



**FRIENDLY TRANSPORTATION SERVICES, INC.
FRANKLIN COUNTY**

MEDICAID COMPLIANCE REPORT

FOR THE PERIOD OCTOBER 1, 2009 THROUGH DECEMBER 31, 2010



Dave Yost • Auditor of State

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**FRIENDLY TRANSPORTATION SERVICES, INC.
FRANKLIN COUNTY**

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Independent Auditor's Report On Compliance With Requirements Applicable to Medicaid Program

Boris Lantsman, Administrator
Friendly Transportation Services, Inc.
7594 Slate Ridge Boulevard
Reynoldsburg, Ohio 43068

Re: *Medicaid Provider Number 2962432*

Dear Mr. Lantsman:

We examined Friendly Transportation Services, Inc. (the Provider) for compliance with Ohio Administrative Code (Ohio Admin. Code) § 5101:3-15 during the period of October 1, 2009 through December 31, 2010. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code. Management is responsible for Friendly Transportation Services' compliance with those requirements. Our responsibility is to report on the Provider's compliance based on our examination.

Our examination included reviewing, on a test basis, evidence about the Provider's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our conclusions. Our examination does not provide a legal determination on the Provider's compliance with specified requirements.

We examined 1,443 ambulette services and found significant non-compliance with Medicaid rules relating to certificates of medical necessity, documentation of service delivery and driver eligibility. We identified 188 errors relating to non-compliance with those requirements as detailed in the attached Compliance Report. We found the Provider was overpaid by Ohio Medicaid for ambulette services from October 1, 2009 through December 31, 2010 in the amount of \$35,864.84. This finding plus interest in the amount of \$1,855.15 totaling \$37,719.99 is due and payable to the Ohio Department of Medicaid (ODM)¹ upon ODM's adoption and adjudication of this examination report. After adjudication by ODM, additional interest may be assessed until the finding and interest is paid in full.

When the Auditor of State (AOS) identifies fraud, waste or abuse by a provider in an examination,² any amount in excess of that legitimately due to the provider will be recouped by ODM through its office of fiscal and monitoring services, the state auditor, or the office of the attorney general. Ohio Admin. Code § 5101:3-1-29(B). A copy of this report will be forwarded to ODM for making a final determination

¹ Effective July 1, 2013, ODM replaced the Ohio Department of Job and Family Services as the state Medicaid agency.

² "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 § 5101:3-1-29(A).

regarding recovery of our findings and any accrued interest. If you agree with the findings contained herein, you may expedite repayment by contacting ODM's Office of Legal Services at (614) 752-3631.

Copies of this report are also being sent to 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; the Ohio Department of Aging; and the Ohio State Board of Emergency Medical Services. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 10, 2013

Compliance Report for Friendly Transportation Services, Inc.

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. Medicaid provides health coverage to families with low incomes, children, pregnant women, and people who are aged, blind, or who have disabilities. Hospitals, long-term care facilities, managed care organizations, individual practitioners, laboratories, medical equipment suppliers, and others (all called "providers") render medical, dental, laboratory, and other services to Medicaid patients. 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 § 5101:3-1-01(A)

The Auditor of State performs examinations to assess provider compliance with Medicaid reimbursement rules to ensure that services billed to Ohio Medicaid are properly documented and consistent with professional standards of care, and medical necessity. According to Ohio Admin. Code § 5101:3-1-17.2(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 § 5101:3-1-17.2(E)

The Provider's Ohio Medicaid provider number is 2962432 and the Provider is a transportation company located in Franklin County, Ohio, that renders ambulette services to Ohio Medicaid recipients. The Provider received reimbursement of \$153,341.84 for 10,399 ambulette services rendered on 2,621 recipient dates of service³ during the examination period.

Some Ohio Medicaid patients confined to a wheelchair may be eligible to receive transportation services provided by an ambulette provider. An ambulette is a vehicle designed to transport wheelchair bound individuals. Ohio Admin. Code § 5101:3-15-01(A)(4) Qualifying ambulette services must be certified as medically necessary by an attending practitioner⁴, for individuals who are:

1. Non-ambulatory,
2. Able to be safely transported in a wheelchair, and
3. Do not require an ambulance.

Ohio Admin. Code § 5101:3-15-03(B)(2). All medical transportation services must be prescribed by a Certificate of Medical Necessity (CMN) except for ambulance transports to a hospital emergency room and ambulance or ambulette transfers of individuals, who are non-ambulatory, from one hospital to another hospital if the services provided at the second hospital are covered by Medicaid. See Ohio Admin. Code § 5101:3-15-02(E)(4)

³ A recipient date of service is defined as all services for a given patient on a specific date of service.

⁴ "Attending practitioner" is defined as the practitioner (*i.e.*, primary care practitioner or specialist) who provides care and treatment to the patient on an ongoing basis and who can certify the medical necessity for the transport. An attending practitioner can be a doctor of medicine, a doctor of osteopathy, a doctor of podiatric medicine, or an advanced practice nurse. Ohio Admin. Code § 5101:3-15-01(A)(6).

Ambulette providers must maintain records describing the transportation services including:

- The time of scheduled pick up and drop off, attendant name, patient name and Medicaid number, driver name, vehicle identification, name and address of the Medicaid covered service provider at the Medicaid covered point of transport, pick-up and drop-off times, the type of transport provided, and mileage;
- the original CMN; and
- Current certification or licensure for the driver and attendants.

See Ohio Admin. Code § 5101:3-15-02(E)(2)

Purpose, Scope, and Methodology

The purpose of this examination was to examine Medicaid reimbursements made to the Provider for services and determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations.

The scope of the engagement was limited to an examination of ambulette services that the Provider rendered to Medicaid patients and received payment during the period of October 1, 2009 through December 31, 2010.

We received the Provider's paid claims history from ODM's Medicaid Management Information System (MMIS) database of 10,418 services billed to and paid by Ohio's Medicaid program and removed 19 zero paid services. The remaining population of 10,399 services was used to select a simple random sample based on the recipient dates of service to facilitate a timely and efficient examination of the Provider's ambulette services as permitted by Ohio Admin. Code § 5101:3-1-27(B)(1). We also haphazardly selected four drivers and examined personnel files to ensure that the certification requirements were met prior to rendering services.

An engagement letter was sent to the Provider on January 24, 2013, setting forth the purpose and scope of the examination. An entrance conference was held at the Provider's location on February 12, 2013. Our fieldwork was performed in February 2013. On February 22, 2013, we sent a list of missing service and personnel records to the Provider. In response, the Provider submitted additional documentation which we reviewed for compliance. The Provider submitted a signed representation letter confirming that it had made all documentation related to the examination available and that it had fully responded to our inquiries.

Results

We reviewed 1,443 ambulette transportation service lines (722 paid transports and 721 paid mileage) and identified 188 errors relating to non-compliance. The reimbursements for those services with errors were identified as a finding (overpayment). While certain services had more than one error, only one finding was made per service. The bases for our findings are discussed below in more detail.

We took exception with 93 of 362 statistically sampled recipient dates of service (340 of 1,443 services) from a random sample of the Provider's population of paid services. Based on this error rate, we calculated the Provider's correct payment amount for this population, which was \$117,477.00, with a 95 percent certainty that the actual correct payment fell within the range of \$110,672.00 to \$124,282.00. We then calculated an overpayment repayable to ODM by subtracting the correct population amount (\$117,477.00) from the amount paid to the Provider for this population (\$153,341.84), which resulted in a finding of \$35,864.84. A detailed summary of our statistical sample and projection results is presented in **Appendix I**.

A. Certificate of Medical Necessity

All transportation providers are required by Ohio Admin. Code § 5101:3-15-02(E)(2)(b) to obtain a CMN, signed by an attending practitioner, that documents the medical necessity of the transport. Ambulette 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)

The Provider responded to an official survey from ODM's Surveillance and Utilization Review Section on January 24, 2012 that it was aware of the requirement to have CMNs in order for ambulette services to be covered by Medicaid and stated it had been aware of this requirement since the first date of operations. The Provider became an approved Medicaid provider on August 4, 2009.

The review identified 72 transports that did not have a completed CMN to authorize the transport and 42 transports where the CMN was invalid. A CMN is invalid due not being signed by an authorized practitioner.

In addition, for the CMNs that were present and signed by authorized practitioner, we noted that several were not complete. These CMNs did not consistently contain the medical condition which requires the patient to use an ambulette and did not indicate that the recipient met the criteria for an ambulette transport. We did not take findings for these incomplete CMNs.

The errors for the 114 transports with either no CMN or an invalid CMN were used in the overall finding projection.

Recommendation:

The Provider should establish a system to obtain the required CMNs and to review those CMNs 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 should describe the transport from the time of pick-up, time of drop-off, mileage, addresses to and from destination points, driver's name, and vehicle identification for each trip. 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)

The examination identified two transports with no service documentation to support that a transport occurred and two transports in which the destination was not to a Medicaid covered service. These four errors were used in the overall finding projection.

In addition, we found that the Provider was using a zip code mileage chart from Franklin County Senior Options instead of calculating actual mileage for transports. We selected a haphazard sample of 34 transports and compared miles documented with the miles calculated by using GoogleMaps.com. We found no difference for 18 of these transports, while 11 transports had documented mileage that was less than our calculated mileage and five had documented mileage greater than the calculated mileage.

We verified that the Provider had vehicles licensed by the Ohio Medical Transportation Board; however, the Provider did not record which vehicle was used for each transport. As a result, we could not verify that the licensed vehicles were used for the transports reviewed.

Recommendation:

The Provider should develop and implement procedures to ensure that all service documentation fully complies with requirements contained in Ohio Admin. Code § 5101:3-15-02. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

C. Driver Qualifications

All ambulette drivers and attendants 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 employee begins providing ambulette services or within 60 days thereafter. Prior to employment, each driver and attendant must obtain first aid and Cardiopulmonary Resuscitation (CPR) certification (or have an Emergency Medical Technician certification), and complete passenger assistance training. Additionally, each driver must provide a copy of his/her driving record from the Bureau of Motor Vehicles (BMV) at the time of application for employment and annually thereafter. See Ohio Admin. Code § 5101:3-15-02(C)(3)

We haphazardly selected four drivers and reviewed their personnel files to ensure that driver qualifications were met. We found that one of these drivers had no proof of passenger assistance training and his background check and drug/alcohol tests were not completed within the 60 day period. See Recommendation below.

Any applicant or employee who has been convicted of or pleaded guilty to violations cited in divisions (A)(1)(a), (A)(2)(a), (A)(4)(a), and/or (A)(5)(a) of section 109.572 of the Ohio Revised Code may not provide services to Medicaid consumers unless the exceptions set forth in the personal character standards are met. See Ohio Admin. Code § 5101:3-15-02(C)(3)(iii). The personal character standards cannot be applied if the applicant or employee is a repeat theft related offender, a repeat violent offender or the offense is a sexually oriented offense. See Ohio Admin. Code § 3701-13-06(A).

We found that one of the drivers had two separate convictions for a violent offense which rendered him ineligible to provide services. There were 70 transports in the sample in which this individual was identified as the driver. These 70 errors were used in the overall finding projection.

Background checks for two other drivers indicated arrests but did not include final disposition of the charges. The background report instructs users of the report to follow up with the arresting agency to obtain the final disposition. There was no indication that the Provider followed up with the arresting agency to obtain this information. We searched on-line court records and were able to obtain the final disposition to ensure the eligibility of one of these drivers. However, the information for the other driver was not available via on-line court records and we were unable to verify his eligibility. While obtaining background checks, the Provider is not ensuring that applicants meet provider qualifications and, as a result, may be employing drivers who are not eligible to provide services to Medicaid consumers.

Recommendation:

The Provider should develop and implement a system to ensure that the required checks, training and related documentation for all drivers are completed prior to rendering ambulette services. 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 August 28, 2013, and the Provider was afforded an opportunity to respond to this examination report. An exit conference was held with the Provider on September 10, 2013.

In responding to the report, the Provider acknowledged the non-compliance issues identified in the report but disagreed that the non-compliance should have resulted in an overpayment.

AOS response: Overpayments were identified for services that did not meet the requirements for the transport to be a Medicaid covered service. See Ohio Admin. Code § 5101:3-15-03(B)(2). Additional areas of non-compliance were identified with a recommendation for the provider to develop procedures to ensure future compliance but findings were not taken for these issues.

APPENDIX I

Summary of Sample Record Analysis of Friendly Transportation Services, Inc. For the period October 1, 2009 through December 31, 2010 Ambulette Services

Description	Results of Analysis
Type of Examination	Simple Random Sample
Number of Population Recipient Dates of Service (RDOS)	2,621
Number of Population RDOS Sampled	362
Number of Population RDOS Sampled with errors	93
Number of Population Services Provided	10,399
Number of Population Services Sampled	1,443
Number of Population Services Sampled with errors	340
Total Medicaid Amount Paid For Population	\$153,341.84
Actual Amount Paid for Population Services Sampled	\$21,273.74
Projected Correct Population Payment Amount	\$117,477.00
Upper Limit Correct Population Payment Estimate at 95% Confidence Level	\$124,282.00
Lower Limit Correct Population Payment Estimate at 95% Confidence Level	\$110,672.00
Precision of Estimated Correct population Payment Amount at the 95% Confidence Level	\$6,805.00
Projected Overpayment Amount: Actual Amount Paid for Population Services Less Projected Correct Population Payment Amount	\$35,864.84

Source: AOS analysis of MMIS information and the Provider's documentation



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FRIENDLY TRANSPORTATION SERVICES, INC

FRANKLIN 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 1, 2013**