STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Ohio Medicaid Program

Review of Medicaid Provider Reimbursements Made to Lane Life Trans Paramedics

A Compliance Review by the

Fraud, Waste and Abuse
Prevention Division

May 2001 *AOS/FWAP-01-037C*

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Randy Pugh, Chief Operations Manager
Lane Life Trans Paramedics
5797 Mahoning Avenue
Youngstown, Ohio 44515-2322

Dear Mr. Pugh:

We have completed our review of selected medical services rendered to Medicaid recipients by Lane LifeTrans Paramedics for the period January 1, 1996 through June 30, 2000. We identified findings in the amount of $224,544.14, which must be repaid to the Ohio Department of Job and Family Services. A "provider remittance form" is located at the back of this report for remitting payment.

Please be advised that in accordance with Ohio Revised Code Section 131.02, if payment is not made to the Ohio Department of Job and Family Services within 45 days of receipt of this report, this matter will be referred to the Ohio Attorney General's office for collection.

As a matter of courtesy, a copy of this report is being sent to the Ohio Department of Job and Family Services, the Ohio Attorney General, and the Ohio State Medical Board. If you have any questions, please feel free to contact Johnnie L. Butts, Jr., Chief, Fraud, Waste and Abuse Prevention Division, at (614) 466-3212.

Yours Truly,

JIM PETRO
Auditor of State

May 15, 2001

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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 Lane Life Trans Paramedics, Provider #4949917, doing business at 1350 N. Niles Canfield Road, Mineral Ridge, Ohio 44440. Findings amounting to $224,544.14 were identified. The cited funds are recoverable as they resulted from Medicaid claims submitted by Lane Life Trans Paramedics for 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 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, (OAC Section 5101:3-1-01), 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, 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 ODJFS for Medicaid 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 October 31, 2000 with Randy Pugh, Chief Operations Manager, Thomas Sanborn, Chief Financial Officer and Thomas Lambert, Transportation 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's[2] (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 though June 30, 2000. To facilitate an accurate and timely review of paid claims, a statistical random sample of 171 transaction control numbers (TCN's), which is the identifier for a transportation service bill for one recipient, was available for staff use.

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

[2]HCFA has federal oversight of the Medicaid program.

Officials told us at the entrance conference that they did not as a matter of standard operation obtain medical certifications. This factor along meant that all claims failed to meet the basic requirement for payment by Medicaid. In order to verify that no other compliance issued exists, we examined documentation on 171 of the providers's paid claims.

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 government auditing standards. Detailed below are the results of this review.

FINDINGS

We identified one area in which the Provider failed to comply with Medicaid rules. The Provider did not obtain Physician Certifications for any ambulette transports. A discussion of this finding follows.

Failure to Obtain Physician Certifications

Pursuant to OAC Section 5101:3-15-05[3], 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 validates the medical necessity of the transportation service.

[3]This cite was repealed and incorporated into OAC Section 5101:3-15-02 on March 2, 2000.

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 supporting 171 TCN's (which involved 1,409 services), we verified that the Provider had not obtained physician certifications in support of these transportation services. Our review confirmed that the Provider was not obtaining physician certifications, as the provider said in the entrance conference. According to the Provider representatives, their previous billing agency had told them physician certifications were not required.

Without the certifications, we were unable to confirm that the service was "ordered" by a physician or determine the medical necessity of the transport. Moreover, in accordance with OAC Section 5101:3-15-02, the Provider was not eligible to be reimbursed for Medicaid services. Therefore, we identified findings in the amount of $224,544.14 for all claims billed and reimbursed during the review period.

PROVIDER'S RESPONSE

The Provider was given an opportunity to review a draft of this report and provide additional documentation or otherwise respond in writing. The Provider responded by phone and acknowledged that physician certifications are required but disagreed with the findings, citing extenuating circumstances and the fact that the services had been provided. A subsequent March 26, 2001 letter from the Provider reiterated this position. The Provider stated that:

> They were not aware of the requirement to maintain the physicians' certificate of medical necessity during the period in question.
>
> Their billing was out-sourced and they relied on information provided by the billing agencies to determine what records to collect and maintain.
>
> In most instances, it is apparent from the nature of the patient's treatment that the transport was medically necessary.
>
> They could produce other conclusive evidence, which may include patient medical charts, letters from physician or records maintained by Medicaid.

Our reviews of other documentation maintained by the Provider did not surface any irregularities. Transports reviewed in our sample were properly documented and drivers were properly certified. We also attempted to contact 10 randomly selected recipients (or the nursing homes in which they

resided) to determine whether they had been transported by the Provider and whether they were nonambulatory.[4] Of the eight we were able to contact (one of the 10 was deceased and the other did not have a phone number), we were able to confirm that six had been transported by the Provider and seven were wheelchair bound (nonambulatory).

Nonetheless, we believe OAC Section 5101:3-15-02 is very clear about the requirement for Providers to obtain and maintain copies of physicians' certifications as a means of verifying the medical necessity of transports. Therefore, our finding for $224,544.14 remains unchanged. The Provider is aware if payment is not made within 45 days of receipt of this report, this matter will be referred to the Ohio Attorney General's Office for collection.

[4] Section 5101:3-15-02 of the Ohio Administrative Code states that in order to be eligible for Medicaid reimbursement, recipients must be nonambulatory. For purposes of ambulette transport, nonambulatory is defined as those handicapping or temporarily disabling conditions which preclude transportation in standard passenger vehicles.

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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:	Lane Life Trans Paramedics Mahoning Avenue Youngstown, Ohio 44515-2322	5 7 9 7
Provider Number:	4949917	
Review Period:	January 1, 1996 through June 30, 2000	
AOS Finding Amount:	$224,544.14	
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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LANE LIFE TRANS PARAMEDIC

TRUMBULL 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
MAY 15, 2001