



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

Review of Medicaid Provider Reimbursements Made to K&L Transport Services

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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Christopher King & Lamont Lloyd, Owners
K&L Transport Services
15122 NEO Parkway
Cleveland, Ohio 44128

Dear Mr. King & Mr. Lloyd:

We have completed our audit of medical services rendered to Medicaid recipients by K&L Transport Services for the period of January 1, 1996 through March 31, 2000. We identified findings of \$1,948,651.53, which resulted from payments to K&L Transport Services for service claims not meeting program reimbursement rules under the Ohio Medicaid Transportation Manual and the Ohio Administrative Code (OAC). These findings are subject to repayment 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.

As a matter of policy, a copy of this report is being sent to the Ohio Department of Job and Family Services and the Ohio Attorney General. 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
ODHS	Ohio Department of Human Services
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 K&L Transport Services, doing business at 15122 NEO Parkway, Cleveland, Ohio 44128. Findings amounting to \$1,948,651.53 were identified. The findings resulted from Medicaid claims submitted by K&L Transport Services 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 providers must follow are issued by ODJFS in the form of a Ohio Medicaid Provider Handbook.

ODJFS' Medicaid Provider Handbook, Chapter 3334, General Information, Section II, Subsection (B), 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 Handbook, which is part of the Ohio Medicaid Provider Handbook.

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection (B), and the Ohio Administrative Code, Section 5101:3-1-172, 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 form 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 on June 15, 2000 they had been selected for a compliance review. An Entrance Conference was held on July 19, 2000 with Christopher King and Lamont Lloyd, Owners.

We utilized ODJFS' Ohio Medicaid Provider Handbook and the Ohio Administrative Code 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 March 31, 2000. During our audit period, the Provider billed and was reimbursed \$1,948,651.53 for 37,814 ambulette transportation services. Annual reimbursements increased from \$207,262.67 in calendar year 1996 to \$739,927.96 in calendar year 1999, making the Provider the third largest supplier of Medicaid ambulette services in the state during 1999. The rapid rate of growth has continued, with Provider being reimbursed \$618,445.47 for ambulette services in the first six months of 2000.

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.

In order to facilitate an accurate and timely review of paid claims, a statistical random sample of 125 Transaction Control Numbers (TCN's), which is the identifier for a transportation service bill for one recipient, was taken from claims paid during our audit period.

We examined the amounts reimbursed by ODJFS and requested an on-site record review. In order to perform this review we requested the Provider gather the following documents:

A trip log which states 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.

The original ODJFS 3452 Physician's Certification form documenting the medical necessity of the transport.

Copies of applicable ODJFS 3142 Prior Authorization Request forms.

Copies of each ambulette driver's certification card for basic first-aid training.

Work performed on this audit was done in accordance with government auditing standards.

FINDINGS

The Provider did not maintain documentation to support any of the ambulette services that were billed and reimbursed during our audit period. The lack of documentation to support that trips occurred, the lack of physician certifications to support the medical necessity of any trips, and the lack of evidence that vehicle drivers had received basic first-aid training caused us to question all of the reimbursements made to the Provider during our review period. We also identified instances where the Provider billed for transportation services provided to Medicaid recipients who were in the hospital at the time. Therefore, our findings totaled \$1,948,651.53.

Billed Services Not Documented

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection B, (OAC Section 5101:3-1-172), the provider must maintain records for a period of six years from the date of receipt of payment or until any initiated audit is completed, whichever is longer, to fully describe the extent of services rendered.

Pursuant to OAC Section 5101:3-15-05³, medical transportation providers must maintain records which fully describe the extent of services provided. According to this section, one of the records that must be maintained is the run sheet which states the date of service, time of call, name(s) of attendant(s), time of pickup, name(s) of client(s), name of driver departure/destination, and loaded mileage.

³This section was repealed and amended as part of OAC Section 5101:3-15-02 effective 03/01/00.

The Provider did not have run sheets for services provided during our audit period. The Provider owners stated that records had been destroyed during a move to a new business location in June 1999, and furthermore, they did not maintain any run sheets or physician certifications for more than one week because they were not aware of the time period the records were to be retained. Because the Provider did not maintain the required documents, we were unable to confirm that the services were actually rendered.

Medical Necessity Not Properly Supported

Pursuant to OAC Section 5101:3-15-02 (see footnote 3), “A physician must certify on the ODHS 3452 Physician Certification all ambulance and ambulette/ wheelchair vehicle transportation services to be medically necessary. The physician certification must state the medical problems which contraindicate transportation by any other means on the date of transport.” This certification record serves as the document to validate the medical necessity of the transportation service. In addition this form must be signed by a physician or a registered nurse, under verbal orders from a physician.

The physician certification is analogous to a physician’s order or a prescription. Just as a prescription/order is required 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.

As noted above, the Provider did not maintain any documentation to support services that were billed and reimbursed by the Medicaid program. Without the required physicians’ certifications, we were unable to confirm that the services were medically necessary.

After we advised the Provider about the necessity of maintaining proper documentation, the Provider contacted several nursing facilities (where recipients resided) and dialysis centers (where recipients were transported to) to obtain physicians’ certifications. The Provider submitted these certifications to us, and they supported that most of the transports had been ordered. However, ODJFS’ Bureau of Health Plan Policy, Office of Medicaid, has determined that such certifications are not valid if they do 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. Implicit in this requirement is that medical necessity is to be established prior to payment for services, and not in response to questions raised during an audit.

Driver First-Aid Training Not Documented

The Transportation Manual, Section 1004, Subsection B, and the Section 5101:3-15-01 of the OAC states, Ambulette/wheelchair vehicle providers must certify that drivers meet the following qualifications:

- (1) the qualifications of each driver comport with local, state and federal laws and regulations.
- (2) Each driver has a current card issued as proof of successful completion of the “American Red Cross” (or equivalent) basic course in first-aid.

During the Entrance Conference we requested evidence that drivers who provided transportation services during our audit period had the required first-aid training. The Provider owners told us that they had recently contracted with an instructor to provide the requisite driving training, and they gave us class rosters for training given in May 2000 and August 2000. However, the owners were unable to document that drivers who transported recipients during our audit period had received first-aid training prior to delivery of the services. Therefore, we were unable to verify that the Provider’s drivers had received the requisite first-aid training for services delivered during our audit period.

Transportation Services Billed for Hospital Inpatients

In the absence of proper documentation to verify what services had been performed, we analyzed other aspects of the Provider’s claims for Medicaid reimbursements. One of our analyses determined that the Provider billed for transportation services ostensibly provided while recipients were patients in hospitals. We determined that the Provider had billed and been reimbursed for 1,085 services, totaling \$14,015.98, for transporting 62 such recipients between January 1, 1996 through June 30, 2000. Table 1 breaks out the services and reimbursements by year.

Table 1: Reimbursements for Transportation Services to Hospital Inpatients

Calendar Year	Number of Billed Services	Reimbursement
1996	104	\$1,100.84
1997	136	\$1,444.84
1998	143	\$1,691.92
1999	423	\$5,754.90
2000 (Through June 30)	279	\$4,023.48
Totals	1,085	\$14,015.98

Source: Payment Claims History maintained in ODJFS’ Medicaid Management Information System.

When we asked the owners of K&L Transport to explain how these services might have been billed,

the owners acknowledged that billing errors might have occurred. They explained that many of their transports are repetitive in nature (e.g. 3 times a week every week for dialysis treatment). Thus, billing errors can occur when bills are based on transport schedules, rather than on actual transports. While drivers are supposed to report when a regularly scheduled recipient is in the hospital, and billing clerks are supposed to take note, this does not always occur, they said.

Other Evidence

We also contacted three dialysis centers and five nursing homes which were identified to us by K&L as being locations where they transported recipients to and from. We also contacted several recipients.

The dialysis centers were unable to verify if K&L transported patients to their locations because the patients themselves choose the transportation provider they will use. The social workers could not identify any specific transportation company that transports patients to their facilities.

All five of the nursing homes were able to identify K&L as the transport company that was used to transport their patients. The nursing homes used registered nurses to fill out the physician certification forms and then they were signed by a physician. The dialysis centers do not have physicians on staff so the certifications for those patients are completed by the patient's own physician.

We contacted 15 recipients from our sample population to verify if they were transported by K&L Transport and if these recipients were non-ambulatory. All of the recipients verified that K&L transported them; and all of them stated they were in wheelchairs and non-ambulatory. However, none of the recipients identified a physician as having ordered the transports for them.. They stated that they had ordered the transports themselves.

Our limited sample of recipients and transport locations appears to support that the Provider was transporting recipients and that they were nonambulatory. Evidence that services were ordered by a physician as medically necessary was inconclusive. In any event, the requirements for documenting billed services, for obtaining Physicians' Certifications, and for ensuring the drivers receive proper first-aid training are clearly laid out in the Ohio Administrative Code and Medicaid Providers' Handbook. Therefore, we identified findings for all of the Provider's reimbursements during the audit period (\$1,948,651.53).

PROVIDER RESPONSE

held on September 29, 2000.

A draft report was mailed to the Provider on September 22, 2000 to afford the Provider an opportunity to submit additional documentation or otherwise respond. The Provider's response was obtained at an exit conference

The Provider owners acknowledged that they had not maintained proper documentation and sought advice on how to do so in the future. They also acknowledged that billing errors may have caused transport claims for services while recipients were hospital inpatients. They believe, however, that for the most part, services had been provided in accordance with what had been billed and reimbursed. Their detailed comments have been incorporated into the text of the report where appropriate.

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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 Job and Family Services
Post Office Box 182367
Columbus, Ohio 43218-2367

Provider: K&L Transport Services
15122 NEO Parkway
Cleveland, Ohio 44128

Provider Number: 0926387

Review Period: January 1, 1996 through March 31, 2000

AOS Finding Amount: \$1,948,651.53

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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K & L TRANSPORT SERVICES

CUYAHOGA 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**