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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 19, 2006

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Duplicate Medicaid Payments to
Fulton County Ambulance
2006-S-30

Dear Dr. Novello:

According to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8 of the State Finance Law, we audited Medicaid ambulance claims submitted by Fulton County Ambulance (Provider) during the five year period ended January 15, 2006.

A. Background

The Department of Health (Department) administers the State's medical assistance program (Medicaid), which was established under Title XIX of the federal Social Security Act to provide needy people with medical assistance. In New York State, this program is funded jointly by the federal, State, and local governments. Its management information and claims processing functions are handled through the State's eMedNY system, which the Department implemented on March 24, 2005.

The Department's Medicaid Transportation Manual (Manual) covers the billing procedures for ambulance-related services. According to the Manual, an ambulance company should not bill Medicaid for both basic life support services and advanced life support services when an advanced life support service is provided. The provision of advanced life support services includes the delivery of basic life support services. As such, when an ambulance is sent to the scene and it provides advanced life support services, only that service should be billed to Medicaid. Further, when an ambulance company provides advanced life support assistance to another ambulance provider that is only capable of providing basic life support services, the assisting company is allowed to bill for advanced life support services at a reduced fee since they are not using their own vehicle. The Department has developed a separate billing code for such advanced life support assist services. However, if the local Social Services office does not establish a rate for this advanced life support assist code, the local ambulance providers cannot bill for these services. In addition, when an ambulance provider transports a patient from one hospital to another, the transporting ambulance

provider cannot bill for advanced life support services unless it actually provides specific services designated as advanced life support services. For example, if the discharging hospital establishes a patient's intravenous tube (IV) and the transporting ambulance provider does nothing but monitor the IV during the transport, the transporting ambulance provider cannot bill for advanced life support services. In this instance, the transporting ambulance provider is entitled to reimbursement for basic life support services only.

B. Audit Scope, Objective and Methodology

We audited selected Medicaid ambulance claims paid to the Provider during the five year period ended January 15, 2006. The objective of our audit was to determine if the Provider billed basic life support services, advanced life support services and advanced life support assist services according to the billing policy set forth in the Department's Manual.

We did our audit according to generally accepted government auditing standards. During the audit period, we audited Medicaid claims submitted by the Provider and processed by the Department. To accomplish our audit objective, we extracted the Provider's claims from the Medicaid payment file and verified the accuracy of the payments. We interviewed Department officials, visited the Provider to review its records, reviewed applicable sections of federal and State laws and regulations, and examined the Department's relevant payment policies and procedures.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds and other payments. In addition, the Comptroller appoints members, some of whom have minority voting rights to certain boards, commissions, and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

C. Results of Audit

We found the Provider inappropriately billed basic life support services, advanced life support services and advanced life support assist services during the five year period ended January 15, 2006. These inappropriate payments occurred because the Provider misinterpreted the Department's Medicaid billing guidelines and because eMedNY does not include edits to detect and prevent these improper payments.

As a result of these inappropriate billings, the Provider received Medicaid overpayments totaling \$122,307 during our five year audit period, as follows:

- \$111,416 for billing both the basic life support services and advanced life support services each time an advanced life support service was provided;

- \$10,172 for billing the basic life support services and advanced life support services for assisting another ambulance company. Prior to September 1, 2002, the Provider was only entitled to reimbursement for assist services. After September 1, 2002, the Provider was not entitled to any reimbursement for these services since the local Social Services office had not established a rate for assist services.
- \$520 for billing both the basic life support and advanced life support services for monitoring a patient during transportation from one hospital to another; and
- \$199 for billing multiple times for the same service.

Recommendations

1. *Recover the \$122,307 overpayments we identified.*
2. *Instruct Fulton County Ambulance on the proper way to bill basic life support, advanced life support and advanced life support assist transportation services.*
3. *Determine if edits could be designed and added to eMedNY to prevent these types of overpayments from occurring.*

We provided a draft copy of this report to Department officials for their review and comment. Department officials generally agreed with our recommendations and indicated actions planned and taken to implement them. A complete copy of the Department's response is included as Appendix A.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Major contributors to the report include Warren Fitzgerald, Dennis Buckley, and Wendy Matson. We wish to thank the management and staff of the Department of Health for the courtesies and cooperation extended to our auditors during this review.

Very truly yours

Sheila Emminger
Audit Manager

cc: Lisa Ng, Division of the Budget



STATE OF NEW YORK
DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr.P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

June 13, 2006

Sheila A. Emminger, Audit Manager
Office of the State Comptroller
Division of State Services
State Audit Bureau
110 State Street, 11th Floor
Albany, New York 12236

Dear Ms. Emminger:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's (OSC) draft audit report (2006-S-30) on "Duplicate Medicaid Payments to Fulton County Ambulance."

Thank you for the opportunity to comment.

Sincerely,

Dennis P. Whalen
Executive Deputy Commissioner

Enclosure

cc: Mr. Charbonneau
Mr. Griffin
Mr. Howe
Ms. Napoli
Ms. O'Connor
Mr. Reed
Mr. Seward
Mr. Wing

**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2006-S-30 on
“Duplicate Medicaid Payments to
Fulton County Ambulance”**

The following is the Department of Health’s response to the Office of the State Comptroller’s (OSC) Draft Audit Report 2006-S-30 on “Duplicate Medicaid Payments to Fulton County Ambulance.”

Recommendation #1:

Recover the \$122,307 overpayments we identified.

Response #1:

The Office of the Medicaid Inspector General (OMIG) requests the work papers for review and collection of the identified restitution.

* Comment

Recommendation #2:

Instruct Fulton County Ambulance on the proper way to bill basic life support, advance life support and advanced life support assist transportation services.

Response #2:

A copy of the policy section of the provider manual will be sent to the ambulance service, along with a detailed explanation on the correct billing procedures.

Recommendation #3:

Determine if edits could be designed and added to eMedNY to prevent these types of overpayments from occurring.

Response #3:

A meeting will be held between OMIG, the Office of Medicaid Management systems staff and Computer Sciences Corporation to determine if edits will be able to effectively control this billing behavior.

* State Comptroller’s Comment: details of the \$122,307 overpayments were provided to the Office of the Medicaid Inspector General.