

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CALIFORNIA CLAIMED MEDICAID
REIMBURSEMENT FOR SOME
NONEMERGENCY MEDICAL
TRANSPORTATION SERVICES IN
LOS ANGELES COUNTY
THAT DID NOT COMPLY WITH
FEDERAL AND STATE REQUIREMENTS**

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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EXECUTIVE SUMMARY

California claimed at least \$265,000 in Federal Medicaid reimbursement over a 1-year period for nonemergency medical transportation services in Los Angeles County that did not comply with Federal and State requirements. In addition, transportation providers did not always maintain documentation for drivers and vehicles associated with these transportation services in compliance with State requirements.

WHY WE DID THIS REVIEW

The Medicaid program pays for nonemergency medical transportation (NEMT) services that a State determines to be necessary for beneficiaries to obtain medical care. Because the Office of Inspector General (OIG) has consistently identified this area as vulnerable to fraud, waste, and abuse, OIG has conducted audits in multiple States since 2006. In California, we selected Los Angeles County for review because claims for NEMT services paid to transportation providers in this county represented 46 percent of all claims for these services statewide from July 1, 2010, through June 30, 2011.

Our objectives were to determine whether (1) the California Department of Health Care Services (State agency) claimed Federal Medicaid reimbursement for NEMT services in Los Angeles County that complied with Federal and State requirements and (2) transportation providers maintained documentation for drivers and vehicles associated with NEMT services in compliance with State requirements.

BACKGROUND

Federal law states that providers must keep records that fully disclose the extent of services provided to Medicaid beneficiaries receiving assistance under a State plan.

In California, NEMT is defined as transportation by ambulance, litter van, and wheelchair van of beneficiaries whose medical conditions require transportation services but not emergency services or equipment during transport. According to California regulations, the State agency pays transportation providers for NEMT services if transportation is required for beneficiaries to obtain needed medical care. For these services to be eligible for payment, providers must maintain retrievable records to fully disclose the type and extent of the services provided and identify the vehicles used. Furthermore, providers must ensure that their drivers comply with State requirements for operating the vehicles used to provide the services to beneficiaries.

HOW WE CONDUCTED THIS REVIEW

We limited our review to Medicaid fee-for-service claims paid to transportation providers in Los Angeles County for NEMT services from July 1, 2010, through June 30, 2011, that required prior authorization. From a total of approximately \$49 million (\$29 million Federal share) that the State agency claimed for Federal reimbursement, we reviewed a random sample of 100 beneficiary-services. A beneficiary-service represented all paid claims for NEMT services provided to one beneficiary on the same beginning and ending dates of service.

WHAT WE FOUND

The State agency claimed Federal Medicaid reimbursement for some NEMT services in Los Angeles County that did not comply with Federal and State requirements. Of the 100 sampled beneficiary-services, 90 complied with Federal and State requirements. For three beneficiary-services, we were unable to contact the transportation providers and determine compliance. Seven sampled beneficiary-services did not comply with requirements:

- For two beneficiary-services, the State agency paid for NEMT services on dates when the beneficiaries did not obtain needed medical care.
- For five beneficiary-services, the State agency paid for NEMT services that were not supported by sufficient documentation.

These deficiencies occurred because the transportation providers did not always follow Federal and State requirements for billing NEMT services. Using our sample results, we estimated that the State agency claimed Federal reimbursement of at least \$265,680 for NEMT services in Los Angeles County that did not comply with Federal and State requirements.

In addition, for 22 beneficiary-services, transportation providers did not maintain documentation for drivers and vehicles associated with NEMT services in compliance with State requirements. Specifically, for 16 beneficiary-services, transportation providers did not have records to show that their drivers complied with State requirements for operating the vehicles used. For six beneficiary-services, the transportation providers' records did not identify the vehicles used to provide the services, as required by the State. Because these deficiencies were not related to State requirements for reimbursement, we did not include them in our estimate of unallowable Federal reimbursement. However, it is important for the State agency to educate providers to ensure that their drivers comply with State requirements for operating vehicles used to provide NEMT services to beneficiaries and that adequate vehicle documentation is maintained.

WHAT WE RECOMMEND

We recommend that the State agency:

- refund \$265,680 to the Federal Government,
- educate transportation providers to ensure that they follow Federal and State requirements for billing NEMT services, and
- educate transportation providers to ensure that they follow State requirements for maintaining documentation for drivers and vehicles associated with NEMT services.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with all of our recommendations.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Medicaid program pays for nonemergency medical transportation (NEMT) services that a State determines to be necessary for beneficiaries to obtain medical care. Because the Office of Inspector General (OIG) has consistently identified this area as vulnerable to fraud, waste, and abuse, OIG has conducted audits in multiple States since 2006. In California, we selected Los Angeles County for review because claims for NEMT services paid to transportation providers in this county represented 46 percent of all claims for these services statewide from July 1, 2010, through June 30, 2011.¹ Appendix A lists related OIG reports on Medicaid NEMT services.

OBJECTIVES

Our objectives were to determine whether (1) the California Department of Health Care Services (State agency) claimed Federal Medicaid reimbursement for NEMT services in Los Angeles County that complied with Federal and State requirements and (2) transportation providers maintained documentation for drivers and vehicles associated with NEMT services in compliance with State requirements.

BACKGROUND

The Medicaid Program: Administration and Federal Reimbursement

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.

The Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income. During our audit period, the FMAP in California ranged from 56.88 to 61.59 percent.

Medicaid Coverage of Nonemergency Medical Transportation Services

Federal regulations require States to ensure necessary transportation for Medicaid beneficiaries to and from medical care providers (42 CFR § 431.53). Federal regulations define transportation as expenses for transportation and other related travel expenses determined to be necessary by

¹ We plan to issue separate reports on the results of our reviews of (1) NEMT services in the rest of the State and (2) NEMT services in Los Angeles County that did not require prior authorization.

the State agency to secure medical examinations and treatment for a beneficiary (42 CFR § 440.170(a)(1)).

Federal regulations require each State to describe in its State plan the methods that the State will use to meet the requirement to ensure necessary transportation for Medicaid beneficiaries (42 CFR § 431.53(b)). In addition, a State plan must require that providers of services keep records to fully disclose the extent of services provided to Medicaid beneficiaries (Social Security Act (the Act), § 1902(a)(27)). A State may choose to claim transportation costs as either administrative or medical assistance expenditures under its State plan (CMS State Medicaid Director Letter, March 31, 2006).

California's Medicaid Program

In California, the State agency administers the Medicaid program. The State agency reports expenditures related to fee-for-service claims on Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64), for Federal reimbursement. For reporting purposes, California treats NEMT services as medical assistance expenditures.

Nonemergency Medical Transportation Services in California

In California, NEMT is defined as transportation by ambulance, litter van,² and wheelchair van of beneficiaries whose medical conditions require medical transportation services but not emergency services or equipment during transport (22 CCR § 51151.7). These transportation services allow Medicaid beneficiaries to obtain needed medical care.

Authorization and Delivery of Nonemergency Medical Transportation Services

NEMT services necessary to obtain services under Medicaid generally require a physician's, dentist's, or podiatrist's prescription and prior authorization (22 CCR § 51323(b)(2)).³ Transportation providers obtain prior authorization by submitting a treatment authorization request (TAR) to the State agency (22 CCR § 51003(a)). The TAR contains information necessary for the State agency to determine the medical necessity of the NEMT services. If the TAR is approved, the transportation provider is authorized to provide approved NEMT services to the beneficiary and receive reimbursement from the State agency for those services.

² A litter van is a vehicle that is modified, equipped, and used for the purpose of providing NEMT for patients with stable medical conditions who require the use of a litter or gurney and that is not routinely equipped with the medical equipment or personnel required for the specialized care provided in an ambulance (California Code of Regulations (CCR), Title 22, § 51151.3).

³ NEMT services are exempt from prior authorization when provided to a patient being transferred from an acute-care hospital immediately following a stay as an inpatient at the acute level of care to a skilled nursing facility or an intermediate-care facility.

Payments to Transportation Providers for Nonemergency Medical Transportation Services

Transportation providers bill for NEMT services provided to Medicaid beneficiaries by submitting claims to the State agency's fiscal agent. The fiscal agent processes the claims, and the transportation providers are paid according to maximum allowable rates established by the State (22 CCR § 51527(a)(1)).

HOW WE CONDUCTED THIS REVIEW

We limited our review to Medicaid fee-for-service claims paid to medical transportation providers in Los Angeles County for NEMT services from July 1, 2010, through June 30, 2011, that required prior authorization. We excluded claims related to an investigation and claims for nonemergency acute-care transfers (which we will review in a separate audit). From a total of \$49,012,884 (\$29,320,210 Federal share) that the State agency claimed for NEMT services, we reviewed a random sample of 100 beneficiary-services. A beneficiary-service represented all paid claims for NEMT services provided to one beneficiary on the same beginning and ending dates of service.

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 objectives.

Appendix B contains the details of our audit scope and methodology, Appendix C describes our statistical sampling methodology, and Appendix D contains our sample results and estimates.

FINDINGS

The State agency claimed Federal Medicaid reimbursement for some NEMT services in Los Angeles County that did not comply with Federal and State requirements. Of the 100 sampled beneficiary-services, 90 complied with Federal and State requirements. For three beneficiary-services, we were unable to contact the transportation providers and determine compliance.⁴ Seven sampled beneficiary-services did not comply with requirements:

- For two beneficiary-services, the State agency paid for NEMT services on dates when the beneficiaries did not obtain needed medical care.
- For five beneficiary-services, the State agency paid for NEMT services that were not supported by sufficient documentation.

These deficiencies occurred because the transportation providers did not always follow Federal and State requirements for billing NEMT services. Using our sample results, we estimated that

⁴ We treated these services as non-errors.

the State agency claimed Federal reimbursement of at least \$265,680 for NEMT services in Los Angeles County that did not comply with Federal and State requirements.

In addition, for 22 beneficiary-services, transportation providers did not maintain documentation for drivers and vehicles associated with NEMT services in compliance with State requirements. Specifically, for 16 beneficiary-services, transportation providers did not have records to show that their drivers complied with State requirements for operating the vehicles used. For six beneficiary-services, the transportation providers' records did not identify the vehicles used to provide the services, as required by the State. Because these deficiencies were not related to State requirements for reimbursement, we did not include them in our estimate of unallowable Federal reimbursement. However, it is important for the State agency to educate providers to ensure that their drivers comply with State requirements for operating vehicles used to provide NEMT services to beneficiaries and that vehicle documentation is maintained.

See Appendix E for details on the Federal and State requirements related to NEMT services and providers.

STATE AGENCY PAID FOR SOME NONEMERGENCY MEDICAL TRANSPORTATION SERVICES THAT DID NOT COMPLY WITH FEDERAL AND STATE REQUIREMENTS

The State agency paid for some NEMT services that did not comply with Federal and State requirements. Specifically, for seven beneficiary-services, the State agency paid for services provided on dates when the beneficiaries did not obtain medical care and for services that were not supported by sufficient documentation.

Services Were Provided on Dates That Beneficiaries Did Not Obtain Medical Care

The State agency pays for NEMT services if transportation is required for beneficiaries to obtain needed medical care (22 CCR § 51323(a)). For two beneficiary-services, the State agency paid for services provided on dates when the beneficiaries did not obtain needed medical care. Although the transportation providers' documentation showed that the beneficiaries were transported to authorized medical care providers, the medical care providers stated that they did not provide medical care to the beneficiaries on the dates the transportation was provided. We disallowed the entire payments for these services.

Transportation Provider Documentation Did Not Support Services Provided

The State agency requires providers to maintain readily retrievable records to fully disclose the type and extent of services provided to a Medicaid beneficiary (22 CCR § 51476(a)). For five beneficiary-services, the State agency paid for NEMT services that were not supported by sufficient transportation provider documentation:

- For two beneficiary-services, the State agency paid for NEMT services that the transportation providers improperly billed as round-trip services between the beneficiary's residence and a medical facility. Specifically, for one beneficiary-service, the transportation provider did not have documentation to show that any transportation

service was provided, and we disallowed the entire payment. For the other beneficiary-service, the transportation provider's documentation showed that only a one-way service was provided from the beneficiary's residence to the medical facility rather than the round-trip service billed. We allowed payment for a one-way service.

- For two beneficiary-services, the State agency paid for NEMT services that the transportation provider improperly billed as "night call" services. Night call services are provided from 7:00 p.m. to 7:00 a.m. and are reimbursed an additional amount above the standard service rate (22 CCR § 51527(b)(3)). The transportation provider's documentation showed that the services were provided outside the night call period. We allowed the payments for transportation services but disallowed the additional night call payments.
- For one beneficiary-service, the State agency paid for a dry run⁵ improperly billed as a round-trip service between the beneficiary's residence and a medical facility. We allowed payment for a one-way service because the transportation provider's documentation showed that the provider attempted to transport the patient.

These deficiencies occurred because the transportation providers did not always follow Federal and State requirements for billing NEMT services. Using our sample results, we estimated that the State agency claimed Federal reimbursement of at least \$265,680 for NEMT services in Los Angeles County that did not comply with Federal and State requirements.

TRANSPORTATION PROVIDERS DID NOT ALWAYS MAINTAIN DOCUMENTATION FOR DRIVERS AND VEHICLES ASSOCIATED WITH NONEMERGENCY MEDICAL TRANSPORTATION SERVICES

Transportation providers did not always maintain documentation for drivers and vehicles associated with NEMT services. Specifically, for 22 beneficiary-services, the providers did not maintain driver qualification and vehicle records that complied with State requirements.

Transportation Providers Did Not Maintain Driver Qualification Records

Transportation providers that use litter and wheelchair vans to provide NEMT services must maintain records indicating that their drivers comply with State requirements to operate those vehicles. Litter and wheelchair van drivers must possess a current California driver's license, first aid certification, and evidence that they passed a medical examination within the past 2 years (22 CCR §§ 51231.1(a)(1) and 51231.2(a)(1)).

⁵ A dry run is when a transportation provider attempts to pick up a beneficiary, but the beneficiary is not transported. The State agency allows transportation providers to bill a one-way service for responding to the call.

For 16 beneficiary-services, NEMT services were provided by transportation providers that did not have:

- medical examination records for the drivers providing 14 beneficiary-services,
- driver's license records for the drivers providing 7 beneficiary-services, and
- first aid certification records for the drivers providing 5 beneficiary-services.⁶

Transportation Providers' Records Did Not Include Vehicle Identification Codes

Transportation providers' records must include the provider-assigned vehicle identification codes (22 CCR § 51476(e)(3)) identifying the vehicles used to transport Medicaid beneficiaries. For six beneficiary-services, the transportation providers' records did not include the required provider-assigned vehicle identification codes.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$265,680 to the Federal Government,
- educate transportation providers to ensure that they follow Federal and State requirements for billing NEMT services, and
- educate transportation providers to ensure that they follow State requirements for maintaining documentation for drivers and vehicles associated with NEMT services.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with all of our recommendations. The State agency's comments are included in their entirety as Appendix F.

⁶ The total exceeds 16 beneficiary-services because, for 7 beneficiary-services, the transportation providers did not have more than one type of driver qualification record.

APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>Hawaii Claimed Unallowable Medicaid Reimbursement for Nonemergency Medical Transportation Services Furnished by Taxi Providers</i>	<u>A-09-11-02047</u>	5/22/2012
<i>Review of Medicaid Payments for Nonemergency Medical Transportation Services Claims Submitted by Providers in New York State</i>	<u>A-02-09-01024</u>	2/13/2012
<i>Review of Medicaid Payments for Nonemergency Medical Transportation Services Claims Submitted by Providers in New York City</i>	<u>A-02-08-01017</u>	11/30/2011
<i>Review of Costs Claimed by the State of Nebraska for Non-Emergency Medical Transportation Services Provided by Shared Mobility Coach</i>	<u>A-07-10-04172</u>	7/22/2011
<i>Review of Nonemergency Medical Transportation Costs in the State of Texas (Transportation Provided by the League of United Latin American Citizens – Project Amistad)</i>	<u>A-06-09-00090</u>	10/22/2010
<i>Review of Nonemergency Medical Transportation Costs in the State of Texas (Transportation Provided by Capital Area Rural Transit System)</i>	<u>A-06-08-00096</u>	6/15/2010

APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

We limited our review to Medicaid fee-for-service claims paid to medical transportation providers in Los Angeles County⁷ for NEMT services from July 1, 2010, through June 30, 2011, that required prior authorization. We excluded claims (1) related to an investigation at the time of our audit and (2) for transfers of beneficiaries from acute-care hospitals to skilled nursing facilities or intermediate-care facilities (which we will review in a separate audit).

After taking into account the excluded claims, there were 1,883,050 NEMT fee-for-service claims paid to Los Angeles County providers. For our review, we grouped the claims into beneficiary-services. A beneficiary-service represented all paid claims for NEMT services provided to one beneficiary on the same beginning and ending dates of service. We removed any beneficiary-services for which the total amount paid was zero or negative. From a total of \$49,012,884 (\$29,320,210 Federal share) that the State agency claimed for 835,648 beneficiary-services, we reviewed a random sample of 100 beneficiary-services.

We did not review the overall internal control structure of the State agency or the Medicaid program. Rather, we limited our review of internal controls to those that were significant to the objectives of our audit.

We conducted fieldwork at the State agency's offices in Sacramento and San Diego, California; the fiscal agent's office in West Sacramento, California; and 41 transportation providers' locations in Los Angeles County, California. We also contacted seven medical care providers in Los Angeles and Riverside Counties.

METHODOLOGY

To accomplish our objectives, we:

- reviewed applicable Federal and State laws, regulations, and guidance;
- obtained an overview of NEMT services from CMS officials;
- interviewed State agency officials regarding eligibility requirements and prior authorization for NEMT services, service delivery, and reporting of NEMT expenditures on the CMS-64;
- interviewed the State agency's fiscal agent to obtain information on the claim adjudication process;

⁷ We used the transportation providers' payment address ZIP Codes to identify providers located in Los Angeles County.

- obtained data files from the State agency’s fiscal agent for all fee-for-service claims paid for NEMT services from July 1, 2010, through June 30, 2011;
- reconciled the claim data with the NEMT expenditures reported on the CMS-64;
- created a sampling frame that contained 835,648 beneficiary-services, totaling \$49,012,884 (\$29,320,210 Federal share);
- selected from the sampling frame a simple random sample of 100 beneficiary-services for which we:
 - reviewed TARs maintained by the State agency to determine which NEMT services the transportation providers were authorized to provide,
 - interviewed transportation providers (if available) and reviewed the providers’ documentation (e.g., trip logs and physician orders) to ensure that NEMT services were provided as authorized by the State agency and that the services were properly documented,
 - compared the dates of the NEMT services with the dates of other medical services billed to Medicare and Medicaid to verify that the beneficiaries obtained medical care on the dates that NEMT services were provided (and in some cases) contacted medical providers for confirmation,
 - determined whether the NEMT services complied with Federal and State requirements and the allowability of the State agency’s payments, and
 - estimated the unallowable Federal Medicaid reimbursement;
- determined whether the transportation providers associated with the 100 sampled beneficiary-services complied with State regulations by reviewing:
 - driver qualification records (i.e., medical examinations, driver’s license records, and first aid certifications) and
 - vehicle records (e.g., vehicle schedules and insurance policies); and
- discussed our findings with State agency officials.

See Appendix C for the details of our statistical sampling methodology and Appendix D for our sample results and estimates.

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 objectives.

APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of all Medicaid fee-for-service claims paid to Los Angeles County providers for NEMT services from July 1, 2010, through June 30, 2011, that required prior authorization.

SAMPLING FRAME

For our audit period, there were 1,919,440 NEMT claims paid to Los Angeles County providers totaling \$51,336,414 (\$30,706,115 Federal share). From these claims, we removed:

- 34,703 claims for transfers of beneficiaries from acute-care hospitals to skilled nursing facilities or intermediate-care facilities (which will we review in a separate audit) and
- 1,687 claims related to an investigation at the time of our audit.

From the remaining 1,883,050 NEMT claims, we created a sampling frame of beneficiary-services by grouping the claims based on the Medicaid beneficiary identification number and beginning and ending dates of service. We removed from the sampling frame 116 beneficiary-services for which the total amount paid was zero or negative, which resulted in a sampling frame of 835,648 beneficiary-services (representing 1,882,733 NEMT claims), totaling \$49,012,884 (\$29,320,210 Federal share).

SAMPLE UNIT

The sample unit was a beneficiary-service, which included paid claims for all NEMT services provided to a beneficiary on the same beginning and ending dates of service.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample of 100 beneficiary-services.

SOURCE OF RANDOM NUMBERS

We used the OIG, Office of Audit Services (OAS), statistical software to generate the random numbers.

METHOD OF SELECTING SAMPLE UNITS

We consecutively numbered the sample units in the frame from 1 to 835,648. After generating 100 random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the unallowable Federal Medicaid reimbursement paid by applying the applicable FMAP to the payments for NEMT services that we determined did not comply with Federal and State requirements.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 1: Sample Results

Frame Size	Value of Frame (Federal Share)	Sample Size	Value of Sample (Federal Share)	Number of Improper Payments	Value of Improper Payments (Federal Share)
835,648	\$29,320,210	100	\$3,164	7	\$123

Table 2: Estimates of Unallowable Federal Reimbursement for Nonemergency Medical Transportation Services (Federal Shares)
(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$1,025,006
Lower limit	265,680
Upper limit	1,784,331

APPENDIX E: FEDERAL AND STATE REQUIREMENTS FOR NONEMERGENCY MEDICAL TRANSPORTATION SERVICES AND PROVIDERS

FEDERAL REQUIREMENTS

Transportation Definition

Federal regulations state that transportation “includes expenses for transportation and other related travel expenses determined to be necessary by the agency to secure medical examinations and treatment for a [beneficiary]” (42 CFR § 440.170(a)(1)).

State Plan Requirements

The Act, § 1902(a)(27), requires a State plan for medical assistance to:

provide for agreements with every person or institution providing services under the State plan under which such person or institution agrees (A) to keep such records as are necessary fully to disclose the extent of the services provided to individuals receiving assistance under the State plan, and (B) to furnish the State agency or the Secretary with such information, regarding any payments claimed by such person or institution for providing services under the State plan, as the State agency or the Secretary may from time to time request.

Federal regulations state: “A State plan must— (a) Specify that the Medicaid agency will ensure necessary transportation for [beneficiaries] to and from providers; and (b) Describe the methods that the agency will use to meet this requirement” (42 CFR § 431.53).

Documentation Requirements

CMS’s *State Medicaid Manual* (the Manual) directs States to “[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” (the Manual, chapter 2, § 2500.2.A.). The Manual specifies that “supporting documentation includes as a minimum the following: date of service, name of [beneficiary], Medicaid identification number, name of provider agency and person providing the service, nature, extent, or units of service, and the place of service” (the Manual, chapter 2, § 2500.2.A.).

STATE REQUIREMENTS

Definition of Nonemergency Medical Transportation Services

State regulations define NEMT as “transportation by ambulance, litter van and wheelchair van of the sick, injured, invalid, convalescent, infirm or otherwise incapacitated persons whose medical conditions require medical transportation services but do not require emergency services or equipment during transport” (22 CCR § 51151.7).

According to State regulations: “Ambulance, litter van and wheelchair van medical transportation services are covered when the beneficiary’s medical and physical condition is such that transport by ordinary means of public or private conveyance is medically contraindicated, and transportation is required for the purpose of obtaining needed medical care” (22 CCR § 51323(a)).

Prior Authorization Requirements

According to State regulations (22 CCR § 51323(b)(2)):

All nonemergency medical transportation, necessary to obtain program covered services, requires a physician’s, dentist’s or podiatrist’s prescription and prior authorization except ... (C) Nonemergency transportation services are exempt from prior authorization when provided to a patient being transferred from an acute care hospital immediately following a stay as an inpatient at the acute level of care to a skilled nursing facility or an intermediate care facility licensed pursuant to Section 1250 of the Health and Safety Code.

State regulations define prior authorization as “authorization granted by a designated [Medicaid program] consultant or by a Primary Care Case Management (PCCM) plan and is obtained through submission and approval of a TAR” (22 CCR § 51003(a)). In addition, according to State regulations: “Any provider who prescribes a service shall not sign a [TAR] until the patient has been examined and all of the following information appears on the TAR: (a) Beneficiary identification; (b) Provider identification; (c) Diagnosis and other pertinent medical information; and (d) Service or item requested” (22 CCR § 51456).

Documentation Requirements

State regulations (22 CCR §§ 51476(a) and (e)) require the following:

- (a) Each provider shall keep, maintain, and have readily retrievable, such records as are necessary to fully disclose the type and extent of services provided to a [Medicaid program] beneficiary. Required records shall be made at or near the time at which the service is rendered. Such records shall include, but not be limited to the following:
 - (1) Billings.
 - (2) Treatment authorization requests.
 - (3) All medical records, service reports, and orders prescribing treatment plans.
 - (4) Records of medications, drugs, assistive devices, or appliances prescribed, ordered for, or furnished to beneficiaries

- (e) Records of medical transportation providers shall include, in addition to (a):
 - (1) Time and date of service for each beneficiary.
 - (2) Odometer readings at each pick-up and delivery location.

- (3) The provider assigned vehicle identification code and name of the operator providing the service.
- (4) Names of beneficiaries transported in total or partial group runs.

Driver Qualification Requirements

State regulations (CCR §§ 51231.1(a)(1) and 51231.2(a)(1)) specify that litter vans or wheelchair vans must be operated by a certified driver and an attendant who:

- (A) Possess a current California driver's license or a current California Ambulance Driver Certificate issued by the State Department of Motor Vehicles.
- (B) Be at least 18 years of age.
- (C) Possess at least a current American Red Cross Standard First Aid and Personal Safety Certificate or equivalent.
- (D) Have passed a physical examination within the past two years and possess a current Department of Motor Vehicle form DL-51, Medical Examination Report, which is specifically incorporated herein by reference.

APPENDIX F: STATE AGENCY COMMENTS



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

Ms. Lori A. Ahlstrand
Regional Inspector General for Audit Services
Office of Audit Services, Region IX
90-7th Street, Suite 3-650
San Francisco, CA 94103

Dear Ms. Ahlstrand:

The California Department of Health Care Services (DHCS) has prepared its response to the U.S. Department of Health and Human Services, Office of Inspector General (OIG) draft report entitled *California Claimed Medicaid Reimbursement for Some Nonemergency Medical Transportation Services in Los Angeles County That Did Not Comply with Federal and State Regulations*.

DHCS appreciates the work performed by OIG and the opportunity to respond to the draft report. Please contact Ms. Sarah Hollister, Audit Coordinator, at (916) 650-0298 if you have any questions.

Sincerely,

[Toby Douglas]

Toby Douglas
Director

Enclosure

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Ms. Lori A. Ahlstrand
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**Department of Health Care Services Response to the
Office of Inspector General's Draft Report Entitled:
California Claimed Medicaid Reimbursement for Some Nonemergency Medical
Transportation Services in Los Angeles County That Did Not Comply With Federal and
State Requirements**

Finding #1: The State Agency paid for some nonemergency medical transportation services that did not comply with Federal and State Requirements.

The State agency pays for NEMT services if transportation is required for beneficiaries to obtain needed medical care (22 CCR § 51323(a)):

- For two beneficiary-services, the State Agency paid for services provided on dates when the beneficiaries did not obtain needed medical care. Although the transportation providers documentation showed that the beneficiaries were transported to authorized medical care providers, the medical care provider state that they did not provide medical care to the beneficiaries on the dates the transportation was provided. The OIG disallowed the entire payment amount for these services.
- For two beneficiary-services, the State agency paid for NEMT services that the transportation provider improperly billed as "night call" services. Night call services are provided from 7:00pm to 7:00am and are reimbursed an additional amount above the standard service rate. The transportation providers documentation showed that the services were provided outside the night call period. The OIG allowed the payments for transportation services but disallowed the additional night call payments.
- For one beneficiary-service, the State agency paid for a dry run improperly billed as a round-trip service between the beneficiary's residence and a medical facility. The OIG allowed the payment for a one-way service because the transportation provider's documentation showed that the provider attempted to transport the patient.

The deficiencies occurred because the transportation providers did not always follow Federal and State requirements for billing NEMT services. The OIG estimated that the State agency claimed Federal reimbursement of at least \$265,680 for NEMT services in Los Angeles County that did not comply with Federal and State requirements.

Recommendation 1: The State should refund \$265,680 to the Federal Government

Response: DHCS agrees with the recommendation.

The amount identified is the extrapolated value of adjustments identified in the OIG's audit sample of NEMT claims in Los Angeles County. No additional corrective action is necessary.

Recommendation 2: The State should educate transportation providers to ensure they follow Federal and State requirements for billing NEMT services.

Response: DHCS agrees with the recommendation.

13-31 NEMT LA
30 Day Draft

The Medical Review Branch will continue outreach activities with the Provider community to include being available to present issues of billing compliance at Industry forums and association meetings.

Implementation date: Ongoing

Finding #2: Transportation providers did not always maintain documentation for drivers and vehicles associated with nonemergency medical transportation services.

Transportation providers did not always maintain documentation for drivers and vehicles associated with NEMT services. Specifically, for twenty-two (22) beneficiary-services, the providers did not maintain driver qualification and vehicle records that complied with State requirements.

Recommendation: The State agency should educate transportation providers to ensure that they follow State requirements for maintaining documentation for drivers and vehicles associated with NEMT services.

Response: DHCS agrees with the recommendation.

The Medical Review Branch will continue outreach activities with the Provider community to include being available to present issues of billing compliance at Industry forums and association meetings.

Implementation date: Ongoing
