



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Improper Medicaid Payments to a Transportation Provider

Medicaid Program Department of Health



Report 2018-S-10

September 2018

Executive Summary

Purpose

To determine whether Medicaid made inappropriate payments to a transportation provider. The audit covered the period from September 26, 2012 to December 31, 2016.

Background

Medicaid provides transportation to medically necessary services for those recipients who are unable to obtain transportation on their own. Medicaid reimbursement for medically necessary transportation of Medicaid recipients is available to lawfully authorized transportation providers. Participation in Medicaid requires that providers agree to prepare and maintain contemporaneous, complete, acceptable, and verifiable records necessary to support services furnished and payments received from Medicaid for a period of six years from the date the care, services, or supplies were furnished or billed, whichever is later. Providers are required to readily have records accessible for authorized officials for audit purposes. If any of the required information is incomplete, or deemed unacceptable or false, any relevant Medicaid payments will be recouped and the provider may be subject to additional fines and sanctions.

The provider we reviewed is a private proprietary corporation that has been providing taxi services to Medicaid recipients since September 2012. During the period from September 26, 2012 to December 31, 2016, Medicaid paid the provider \$2.4 million for 26,345 transportation claims.

Key Finding

- The provider did not maintain the required documentation to support transportation claims for the period September 26, 2012 to December 31, 2015, which accounted for \$1.4 million in inappropriate Medicaid payments to the provider.

Key Recommendation

- Review the \$1.4 million in Medicaid payments to the provider and recover any inappropriate payments, as warranted.

Other Related Audit/Report of Interest

[Department of Health: Appropriateness of Payments to Transportation Management Contractors and Providers \(Report 2016-S-67\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

September 5, 2018

Howard A. Zucker, M.D., J.D.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Dear Dr. Zucker:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Medicaid program entitled *Improper Medicaid Payments to a Transportation Provider*. The audit was performed pursuant 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.

This audit's results and recommendation are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

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This report is also available on our website at: www.osc.state.ny.us

Background

The New York State Medicaid program is a federal, state, and local government-funded program that provides a wide range of medical services to those who are economically disadvantaged and/or have special health care needs. For the State fiscal year ended March 31, 2018, New York's Medicaid program had approximately 7.3 million enrollees and Medicaid claim costs totaled about \$62.9 billion. The federal government funded about 55.7 percent of New York's Medicaid claim costs, and the State and the localities (the City of New York and counties) funded the remaining 44.3 percent.

The Department of Health (Department) administers the State's Medicaid program. The Department's eMedNY computer system processes Medicaid claims submitted by health care providers for services rendered to Medicaid-eligible recipients and generates payments to reimburse the providers for their claims.

The Medicaid program provides transportation to medically necessary services for those recipients who are unable to obtain transportation on their own. Medicaid reimbursement for medically necessary transportation of Medicaid recipients is available to lawfully authorized transportation providers. To participate in New York Medicaid, a provider must meet all applicable State, county, and municipal requirements for legal operation. In accordance with the New York Codes, Rules and Regulations (NYCRR) Title 18, Sections 504.3(a) and 517.3(b), the Department requires Medicaid transportation providers to keep contemporaneous, complete, acceptable, and verifiable records of provided services. These records must be maintained for a period of six years. If any of the required information is incomplete, or deemed unacceptable or false, any relevant paid reimbursement will be recouped and the provider may be subject to other statutory or regulatory liability, financial damages, and sanctions.

Audit Findings and Recommendation

We reviewed the Medicaid claims of a transportation provider located in New York City who has been providing taxi services to Medicaid recipients since 2012. During the period from September 26, 2012 to December 31, 2016, Medicaid made fee-for-service payments to the provider totaling \$2.4 million for 26,345 transportation claims. The provider did not maintain the required documentation to support transportation claims prior to 2016, which accounted for \$1.4 million in Medicaid payments.

In accordance with Title 18 NYCRR §504.3(a) and §517.3(b), Medicaid providers must prepare and maintain all contemporaneous, complete, acceptable, and verifiable records necessary to support services furnished and payments received from Medicaid for a period of six years from the date the care, services, or supplies were furnished or billed, whichever is later. The Department requires transportation providers to document every leg of the trip with the acceptable trip verification information, which includes: the Medicaid recipient's name, date of transport, origination and destination of the trip along with the time of pick-up and drop-off, vehicle license plate number, and driver's license number. Providers are required to readily have records accessible for authorized officials for audit purposes. If any of the required information is incomplete, or deemed unacceptable or false, any relevant Medicaid payments will be recouped and the provider may be subject to additional fines and sanctions.

All non-emergency transportation must be authorized by the appropriate prior authorization official before payment by Medicaid. Requests for prior authorization that are approved are communicated to the transportation provider via a weekly roster, which lists the information necessary to submit a valid claim to Medicaid (such as recipient name, date of service, and mileage).

We requested supporting documentation for a sample of Medicaid claims from the transportation provider. The provider was unable to provide us with the required documentation for its Medicaid transportation services prior to 2016. The provider had the prior authorization rosters, but stated that there had been a change in ownership in 2016 and, therefore, other required records for dates prior to 2016 were not available. According to the current office manager at the provider, the previous owner kept the records and may have left the country. For the period from September 26, 2012 to December 31, 2015, Medicaid reimbursed the provider for 15,823 claims totaling \$1.4 million.

For services prior to 2016, the transportation provider did not comply with the Department's regulations requiring all providers to prepare and maintain contemporaneous records to support their claims to Medicaid for a period of six years. According to Department officials, the change of ownership is not considered a valid reason for missing documentation. Furthermore, upon change of ownership, the new owner agreed in writing to pay current and future liabilities that are the legal obligation of the provider.

In January 2018, we notified the Department of the record-keeping issue and the \$1.4 million

in inappropriate payments. As a result, the Office of the Medicaid Inspector General (OMIG) initiated an investigation of this provider.

Recommendation

1. Review the \$1.4 million in Medicaid payments to the transportation provider and recover any inappropriate payments, as warranted.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether Medicaid made inappropriate payments to the transportation provider. The audit covered the period from September 26, 2012 to December 31, 2016.

To accomplish our objective and assess related internal controls, we interviewed officials from the Department, OMIG, and the transportation provider. We reviewed applicable sections of State laws and regulations, and examined relevant Medicaid policies and procedures. To identify overpayments, we selected a non-statistical random sample of 50 provider claims and reviewed supporting documentation for certain claims.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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. 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 to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant 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.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and formal comment. We considered the Department's comments in preparing this report and have included them in their entirety at the end of the report. In their response, Department officials concurred with the audit recommendation and indicated that certain actions have been and will be taken to address it.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner 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 recommendation contained herein, and if the recommendation was not implemented, the reasons why.

Contributors to This Report

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Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews, and evaluations of New York State and New York City taxpayer-financed programs.

Agency Comments



ANDREW M. CUOMO
Governor

Department of Health

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

August 22, 2018

Ms. Andrea Inman, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, New York 12236-0001

Dear Ms. Inman:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2018-S-10 entitled, "Improper Medicaid Payments to a Transportation Provider."

Thank you for the opportunity to comment.

Sincerely,

Sally Dreslin, M.S., R.N.
Executive Deputy Commissioner

Enclosure

cc: Marybeth Hefner
Donna Frescatore
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**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2018-S-10 entitled,
Improper Medicaid Payments to a Transportation Provider**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2018-S-10 entitled, "Improper Medicaid Payments to a Transportation Provider."

Recommendation #1

Review the \$1.4 million in Medicaid payments to the transportation provider and recover any inappropriate payments, as warranted.

Response #1

The Office of the Medicaid Inspector General (OMIG) has an open active investigation on this provider. Upon completion of the investigation, OMIG will determine an appropriate course of action.