “no-shows.” For our third recommendation, the State agency described corrective actions that it had implemented or planned to implement. The State agency’s comments appear in their entirety as Appendix D.

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INTRODUCTION

BACKGROUND

Medicaid Program and Non-Emergency Medical Transportation Services

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 at 42 CFR § 431.53 require each State to ensure that Medicaid recipients 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 at 42 CFR § 440.170 define transportation expenses as costs for transportation that the State deems necessary to secure medical examinations and treatment for Medicaid recipients. These services are commonly known as non-emergency medical transportation (NEMT) services.

Nebraska Department of Health & Human Services

In Nebraska, the Department of Health & Human Services (the State agency) administers the State's Medicaid program.

The responsibilities of the State agency include processing and monitoring NEMT claims. As part of its monitoring responsibilities, the State agency has controls in place to monitor payments for NEMT services pursuant to Federal and State requirements. If the State agency identifies a problem or concern, it will review a provider's supporting documentation to ensure that reimbursement was made for an authorized service.

On a quarterly basis, the State agency submits to CMS its standard Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64 report), to report Medicaid expenditures for Federal reimbursement. CMS reimburses the State agency the Federal share of the State agency's claimed costs, based on the Federal medical assistance percentage (FMAP). The State of Nebraska's FMAP rate ranged from 57.93 percent to 58.02 percent for claims paid from July 1, 2007, through September 30, 2008. The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted February 17, 2009, authorized the States to receive a higher FMAP. For the period October 1, 2008, through June 30, 2009, the State of Nebraska's FMAP rate was increased and ranged from 65.74 to 67.79 percent under these provisions.

Non-Emergency Medical Transportation in Nebraska

In accordance with the CMS-approved State plan, the NEMT program provides transportation services for Medicaid recipients to receive Medicaid-covered health care services. In addition, pursuant to a CMS-approved Home and Community-Based waiver program, NEMT services include transportation associated with a non-medical service.

Transportation providers submit claims to the State agency in order to receive compensation for NEMT services they provide to Medicaid recipients. Each claim may include multiple NEMT services. State regulations at 473 Nebraska Administrative Code (NAC) 3-002.02 require transportation providers to retain financial and statistical records related to these services.

For the period July 1, 2007, through June 30, 2009, the State agency claimed \$12,853,521 (\$7,882,621 Federal share) for all NEMT services.

Shared Mobility Coach

Shared Mobility Coach (SMC) is a transportation provider in Omaha, Nebraska. For the period July 1, 2007, through June 30, 2009, the State agency claimed \$1,269,990 (\$776,680 Federal share) for NEMT services provided by SMC.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed claims for NEMT services totaling \$1,269,990 (\$776,680 Federal share) that the State agency claimed for services provided by SMC from July 1, 2007, through June 30, 2009.

We did not review the State agency's overall internal control structure because our objective did not require us to do so. We limited our review of internal controls to those controls related directly to processing and monitoring NEMT claims.

We conducted our fieldwork at the State agency in Lincoln, Nebraska, and at SMC's office in Omaha, Nebraska.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, and other requirements related to Medicaid NEMT services, as well as the Nebraska State Plan and the Home and Community-Based waiver;
- reviewed the State agency's provider agreement with SMC;
- interviewed State agency officials to gain an understanding of how they administer and monitor the Medicaid NEMT program;
- reviewed the State agency's reconciliation of electronic claims data to the CMS-64 reports for NEMT services for the period July 1, 2007, through June 30, 2009;
- interviewed SMC officials regarding policies and procedures (1) used to record NEMT services in their system and (2) for the submission of bills to the State agency to claim reimbursement;
- selected and reviewed a random sample of 100 claims which included 585 NEMT services and whose payments, totaling \$9,323, were made by the State agency to SMC for NEMT services provided during the period July 1, 2007, through June 30, 2009;
- obtained and reviewed the supporting documentation for each sampled claim to determine the allowability of the claim; and
- provided the results of our review to SMC officials on January 12, 2011, and discussed those results with State agency officials on January 24, 2011.

Appendixes A and B contains details of our sampling and projection methodologies.

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 NEMT services provided by SMC in accordance with Federal and State requirements. Our review of 100 sampled claims showed that 33 claims had 70 errors totaling \$1,091 (\$674 Federal share) of improper Medicaid reimbursement (some claims had more than one type of error). The errors included claims with 59 NEMT services that were not rendered, including instances for recipients who had either

canceled the requested service or were “no-shows” at the scheduled origination address, and claims with 11 unsupported services.

Based on the results of our sample, we estimated that the State agency claimed \$89,589 (\$54,766 Federal share) for NEMT services that were not allowable pursuant to Federal and State requirements. Although the State agency had controls in place to monitor payments for NEMT services, these controls did not always prevent unallowable services.

UNALLOWABLE SERVICES

Billed Services Not Rendered

471 NAC 27-005 specifies that the State agency will pay for transportation services only “[w]hen the client is actually in the vehicle” and “[u]sing the most direct and logical route from the client’s residence to the service location.” In addition, 471 NAC 2-002.03 states that the State of Nebraska may impose sanctions upon a provider for, among other reasons, “[p]resenting a claim, billing, or causing a claim to be presented for payment for services not rendered (including ‘no-shows’).” Further, 471 NAC 2-001.03 requires that providers submit claims which are true, accurate, and complete.

For 29 of the 100 sampled claims, the State agency improperly claimed costs for NEMT services. Specifically, the State agency claimed reimbursement for 59 NEMT services that were not rendered. For 55 of the 59 services, SMC presented claims for recipients who had either canceled the requested service or were “no-shows” at the scheduled origination address. For the remaining 4 services, SMC billed the State agency twice for the same service.

Unsupported Services

The CMS *State Medicaid Manual*, section 2500.2(A), requires that the State agency “[r]eport only expenditures for which all supporting documentation, in readily reviewable form, has been compiled and which is immediately available when the claim is filed.” (Emphasis in original.)

473 NAC 3-002.02 requires that before furnishing any service, each transportation provider shall sign an agreement with the State of Nebraska whereby the provider agrees to retain financial and statistical records for 4 years to support and document all claims and to allow Federal, State, or local offices responsible for program administration or audit to review service records, in accordance with 45 CFR §§ 74.20 through 74.24.

For 10 of the 100 sampled claims,¹ the State agency did not claim some costs for NEMT services pursuant to Federal and State requirements. For these 10 claims, SMC did not maintain documentation supporting 11 NEMT services billed to the State agency.

¹ Six claims had errors relating both to billed services not rendered and to unsupported services.

UNALLOWABLE CLAIMS FOR FEDERAL REIMBURSEMENT

Of the 100 NEMT claims in our sample, 33 had 70 errors totaling \$1,091 (\$674 Federal share) of improper Medicaid reimbursement. Based on the results of our sample, we estimated that the State agency claimed \$89,589 (\$54,766 Federal share) for NEMT services that were not allowable pursuant to Federal and State requirements.

Although the State agency had controls in place to monitor payments for NEMT services, these controls did not always prevent unallowable services. SMC officials stated that State agency liaisons gave them the authority to present claims for recipients who had either canceled the requested service or were “no-shows” at the scheduled origination address. However, State agency officials stated that they were unaware of these billing practices.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$54,766 to the Federal Government for unallowable NEMT services that did not comply with Federal and State requirements,
- instruct transportation providers not to submit claims for “no-shows” or cancellations, and
- strengthen internal controls to prevent and detect improper payments for NEMT services.

SHARED MOBILITY COACH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

Shared Mobility Coach Comments

In written comments on our draft report, SMC disagreed with some of our findings. Specifically, SMC stated that we should not classify the 59 NEMT services (that were not rendered) as errors because “... there was never a clear definition of not billing for cancels at the door and no-shows.”

SMC stated that it has implemented corrective action to prevent future claims for “no-shows” or cancellations.

For our finding related to the 11 unsupported services, SMC attributed the errors to “... poor communication or documentation between drivers and dispatchers.”

SMC’s comments appear in their entirety as Appendix C.

Office of Inspector General Response

Nothing in SMC's written comments caused us to change our findings or recommendations regarding improper claims for cancellations or "no-shows." Although SMC stated that there was no clear definition of billing for these instances, 471 NAC 27-005 specifies that the State agency will pay for transportation services only "[w]hen the client is actually in the vehicle." Further, State agency officials informed us that they were unaware of SMC's billing practices in these instances.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our first recommendation. Regarding our second recommendation, the State agency said that it had reminded providers in April 2009 that they would not receive compensation for wait times or "no-shows." For our third recommendation, the State agency described corrective actions that it had implemented or planned to implement.

The State agency's comments appear in their entirety as Appendix D.

APPENDIXES

APPENDIX A: SAMPLE DESIGN AND METHODOLOGY

POPULATION

The population consists of paid Non-Emergency Medical Transportation (NEMT) claims to Shared Mobility Coach, claims that were reimbursed by the Medicaid program during the period July 1, 2007, to June 30, 2009.

SAMPLING FRAME

The sampling frame is a database of claim records consisting of 12,146 claims totaling \$1,269,990 (\$776,680 Federal share) for NEMT services paid during the period July 1, 2007, through June 30, 2009.

SAMPLE UNIT

The sampling unit is a paid transportation claim for NEMT services.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected 100 sample units (paid claims).

SOURCE OF RANDOM NUMBERS

We generated the random numbers with the Office of Inspector General, Office of Audit Services, statistical software (RAT-STATS).

ESTIMATION METHODOLOGY

We used RAT-STATS to estimate the unallowable payments for NEMT services. Because of the significant increase in the Federal medical assistance percentage rate provided under the American Recovery and Reinvestment Act of 2009, P.L. No. 111-5, we made separate estimations for the total unallowable costs and for the Federal share of those unallowable costs.

APPENDIX B: SAMPLE RESULTS AND ESTIMATES

SAMPLE RESULTS

Frame Size	Frame Value	Sample Size	Value of Sample	Number With Unallowable Payments	Value of Unallowable Payments
12,146	\$1,269,990	100	\$9,323	33	\$1,091

ESTIMATES OF UNALLOWABLE PAYMENTS
(Limits Calculated for a 90-Percent Confidence Interval)

	Total Estimated Unallowable Services	Total Estimated Unallowable Services (Federal Share)
Point estimate	\$132,481	\$81,890
Lower limit	\$89,589	\$54,766
Upper limit	\$175,373	\$109,104

APPENDIX C: SHARED MOBILITY COACH COMMENTS

SMC Shared Mobility Coach
2222 Cuming Street
Omaha, NE. 68102-4328
May 16, 2011

Mr. Patrick J. Cogley
Regional Inspector General for Audit Services
Region VII
601 East 12th Street
Room 0429
Kansas City, MO.64106

May 15, 2011

RE: **A-07-10-04172:**

Mr. Patrick Cogley:

59 errors for billing cancels at the door should be disallowed because there was never a clear definition of not billing for cancels at the door and no-shows. Transportation providers state wide have billed when we fulfilled the request and gone to the pickup location. When SMC was informed by the new transportation resource development person not to bill for no-shows or cancelations at the door, computer billing corrections were made shortly there after and no-show and cancels at the door is no longer a billing option.

11 non-malicious errors were from poor communication or documentation between drivers and dispatchers.

Please feel free to contact us at 402-345-6640 ext. 104.
Respectfully,



Frank T. Schumacher
Executive Director
SMC Shared Mobility Coach

APPENDIX D: STATE AGENCY COMMENTS



Division of Medicaid and Long-Term Care

State of Nebraska

Dave Heineman, Governor

June 24, 2011

Patrick J. Cogley
Regional Inspector General for Audit Services
Office of Inspector General
Department of Health and Human Services, Region VII
601 East 12th Street, Room 0429
Kansas City, Missouri 64106

RE: Report Number A-07-10-04172

Dear Mr. Cogley:

The Nebraska Department of Health and Human Services (DHHS) Division of Medicaid and Long-Term Care is pleased to have the opportunity to respond to the Draft Audit Report entitled *Review of Costs Claims by the State of Nebraska for Non-Emergency Transportation Services Provided by Shared Mobility Coach*. DHHS strives to administer Medicaid reimbursement in compliance with current Federal and State law, policies, and procedures and is committed to working to resolve the issues identified in this audit review.

DHHS is also appreciative of the hard work on the part of OIG staff to gather information from staff and providers. Your observations are important in helping improve policies and procedures already in place and ensure continued compliance. DHHS' specific responses to each of the preliminary findings and recommendations identified in the Draft Audit Report follow.

OIG RECOMMENDATION #1: Refund \$54,766 to the Federal Government for unallowable Non-Emergency Medical Transportation (NEMT) claims.

DHHS RESPONSE: DHHS agrees and will refund this amount to the federal government.

OIG RECOMMENDATION #2: Instruct transportation providers not to submit claims for "no-shows" or cancellations.

DHHS RESPONSE: In April 2009, Provider Bulletin 09-08 was released to all Non-Emergency Transportation Providers regarding provider responsibilities and Service

Provider Agreements. The Bulletin included a reminder that all providers are paid for loaded miles only and will not receive compensation for wait times or no-shows.

OIG RECOMMENDATION #3: Strengthen internal controls to prevent and detect improper payments for NEMT services.

DHHS RESPONSE: DHHS plans to continue to build on the improvements already implemented to ensure that Medicaid payment complies with Federal and State requirements. As discussed with the OIG auditors, measures to increase operational efficiency and accuracy were enacted prior to the audit or were in the process of being developed.

In May 2011, DHHS implemented a Transportation Brokerage to administer non-emergency medical and non-medical transportation services. The Medicaid program awarded a contract to American Medical Response/Access2Care (AMR/A2C), to coordinate and manage the transportation benefit in a consistent, efficient and cost effective manner. A major change is in the authorization for payment of transportation services. AMR/A2C is required to ensure the Medicaid NET provider network is in compliance with all current Federal and State law, policies, and procedures, and provide a comprehensive audit process for those services billed for payment. In addition, the AMR/A2C network provider manuals instruct providers that no payment is made for “no shows” or cancelled trips, the issue addressed in Recommendation #2.

Should you have any questions, do not hesitate to contact me.

Sincerely,



Vivianne M. Chaumont, Director
Division of Medicaid & Long-Term Care
Department of Health and Human Services