



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

*Review of Medicaid Provider Reimbursements Made to
Alexis Investments, Inc.*

A Compliance Review by the

**Fraud, Waste, and Abuse
Prevention Division**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Ms. Diane Bertsch, Operations Manager
Alexis Investments, Inc.
212 E. Township Avenue
Cincinnati, Ohio 45216

Dear Ms. Bertsch:

We have completed our audit of selected medical services rendered to Medicaid recipients by Alexis Investments, Inc. for the period January 1, 1996 through December 31, 1999. We identified findings in the amount of \$748,456.48, which must be repaid to the Ohio Department of Job and Family Services. The attached report details the basis for the findings.

Payment arrangements should be made with the Ohio Department of Job and Family Services within 45 days of the date of this report. When making payment, please use the remittance form at the back of this report to ensure proper credit. In accordance with Ohio Revised Code Section 131.02, if payment is not made within 45 days, this matter will be referred to the Ohio Attorney General's Office for collection.

If you have any questions, please contact Johnnie L. Butts, Jr., Chief of the Fraud, Waste and Abuse Prevention Division at (614) 466-3212.

Yours truly,

JIM PETRO
Auditor of State

October 24, 2000

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ABBREVIATIONS

CPT	Physician's Current Procedural Terminology
EMT	Emergency Medical Technician
FWAP	Fraud, Waste, and Abuse Prevention (Division of)
HCFA	Health Care Financing Administration
HCPCS	HCFA Common Procedure Coding System
MMIS	Medicaid Management Information System
ODJFS	Ohio Department of Job and Family Services
OAC	Ohio Administrative Code
ORC	Ohio Revised Code
TCN	Transaction Control Number

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SUMMARY OF RESULTS

The Auditor of State performed a review of Alexis Investments, Inc., doing business at 212 E. Township Avenue, Cincinnati, Ohio 45216.

Findings amounting to \$748,456.48 were

identified. The findings resulted from Medicaid claims submitted by Alexis Investments, Inc. that did not meet reimbursement rules under the Ohio Medicaid Transportation Manual and the Ohio Administrative Code (OAC).

BACKGROUND

The Auditor of State, working in cooperation with the Ohio Department of Job and Family Services (ODJFS), performs reviews designed to assess Medicaid providers' compliance with federal and state claims reimbursement rules. A Provider renders medical, dental, laboratory, or other services to Medicaid recipients.

Medicaid was established in 1965 under the authority of Title XIX of the Social Security Act and is a federal/state financed program which provides assistance to low income persons, families with dependent children, the aged, the blind, and the disabled. ODJFS administers the Medicaid program. The rules and regulations that providers must follow are issued by ODJFS in the form of an Ohio Medicaid Provider Handbook.

ODJFS' Medicaid Provider Handbook, General Information, Section II, Subsection (B), Chapter 3334, states in part, "Medical necessity" is the fundamental concept underlying the Medicaid program. A physician must render or authorize medical services within the scope of their licensure and based on their professional judgement of those services needed by an individual. "Medically necessary services" are services which are necessary for the diagnosis or treatment of disease, illness, or injury and meet accepted standards of medical practice."

Medical transportation services are among the services reimbursed by the Medicaid program when delivered by eligible providers to eligible recipients. The range of medical transportation services includes emergency and non-emergency ambulance transport to a Medicaid covered service, non-emergency ambulette/wheelchair vehicle transport to a Medicaid-covered service, as well as emergency and non-emergency air ambulance transport. Covered medical transportation services (ambulance and ambulette/wheelchair vehicle services) are those transports that are determined to be medically necessary and appropriate to the recipient's health. Requirements for providers of medical transportation services are covered in ODJFS' Transportation Services Manual, which is part of the Ohio Medicaid Provider Handbook.

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection (B), and OAC Section 5101:3-1-172 (E), providers are required to "Maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment or until any initiated audit is completed, whichever is longer."

In addition, rule 5101:3-1-29 (C) of the OAC states: "In all instances of fraud and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general.

"Abuse" is defined in rule 5101:3-1-29 (B) as "...those provider practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and result in an unnecessary cost to the medicaid program.."

PURPOSE SCOPE AND METHODOLOGY

The purpose of this review was to determine whether the Provider's claims to Medicaid for reimbursement of transportation services were in compliance with regulations and to calculate the amount of any overpayment resulting from non-compliance.

We informed the Provider by letter they had been selected for a compliance review. An Entrance Conference was held on May 16, 2000 with Diane Bertsch, Operations Manager and Ginger Millard, Billing Coordinator.

We utilized ODJFS' Ohio Medicaid Provider Handbook and the OAC as guidance in determining the extent of services and applicable reimbursement rates. We obtained the provider's claims history from ODJFS' Medicaid Management Information System (MMIS), which lists services billed to and paid by Medicaid. This computerized claims data includes patient name, place of service, date of service, and type of procedure/service. These healthcare procedures and services are codified using one or more of the following five digit coding systems:

Current Procedural Terminology (CPT)¹,
Health Care Financing Administration's² (HCFA) Common Procedural Coding System (HCPCS), and
ODJFS' local level codes.

The scope of our review was limited to claims for which the Provider was paid by Medicaid during the period January 1, 1996 through December 31, 1999. To facilitate an accurate and timely review of paid claims, a statistical random sample of 131 transaction control numbers (TCN's), which is the identifier for a transportation service bill for one recipient, was taken. The 131 TCN's represented 1,184 different transportation services, which typically includes each one-way transport and mileage. We examined the amounts reimbursed by ODJFS and conducted an on-site review of transportation records.

¹The CPT is published by the American Medical Association (AMA) for the purpose of providing a uniform language to describe medical services.

²HCFA has federal oversight of the Medicaid program.

For the January 1, 1996 through December 31, 1999 review period, the Provider was reimbursed \$974,273.49 for 70,310 Medicaid ambulette services, including \$16,495.59 for the 1,184 services in our sample. Table 1 summarizes the transportation services included in our sample.

Table 1: Transportation Services Billed by and Reimbursed to Alexis Investments, Inc. for 131 TCN's Reviewed Audit Period January 1, 1996 to December 31, 1999

Procedural Definition	Procedure Code	Number of Services	Amount of Reimbursement
Non-emergency ambulette/wheelchair vehicle transport	A0130	594	13,802.50
Ambulette, Loaded mileage	Z0160	590	2,693.09
TOTALS	-----	1,184	\$16,495.59

Source: Paid claims contained in ODJFS' Medicaid Management Information System

The review involved comparing transportation records with the claims payment history from MMIS. The documents requested from the Provider for review included:

- (1). A trip log which should state the date of service, time of call, name(s) of attendant(s), time of pickup, name(s) of client(s), name of driver and certification number, departure/destination, and loaded mileage. A trip log is used to validate that a transportation service took place.
- (2). The original ODJFS 3452 Physician Certification form documenting the medical necessity of the transport.
- (3). Copies of each ambulette driver's certification card for basic first-aid training. This certification may be issued by the American Red Cross or an equivalent training program.

We also visually inspected an ambulette vehicle to determine if the required equipment was in place.

Work performed on this audit was done in accordance with generally accepted government auditing standards. Detailed below are the results of this review.

FINDINGS

We found that the Provider did not maintain documentation to support the medical necessity of transports for which the Provider had billed and been paid \$748,456.48. Our concern about medical necessity of these transport was further supported by the fact that some recipients were transported by taxi, although the Provider had been reimbursed for transporting wheelchair bound recipients. A discussion of the basis and amount of the findings follows.

Failure to Provide Physician Certifications

Pursuant to OAC Section 5101:3-15-05, medical transportation providers must maintain records which fully describe the extent of services provided. One of the records that must be maintained is the original physician certification form documenting the medical necessity of the transport.

Completion of form 3452 (Physician Certification) is required by OAC Section 5101:3-15-02 in order for the transportation provider to be eligible for reimbursement for Medicaid services. This certification record serves as the document to validate the medical necessity of the transportation service.

The physician certification is analogous to a physician's order or a prescription. Just as a prescription is required in order for a pharmacy to dispense medications and must be maintained as a record kept by the pharmacy, the physician certification for transportation services is the document that validates the medical necessity to transport the patient and must be maintained as a record by the transportation provider. During our review of patient records for 131 randomly selected transaction control numbers (TCN's), we found 96 TCN's (affecting 887 of the 1,184 services associated with these TCN's), in which the physician certification was not presented for review.

During the Entrance Conference we were told a previous partner of the company was responsible for obtaining the physician certifications and had not properly completed them. In these instances the certifications were properly dated for the first date of transport, but "to forever" was written after the date. We were told the partner thought once a physician certification was obtained it was good indefinitely. OAC Section 5101:3-15-02 states, the attending practitioner, or with an order from the attending practitioner a registered nurse signing for the attending practitioner, must complete an ODJFS 3452 "Practitioner Certification Form" for all medical transportation services . . .

We accepted the certification for the first transport, but not for subsequent transports because a physician certification was not available to verify medical necessity. We made an exception for transports of dialysis patients, because, during our audit period, a certification was valid for 90 days. So, any transport within this period was given credit.

In verifying medical necessity for the Physician Certifications we did receive, we reviewed the certification forms for indications that recipients might have had been wheelchair bound for a long period of time, and thus in need of wheelchair transportation on the dates reviewed in our sample.

A physician is required to designate the condition of the patient, e.g. “wheelchair bound”, “ambulatory with assistance”, “bed confined”, in Section 17 of the form, and can add explanatory information in Section 18. These sections were not completed in most of the forms we examined. Therefore, there was no evidence to indicate that the recipients were wheelchair bound at the time of service.

We projected the error rate for the missing certifications across the total population of transportation services. This resulted in a finding of \$748,456.48 for missing certifications.

Some Recipients Transported in Taxis

One of the requirements laid out in the Medicaid Transportation Manual (AMB 1104) and the Ohio Administrative Code (Section 5101:3-15-02) is that in order to be eligible for Medicaid reimbursement, recipients must be non-ambulatory. For purposes of ambulette transport, non-ambulatory is defined as those handicapping or temporarily disabling conditions which preclude transportation in standard passenger vehicles.

In a further attempt to evaluate the medical necessity of the ambulette transports provided by the Provider, we contacted 30 recipients³ in our sample who received transportation services that were billed to Medicaid. Of the 30, we learned that 18 were non-ambulatory and had been transported in a wheelchair van, and 12 were ambulatory and had been routinely transported in taxis owned by Kanga Kab, which is owned and operated by Alexis Investments, Inc. Based on the Medicaid rules cited above, taxi transports are not eligible for Medicaid reimbursement as ambulette transports.

Because ambulettes are specially equipped to accommodate wheelchair transports, Medicaid pays providers a rate intended to cover these special needs. And in fact, we determined that Medicaid pays more than would normally be paid for taxi transportation. For example, Medicaid currently pays \$30.41 for a 10-mile transport (\$23.61 plus \$.68 per mile). By comparison, one Cincinnati, Ohio taxi company told us their standard charge for the same 10 miles was \$12 (\$2 plus \$1 per mile), or \$18.41 less than the Medicaid rate. Another Cincinnati taxi company told us their charge was \$14 (\$2 plus \$1.20 per mile), or \$16.41 less than the Medicaid rate.

We did not attempt to quantify the extent that taxis were used to transport Medicaid recipients because the Provider was already ineligible for reimbursement as a result of not having physician certifications. However, the taxi transports support our concern about the medical necessity of some of the Provider’s transports. In addition, the amount billed and paid for these transports was higher than the prevailing rate of reimbursement for taxi transportation.

³In several instances, we spoke with nursing staff at the facility where the recipient resided, and who had direct knowledge of the recipients’ medical conditions.

PROVIDER RESPONSE

A draft report was mailed to the Provider on July 27, 2000 to give the Provider an opportunity to provide additional documentation or otherwise respond in writing to the findings. The Provider disagreed with the findings in a letter dated July 31, 2000, stating “Alexis Investments, Inc. rendered all services for which it sought and received reimbursement. Additionally, while some documentation for such services may have been unavailable at the time of your audit, the documentation was ultimately received. Therefore, all claims were and remain proper.”

As part of the response, the Provider also submitted 60 physician certifications for review, which had been signed in May and June 2000 -- subsequent to our record review and 6 months to 2 ½ years past the date of service.

ODJFS’ Bureau of Health Plan Policy, Office of Medicaid, determined that the certifications were not valid because they did not exist prior to the receipt of payment. The Bureau cited OAC Section 5101:3-1-172 (E), which requires that providers maintain all records for a period of six years *from the date of receipt of payment* (italics added) or until any initiated audit is completed, whichever is longer.” Required records include physician certifications.

Subsequent to sending our draft report to the Provider, we learned that the Provider used taxis to transport some recipients and billed these services to Medicaid. (See the discussion in the Results section above.) In a follow up September 25, 2000 letter to the Provider, we gave the Provider an opportunity to respond to this new information. The Provider again disagreed with our findings in a letter dated September 28, 2000, stating

... First of all, roughly 80% of the Alexis Investments’ vehicles are ambulette and service persons who are non-ambulatory. Your own sampling proves that at least 60% of the recipients of services from Alexis Investments were non-ambulatory. For these reasons, prior medical authorization is not required. Second of all, it is simply wrong to assert that transportation services to persons who are ambulatory cannot be eligible for Medicaid reimbursement. For example, a person in need of dialysis may be ambulatory, but transportation services are still medically necessary, especially after the dialysis. Granted, this is the purpose of obtaining physician certification. Alexis Investments has or is in the process of obtaining certification for all services rendered.

As discussed above, ODJFS rules require that Providers obtain proper documentation on or before the date payment is received for services rendered. One reason for this policy is to ensure that providers have proper documentation to support their billings, as opposed to waiting until audited before obtaining the documentation. Moreover, we believe Section 5101:3-15-02 of the OAC is very clear that in order to be eligible for Medicaid reimbursement, recipients must be non-ambulatory, with non-ambulatory being further defined as those handicapping or temporarily disabling conditions which preclude transportation in standard passenger vehicles. Transportation by taxi does not, in our

opinion, meet this criteria, or warrant the reimbursement that Medicaid pays for transport by wheelchair capable vehicles.

Based on the above, we identified findings in the amount of \$748,456.48 due to missing physician certifications and reimbursements made for taxi transports in lieu of ambulette transports. The Provider is aware if payment arrangements are not made with ODJFS within 45 days of the date of this report, the matter will be referred to the Ohio Attorney General for collection.

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APPENDIX I

**Table 1: Summary of Record Analysis of Alexis Investments, Inc.
For the period January 1, 1996 to December 31, 1999**

Description	Audit Period January 1, 1996- December 31,1999
Total Medicaid Transportation Services Paid During Audit Period	\$974,273.49
Number of Transportation Services	70,310
Type of Examination	Statistical Random Sample of 131 TCN's
Number of Transportation Services Included in Sample	1,184
Amount Paid for Sampled Services	\$16,495.59
Projected Overpayment From Statistical Sample	\$748,456.48
Upper Limit at 95% Confidence Level	\$822,960.11
Lower Limit at 95% Confidence Level	\$673,952.84

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PROVIDER REMITTANCE FORM

Make your check payable to the Treasurer of State of Ohio and mail check along with this completed form to:

Ohio Department of Human Services
Post Office Box 182367
Columbus, Ohio 43218-2367

Provider: Alexis Investments, Inc.
212 E. Township Avenue
Cincinnati, Ohio 45216

Provider Number: 0230119

Review Period: January 1, 1996 through December 31, 1999

AOS Finding Amount: \$748,456.48

Date Payment Mailed: _____

Check Number: _____

IMPORTANT: To ensure that our office properly credits your payment, please also fax a copy of this remittance form to: Charles T. Carle at (614) 728-7398.

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800-282-0370
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ALEXIS INVESTMENTS, INC.

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 24, 2000**