ACTION DELIVERY SERVICE, INC. DBA MEDICAL TRANSPORTATION SERVICES
ALSO KNOWN AS MTS
ASHLAND, KENTUCKY

MEDICAID COMPLIANCE EXAMINATION REPORT

FOR THE PERIOD JANUARY 1, 2009 THROUGH DECEMBER 31, 2011

Dave Yost • Auditor of State

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO MEDICAL TRANSPORTATION SERVICES

Barbara Williams, Owner and President
Action Delivery Service, Inc. DBA Medical Transportation Service also known as MTS
2431 Greenup Avenue
Ashland, Kentucky 41101

RE: *Medicaid Provider Number 0824317*

Dear Ms. Williams:

We examined your (the Provider's) compliance with specified Medicaid requirements for driver qualifications, vehicle licensure, service documentation, and service authorization related to the provision of non-emergency basic life support ambulance and ambulette services during the period of January 1, 2009 through December 31, 2011. We reviewed the Provider's records to determine if it had support for services billed to and paid by Ohio Medicaid and compared the elements contained in the documentation to the Medicaid rules. In addition, we determined if the services were authorized in certificates of medical necessity. We also reviewed personnel records to verify that driver qualifications were met and verified vehicle licensure with the State Board of Emergency Medical Services (formerly the Ohio Medical Transportation Board (OMTB)). The accompanying Compliance Examination Report identifies the specific requirements examined.

Provider's Responsibility

The Provider entered into an agreement with the Ohio Department of Medicaid (ODM) to provide services to Medicaid recipients (the Provider Agreement). The Provider Agreement outlines the responsibility to adhere to the terms of the agreement, state statutes and rules, federal statutes and rules, and the regulations and policies set forth in the Medicaid Handbook including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Therefore, the Provider is responsible for complying with the requirements and laws outlined by the Medicaid program.

Auditor's Responsibility

Our responsibility is to express an opinion and report on the Provider's compliance with the specified Medicaid requirements based on our examination. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code and conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and, accordingly, included examining, on a test basis, evidence supporting the Provider's compliance with those Medicaid requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. However, our examination does not provide a legal determination on the Provider's compliance with the specified Medicaid requirements.

Internal Control Over Compliance

The Provider is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely

on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over compliance.

Basis for Adverse Opinion on Medicaid Services

Our examination found material non-compliance with service documentation, service authorization and driver qualification requirements.

Adverse Opinion on Compliance

In our opinion, the Provider has not complied, in all material respects, with the aforementioned requirements pertaining to service documentation, service authorization and driver qualifications for the period of January 1, 2009 through December 31, 2011.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Examination Report. We did not test other requirements and, accordingly, we do not express an opinion on the Provider's compliance with other requirements.

We found the Provider was overpaid by Ohio Medicaid for services rendered between January 1, 2009 and December 31, 2011 in the amount of $322,780.65. This finding plus interest in the amount of $21,181.93 totaling $343,962.58 is due and payable to the ODM upon its adoption and adjudication of this examination report. When the Auditor of State identifies fraud, waste or abuse by a provider in an examination,[1] any payment amount in excess of that legitimately due to the provider will be recouped by ODM through its Fiscal Operations, the state auditor, or the office of the attorney general. Ohio Admin. Code § 5160-1-29(B) Therefore, a copy of this report will be forwarded to ODM because it is responsible for making a final determination regarding recovery of our findings and any accrued interest.

This report is intended solely for the information and use of the Ohio Department of Medicaid, the Medicaid Fraud Control Unit of the Ohio Attorney General's Office, the U.S. Department of Health and Human Services/Office of Inspector General, and other regulatory and oversight bodies and is not intended to be and should not be used by anyone other than these specified parties. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Dave Yost
Auditor of State

May 30, 2014

[1] "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitute an overutilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5160-1-29(A)

COMPLIANCE EXAMINATION REPORT FOR MEDICAL TRANSPORTATION SERVICE

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. The rules and regulations that providers must follow are specified in the Ohio Administrative Code and the Ohio Revised Code. The fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services. *See* Ohio Admin. Code § 5160-1-01(A) According to Ohio Admin. Code § 5160-1-17.2(D), Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. Ohio Admin. Code § 5160-1-17.2(E)

During the examination period, the Provider furnished ambulette and ambulance services and received reimbursement of $365,999.51 for 13,988 ambulette and ambulance service lines rendered on 3,791 recipient dates of service (RDOS). A recipient date of service is defined as all services for a given recipient on a specific date of service.

An ambulance is a vehicle designed to transport a patient in a supine position. Ohio Admin. Code § 5160-15-01(A) Ambulance basic life support non-emergency is the transport of a patient who needs, on a non-emergency basis, the provision of basic life support services. The individual must also be nonambulatory and unable to use an ambulette, require continuous medical supervision, require oxygen during transport and be unable to self-administer, or require oxygen and has been discharged from a hospital to a nursing home. Ohio Admin. Code § 5160-15-03

Some Ohio Medicaid recipients may be eligible to receive transportation services provided by an ambulette provider. An ambulette is a vehicle designed to transport individuals sitting in wheelchairs. Ohio Admin. Code § 5160-15-01(A) Individuals who are non-ambulatory, able to be safely transported in a wheelchair, do not use passenger vehicles as transport to non-Medicaid services, and do not require an ambulance may be eligible for ambulette transportation. Ohio Admin. Code § 5160-15-03

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect.

The scope of the engagement was limited to an examination of medical transportation services, specifically ambulette and non-emergency basic life support ambulance services, that the Provider rendered to Medicaid recipients and received payment during the period of January 1, 2009 through December 31, 2011.

We received the Provider's claims history from the Medicaid Management Information System (MMIS) and the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program. We removed zero paid, third-party and Medicare crossover claims. We also removed all emergency and advanced life support ambulance services to exclude from testing. From the remaining subpopulation, we summarized services by recipient and month. We extracted all services where a recipient received ambulette and non-emergency basic life

support ambulance services in the same month and from this two-stage cluster we selected a simple random sample of these services. The remaining services were split into ambulette and non-emergency basic life support ambulance services files. Each respective file was then summarized by recipient date of service (RDOS) and we selected a simple random sample of ambulette services based on RDOS and a simple random sample of non-emergency basic life support ambulance services based on RDOS.

These three samples were selected to facilitate a timely and efficient examination of the Provider's services as permitted by Ohio Admin. Code § 5160-1-27(B)(1). We then obtained the detailed services for all of the selected months and RDOS and tested these services during fieldwork.

We reviewed the Providers records for trip documentation and certificates of medical necessity (CMN) and we reviewed personnel files to ensure that ambulette driver qualifications were met prior to rendering services. We reviewed licensure information obtained from OMTB to verify that vehicles used for ambulette and non-emergency basic life support ambulance transports were appropriately licensed when a recipient was picked up in Ohio and transported to a location within Ohio.

An engagement letter was sent to the Provider on November 14, 2013 setting forth the purpose and scope of the examination. An entrance conference was held at the Provider's location on December 16, 2013. During the entrance conference the Provider described its documentation practices and process for submitting billing to the Ohio Medicaid program.

Results

We reviewed a sample of 296 services where both ambulette and non-emergency basic life support ambulance services were billed for the same recipient in the same month (119 ambulette transports and 117 corresponding ambulette mileage codes, 32 non-emergent basic life support ambulance transports with 28 corresponding ambulance mileage codes) and identified 275 errors. While certain services had more than one error, only one finding was made per service. The overpayments identified for 20 of 20 months (283 of 296 services) from our two-stage cluster sample of recipient months in which both ambulette and non-emergency basic life support ambulance services were furnished to the same recipient were projected across this sub-population of the Provider's paid recipient dates of service. This resulted in a projected overpayment amount of $33,049.77 with a precision of plus or minus $19,289.15 at the 95 percent confidence level. Since the precision percentage achieved was greater than our procedures require for use of a point estimate, the results were re-stated as a single tailed lower limit estimate (equivalent to methods used in Medicare audits), and a finding was made for $16,811.45. This allows us to say that we are 95 percent certain that the population overpayment amount is at least $16,811.45.

We also reviewed a sample of 393 ambulette transportation services (195 ambulette transports with corresponding paid mileage codes and three paid mileage codes with no corresponding transport) and identified 383 errors. This resulted in a 100 percent error rate for services in this sub-population and resulted in an overpayment of $164,328.20.

Finally, we reviewed a sample of 318 non-emergency basic life support ambulance services (158 transports with corresponding paid mileage codes and two mileage codes with no corresponding transport) and identified 169 errors. While certain services had more than one error, only one finding was made per service. We took exception with 94 of 100 statistically sampled recipient dates of service (300 of 318 services) from the Provider's population of paid services. We then calculated findings repayable to ODM by projecting the error rate to this sub-population of the Provider's paid services. Our projected findings were $141,641 with a 95 percent degree of

certainty that the true population overpayment amount fell within the range of $128,691 to $146,049.

On November 20, 2013 the Provider responded to an ambulette questionnaire developed by ODM's Surveillance and Utilization Review Section and stated that it maintained all records and documents necessary to substantiate transportation services. The Provider further responded that since the beginning of its business it was aware of the requirement for a CMN to be on file in order for the ambulette transport to be covered by Medicaid.

A. Certificate of Medical Necessity (CMN)

All transportation providers are required by Ohio Admin. Code § 5101:3-15-02(E)(2) to obtain a CMN that has been signed by an attending practitioner that documents the medical necessity of the transport. Ambulette and non-emergency ambulance providers must obtain the completed, signed and dated CMN prior to billing the transport. *See* Ohio Admin. Code § 5101:3-15-02(E)(4)(d)

Our review of the three statistical samples, which included a total of 504 paid transports, identified 371 transports in which there was no CMN and an additional 117 transports where the CMN was not signed by an authorized practitioner. These 488 errors were used in the overall finding projections as described in the results section above.

In addition, we noted CMNs for nine transports in the three statistical samples that were present and signed by an authorized practitioner but were not complete. These CMNs did not consistently contain the medical condition which requires the patient to use an ambulance or ambulette and/or did not indicate that the recipient met all of the criteria for an ambulance or ambulette transport.

Recommendation:

The Provider should establish a system to obtain the required CMN, completed by an authorized attending practitioner, and to review those CMN to ensure they are complete prior to billing Medicaid for the transport. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

B. Trip Documentation

Trip documentation records must describe the transport from the time of pick up to drop off, and include the mileage, full name of attendant, full name of driver, vehicle identification, full name of the Medicaid covered service provider, and complete Medicaid covered point of transport addresses. This requirement is necessary to calculate the correct payment prior to billing Ohio Medicaid. *See* Ohio Admin. Code § 5101:3-15-02(E)(2)(a)

Our review of the three statistical samples of 504 paid transports found the following non-compliance issues with the Provider's trip documentation:

- 36 transports with no service documentation;
- 26 transports in which the mileage reimbursed was not supported by the documentation;
- 3 ambulette transports billed as a non-emergency basic life support ambulance transport; and

- 7 transports where the recipient was not transported to Medicaid covered service or it could not be determined if the transport was to a Medicaid covered service.

These 72 errors were used in the overall finding projections as described in the results section above.

We also noted 28 transports with incomplete documentation that did not include the scheduled pick up and drop off time, the vehicle number and/or the driver's name.

Recommendation:

The Provider should develop and implement procedures to ensure that all service documentation fully complies with requirements contained in Ohio Admin. Code § 5160-15-02. In addition, the Provider should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement and that the proper procedure code is used in billing. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

C. Covered Service Limitations

Transports to services that are covered by any Home and Community Based Services waivers specified in division level 5101:3 of the Administrative Code are not covered. *See* Ohio Admin. Code § 5101:3-15-03(E)(13) In addition, after July 31, 2009, medical transportation services are not directly reimbursable for recipients residing in a nursing facility as defined in section 5111.20 of the Revised Code. *See* Ohio Admin. Code § 5101:3-15-02.8

Our review of the 504 paid transports included in the three statistical samples found nine transports to nursing home residents and six transports to a waiver covered service (adult day service). These nine errors were used in the overall finding projections as described in the results section above.

Recommendation:

The Provider should develop and implement procedures to ensure that transports meet requirements to be a covered service prior to submitting claims for reimbursement. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

D. Driver Qualifications

All ambulette drivers must pass a criminal background check and have a signed medical statement from a licensed physician declaring the individual does not have a medical, physical or mental condition or impairment which could jeopardize the health or welfare of patients being transported. Also, each driver must undergo testing for alcohol and controlled substances by a certified laboratory and be determined to be drug free. Background checks, medical statements, and drug test results must be completed and documented before the driver begins providing ambulette services or within 60 days thereafter. Prior to employment, each driver must obtain first aid and Cardiopulmonary Resuscitation (CPR) certification (or have an Emergency Medical Technician certification), provide a copy of his/her driving record from the Bureau of Motor Vehicles (BMV), and complete passenger assistance training. In addition, each driver must provide copy of BMV driving record on annual basis. *See* Ohio Admin. Code § 5101:3-15-02(C)(3)

We judgmentally selected a sample of eight ambulette drivers. The Provider was unable to provide a personnel file for one of the selected drivers. We examined the personnel files for the other seven ambulette drivers. None of the seven ambulette drivers had a background check, drug and alcohol test or physician statement. Two drivers had lapses in their first aid and CPR certifications and one driver had no passenger assistance training. As a result, the eight ambulette drivers tested were ineligible to provide services. The 215 transports provided by these eight ambulette drivers in the two statistical samples that included ambulette transports are considered unallowable and were used in the overall finding projections as described in the results section above.

The Provider stated that it was unaware of the driver qualifications and did not obtain a background check, drug and alcohol test, or physician statement for any ambulette driver.

Recommendation:

The Provider should develop and implement a system to ensure that all drivers complete required documentation prior to employment. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

E. Vehicle Requirements

According to Ohio Admin. Code § 5101:3-15-02(A)(2) providers of ambulette services must operate in accordance with applicable requirements developed by the Ohio Medical Transportation Board in accordance with Chapter 4766 of the Ohio Revised Code. In addition, Ohio Admin. Code § 4766-2-14 states that an out of state Medical Transportation Organization that receives a patient in Ohio for transportation to a location in Ohio shall be licensed and is subject to Chapter 4766 of the Revised Code.

We judgmentally selected 329 transports (98 ambulance transports and 231 ambulette transports) from the total of 504 transports included in the three samples. We noted 33 non-emergency basic life support ambulance transports and 23 ambulette transports where the beginning and ending locations for the transport were both in Ohio. We compared the vehicles used in these transports to the list of vehicles licensed by OMTB.

We found six instances where the ambulance was not licensed by OMTB. We found no errors with the ambulette transports.

Recommendation:

We recommend the Provider ensure vehicles used for transports where the recipient is picked up in Ohio and transported to a location within Ohio are licensed by OMTB. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

Provider Response

A draft report along with a detailed list of services for which we took findings was mailed to the Provider on June 18, 2014, and the Provider was afforded an opportunity to respond to this examination report.

The Provider responded that it was unaware of the driver qualification requirements for health evaluations and federal background checks and has implemented a policy to maintain driver qualification information as required. The Provider also stated that it believed its generic ambulance

CMN was appropriate; however, it will begin to use the form specified in the Ohio Medicaid rules. In addition, the Provider noted it has instituted a procedure to ensure trip documentation contains required elements and a policy that vehicles used for transports with beginning and ending locations in Ohio will be licensed by the State Board of Emergency Medical, Fire and Transportation Services.

AOS Response: Ohio Admin. Code § 5101:3-15-01 (A)(25) defines practitioner certification form as the general term for the JFS 01960 "Ambulance Certification of Medical Necessity Form" that certifies the medical necessity of land ambulance services. In addition to not consistently using the required form, the Provider's generic ambulance CMN did not include all of the information required by Ohio Admin. Code § 5101:3-15-02(E)(4). We reviewed any CMN found which covered the date of service against the required elements.

APPENDIX I

Summary of Statistical Sample Analysis
For the period January 1, 2009 through December 31, 2011
Non-Emergency Basic Life Support Ambulance Services

Description	Analysis
Type of Examination	Simple Random Sample
Description of Population	Non-emergency basic life support ambulance services less non-emergency basic life support services provided in the same month as ambulette services for the same recipient
Number of Recipient Dates of Service (RDOS) in Population	906
Number of RDOS Sampled	100
Number of RDOS Sampled with Errors	95
Number of Services in Population	2,843
Number Services Sampled	318
Number of Services Sampled with Errors	300
Total Medicaid Amount Paid for Population	$147,372.89
Amount Paid for Services Sampled	$16,957.35
Projected Population Overpayment Amount	$141,641.00
Upper Limit Overpayment Estimate at 95% Confidence Level*	$146,049.00
Lower Limit Overpayment Estimate at 90% Confidence Level	$128,691.00
Precision of Population overpayment projection at the 95% Confidence Level	$12,950.00

*Limited to actual amount paid less correct amount found in sample
Source: AOS analysis of MMIS and MITS information and the Provider's records.

APPENDIX II

Summary of Statistical Sample Analysis
For the period January 1, 2009 through December 31, 2011
Ambulette and Non-Emergency Basic Life Support Ambulance Services

Description	Analysis
Type of Examination	Two-Stage Cluster Sample
Description of Population	Recipient months of service in which both non-emergency basic life support ambulance and ambulette services provided for the same recipient
Number of Recipient Months of Service in Population	82
Number of Recipient Months of Service Sampled	20
Number of Recipient Months of Service Sampled with Errors	20
Number of Services in Population	1,223
Number Services Sampled	296
Number of Services Sampled with Errors	283
Total Medicaid Amount Paid for Population	$36,692.34
Amount Paid for Services Sampled	$7,055.40
Estimated Overpayment (Point Estimate)	$33,049.77
Precision of Overpayment Estimate at 95% Confidence Level	$19,289.15
Precision of Overpayment Estimate at 90% Confidence Level	$16,238.31
Single-tailed Lower Limit Overpayment Estimate at 95% Confidence Level (Calculated by subtracting the 90 percent overpayment precision from the point estimate) (Equivalent to the estimate used for Medicare audits)	$16,811.45

Source: AOS analysis of MMIS and MITS information and the Provider's records.

Dave Yost • Auditor of State

ACTION DELIVERY SERVICE DBA MEDICAL TRANSPORTATION SERVICE

KENTUCKY 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
JULY 15, 2014

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