New York City Health and Hospitals Corporation

Non-Emergency Patient Transportation Services

Report 2008-N-3
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Division of State Government Accountability

February 10, 2010

Mr. Alan D. Aviles, Esq.
President
New York City Health and Hospitals Corporation
125 Worth Street
New York, NY 10013

Dear Mr. Aviles:

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 selected aspects of the New York City Health and Hospitals Corporation’s Non-Emergency Patient Transportation Services. The audit was performed pursuant to the State Comptroller’s authority under Article V, Section 1 of the State Constitution and Article III of the General Municipal Law.

This audit’s results and recommendations 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
Audit Objectives

The objective of our audit was to determine whether payments to selected vendors providing non-emergency transportation services to inpatients at New York City Health and Hospitals Corporation facilities were authorized and supported.

Audit Results-Summary

The New York City Health and Hospitals Corporation (HHC) provides comprehensive medical, mental health, and substance abuse treatment services to New York City residents, regardless of their ability to pay. It operates 11 acute care hospitals, 4 skilled nursing facilities, 6 large diagnostic and treatment centers, and more than 80 community health or school-based clinics. During the audit period, HHC used 45 independent vendors to provide livery, taxi, ambulette, and ambulance services to transport its patients who needed non-emergency healthcare-related services. Payments to these vendors totaled $3.3 million for fiscal year 2008.

Non-emergency patient transportation must be authorized in advance by the patient’s physician and billed to HHC at the agreed-upon contracted rate. HHC will pay for these transportation services where the patients are not covered by Medicaid or other third party insurance.

We reviewed the transportation services costs for two selected HHC facilities, which paid a total of $1.6 million for such services during fiscal year 2008. We found that documentation for physician authorization for transportation was provided for selected patients at one facility we examined. However, we also found instances where such documentation was not provided at another facility we examined. Further, we found instances where trips were not billed at the correct rates.

We also noted that 3 of the 14 drivers working for one of the providers had criminal histories that may be a risk to HHC patients.

Our audit report contains seven recommendations. HHC and facility officials generally agree with our recommendations.
Introduction

Background

The New York City Health and Hospitals Corporation (HHC) is the largest municipal hospital and health care system in the country. It provides comprehensive medical, mental health, and substance abuse treatment services to New York City residents, regardless of their ability to pay. HHC operates 11 acute care hospitals, 4 skilled nursing facilities, 6 large diagnostic and treatment centers, and more than 80 community health or school-based clinics.

HHC provides livery/taxi, ambulette, and ambulance transportation to patients who require non-emergency transportation for healthcare-related services. These services must be authorized in advance by the patient’s physician. In 2004, HHC initially contracted with 44 providers for non-emergency patient transportation services, agreeing on fees for each mode of transportation. In 2007, HHC renewed its agreements with 41 of these vendors, and entered into first-time agreements with three new vendors. For fiscal year 2008, the Corporation paid $3.3 million for non-emergency patient transportation.

Audit Scope and Methodology

We audited the authorization and support for selected HHC non-emergency patient transportation payments for the period January 1, 2008 to August 31, 2008. We limited our testing to the two HHC facilities with the highest dollar amount of payments during the audit period. These two facilities utilized the services of three vendors.

To accomplish our objectives we reviewed relevant guidelines and contracts, interviewed HHC and facility personnel, and selected a random sample of paid invoices for each of the audited facilities. We traced corresponding payments to physicians’ authorizations and contracted rates. We also looked to see whether transported patients in our sample were eligible for Medicaid or other third party insurance. We also selected a sample of drivers employed by the three vendors providing services to our two sampled facilities to determine whether they received background checks.

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

This audit was performed pursuant to the State Comptroller’s authority as set forth in Article V, Section 1, of the State Constitution, and Article III of the General Municipal Law.

**Reporting Requirements**

A draft copy of this report was provided to HHC officials for their review and comment. HHC officials provided comments and these are included at the end of this report. Officials generally agreed with our recommendations but disagreed with several statements and conclusions contained in the draft audit report. We made revisions to this report where appropriate based on the HHC response.

Within 90 days of the final release of this report, we request the President of HHC to report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefore.

**Contributors to the Report**

Major contributors to this report include Frank Patone, Michael Solomon, Christine Chu, Orin Ninvalle, Aurora Caamano, Lisa Duke, John Ames, Joseph Fiore, and Marticia Madory.
Audit Findings and Recommendations

Authorization and Support for Payments

To be eligible for HHC reimbursement, all inpatient non-emergency transportation services must be authorized in advance by the inpatient’s physician and the patient cannot be covered by Medicaid or other third party insurance. In addition, vendor billings must be in compliance with the contract rates for each mode of transportation. We found deficiencies including overpayments to vendors.

HHC’s Operating Procedure 120-7 (Guidelines For Use Of Non-Emergency Patient Transport Service), as well as the contracts between HHC and its transportation vendors, require inpatient physicians to pre-authorize non-emergency transportation. Such authorization should explain the medical need for the trip and the preferred mode of transportation.

To determine whether the non-emergency transportation paid for by HHC was supported by physician authorizations, we selected a random sample of 120 trips billed to HHC’s Coler-Goldwater and Bellevue facilities (the two HHC facilities with the largest volume and dollars of transportation - $1.6 million) during fiscal 2008. The 120 trips, which provided transportation to 108 inpatients, resulted $46,375 in vendor payments. We found that, for 50 sampled Bellevue trips, documentation of physician authorization was available. However, for 25 of 70 sampled Coler-Goldwater trips, totaling $2,804, there was no documentation that the trips had been properly authorized.

(In response to our draft audit report, Coler-Goldwater officials responded that medical necessity and physician authorization documentation are now captured in one Universal Transportation Request Form in use since December 2008. They added that an Internal Audit is conducted quarterly with a focus on this documentation.)

Payment Eligibility

HHC should not reimburse providers for non-emergency transportation services if the patient is covered by Medicaid or other third party insurance.

The 70 sampled trips relating to the Coler-Goldwater facility provided transportation to 59 patients many of whom had pending Medicaid applications at the date of the trips. We determined that subsequently, 47 of these 59 patients became Medicaid-eligible. These 47 patients made 53 trips totaling $8,485 in payments to vendors. We concluded that improved controls were needed to ensure Medicaid was billed in such instances.
(In response to our draft audit report, Coler-Goldwater officials described review processes to capture pending Medicaid patients and to ensure proper third party billing.)

Compliance With Contracted Rates

New York State Department of Health (DOH) regulations, and HHC Operating Procedures, require the physician authorizing non-emergency transport for patients to order transportation at the medically-appropriate level. The appropriate level of transportation is based on the patient’s mobility and functional independence. Moreover, the mode of transportation ordered must be cost-effective and be the least-specialized mode appropriate for the patient’s medical needs. Further, according to HHC’s contracts with Citywide and Friendship, the transportation vendors used by the two sampled facilities, vendor billing rates cannot exceed the prevailing Medicaid rates.

Our review of the billing rates on the 120 sampled trips identified $2,205 in overpayments. The overpayments pertained to a total of 18 trips and are the result of billing rates in excess of the agreed-upon Medicaid rates. For example, one Bellevue patient was transported by ambulance on February 26, 2008. The agreed-upon rate for this mode of transportation was $187; yet Bellevue was billed $300 for this trip.

(In response to our draft audit report, Bellevue officials indicated that total restitution has been obtained and internal controls have been enhanced.)

Recommendations

1. Do not reimburse vendors for any non-emergency patient transportation that is not authorized in advance by the patient’s physician.

2. Verify patient Medicaid eligibility before using HHC funds to pay for their transportation.

3. Periodically review transportation reimbursements to determine whether patients’ Medicaid eligibility determinations were completed after the time of service delivery and Medicaid could now be billed to recover the cost.

4. Before paying vendor invoices review them for compliance with agreed upon rates.

5. Recoup all of the overcharges noted in this report.

(Bellevue and Coler-Goldwater officials agree with recommendations number 1 through number 5 and indicate, as appropriate, actions planned or completed to implement them.)

Criminal Background Checks

We selected a sample of 44 drivers employed by three HHC vendors (Friendship-14 drivers and Citywide-15 drivers, whose contracts were renewed in calendar year 2007; and Emergacare-15 drivers, a vendor which
entered into an initial contract with HHC during 2007), to determine whether the criminal histories had been performed.

We found that Citywide and Emergacare both performed background checks and none of their drivers appeared to be a threat. However, Friendship had not performed criminal background checks on any of its sampled 14 drivers who provided ambulette services to HHC facilities. Our own search found that three of these drivers had criminal histories. The offenses of these drivers ranged from possession and sale of an illegal substance, to endangering the welfare of a child, to rape of a senior citizen. It is possible that any one of these individuals may pose a threat to the HHC patients being served.

(In response to our draft audit report, HHC officials stated that non-emergency transportation services are governed by Article 19A of the Motor Vehicle Law. According to HHC officials, this law does not require that carriers such as livery and ambulette services conduct background checks on drivers. HHC officials stated that such background checks are standard business practice in the industry, however.)

Friendship representatives told us that they did not initiate criminal background checks because it was not a contract requirement. They also said that they believed they were exempt from performing the checks because their drivers provided ambulette-and not ambulance-services.

(In response to our draft audit report, HHC officials stated that all patient transportation contracts were amended to include a clause ensuring criminal background checks for all drivers effective November 2008. They added that the contract with Friendship terminated effective September 19, 2008.)

**Recommendations**

6. Ensure that all contracts with patient transportation vendors include a clause commensurate with HHC’s policy requiring criminal background checks for their employees.

   (HHC Central Office officials indicate steps have been and will be taken to implement recommendation number 6.)

7. Monitor vendor compliance with the criminal background check requirement.

   (Bellevue, Coler-Goldwater and HHC Central Office officials agree with recommendation number 7 and indicate steps will be taken to implement it.)
Agency Comments

November 7, 2009

Michael Solomon
Audit Manager
State of New York
Office of the State Comptroller
Division of State Government Accountability
123 William Street – 21st Floor
New York, New York 10038


Dear Mr. Solomon:

Thank you for an opportunity to respond to the above-referenced audit. On balance, we are pleased with the results of our performance as you report them, even as we recognize a need to improve in certain areas. For example, I note that the audit report observes that all trips reviewed at Bellevue Hospital Center had appropriate physician pre-authorization and documentation substantiating both medical necessity and preferred mode of transportation.

After a thorough review of the issues raised in the draft report, I would like to draw your attention to several findings and conclusions regarding the facilities non-emergency patient transportation services that we propose are inaccurate. Several examples follow:

- The assertion that states “not all payments were justified” is misleading, in light of the finding that at Bellevue Hospital, your audit found 100% justification for the trips taken. In the review of Coler-Goldwater, while the finding was that the facility did not provide supportive information for 25 of the 70 trips reviewed, the audit did not consider other documentation/information within the patients’ medical record that would have constituted justification for the trips. Such information was available and would have been provided had the auditors requested it.

Further, while the majority of Coler-Goldwater’s resident population is wheelchair-bound, in a recumbent position, or requires the aid of a walker or crutches, most of the patients selected in your sample from this facility were provided non-emergency transportation services for radiation, chemotherapy, or dialysis treatment to and from Bellevue Hospital Center or other HHC facilities.

- The report also states “HHC did not incorporate criminal background check requirements for its 41 non-emergency transportation providers’ contracts renewed after February 2006.” This statement suggests that HHC did not incorporate a legal requirement for full background checks into its contracts. During the scope of your review, we advised that the conducting of criminal background checks was not a

*The final audit report has been revised based on comments provided by agency officials.
Corporate policy or contract requirement for independent contractors providing non-emergency patient transportation services at HHC facilities. To our knowledge, a criminal background investigation is not a requirement under New York law for vendors who provide drivers for non-emergency patient transportation services. HHC concurs that criminal background checks are beneficial to the protection of patients, employees and the general public, and the majority of our contracted vendors were actively conducting voluntary criminal background investigations before the start of the audit.

**UPDATE:** As previously addressed in HHC's response to the preliminary draft report, all patient transportation contracts were amended to include a clause ensuring criminal background checks for all drivers providing services at HHC facilities, effective November 2008. It should further be noted that the contract with Friendship Ambulette services, cited in your report for the hiring of three drivers with criminal backgrounds, was terminated effective September 19, 2008.

Based on the issues cited above, we respectfully request that the report's findings/conclusions related to these points be amended or removed. I will also note that of the seven recommendations cited in this report, five had been implemented before the release of your draft report.

Attachment I, II and III are the facilities and Materials Management detailed response to the reported audit findings. Attachment IV, V and VI are the Audit Implementation Plans, which address all the recommendations cited in the report.

Should you have any questions concerning this response, please contact Mr. Walter Otero, Assistant Vice President, Internal Audits at (646) 458-5603.

Sincerely,

Alan D. Aviles

cc: R. Raju, MD, FACS, MBA, Executive Vice President/Corporate Chief Medical Officer, Medical & Professional Affairs
R. Levy, General Counsel, Legal Affairs
A. Marenco, Senior Assistant Vice President, Communications & Marketing
J. Schick, Chief of Staff, President’s Office
L. Curtis, Senior Vice President, South Manhattan Health Care Network
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A. Cohen, Chief Financial Officer, Bellevue Hospital Center
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J. Quinones, JD Assistant Vice President, Contracts Administration & Control, Operations, Materials Management
W. Otero, Assistant Vice President, Office of Internal Audits
G. Davis III, Deputy Director, New York City Mayor’s Office of Operations
November 7, 2009

Michael Solomon  
Audit Manager  
State of New York  
Office of the State Comptroller  
Division of State Government Accountability  
123 William Street – 21st Floor  
New York, New York 10038


Dear Mr. Solomon:

Thank you for the opportunity to respond to your recent audit of Non-Emergency Transportation Services at Bellevue Hospital Center and Coler-Goldwater Specialty Hospital and Nursing Facility. In response to your audit findings, attached please find Material Management’s response and corrective action plan.

Thank you and should you have any questions, please call Mr. Walter Otero, Assistant Vice President, Office of Internal Audit at 646-458-5603.

Sincerely,

Joseph Quinones

cc: Ramanathan Raju, MD, FACS, MBA  
Walter Otero

[Signature]

Division of State Government Accountability
November 4, 2009

Michael Solomon
Audit Manager
State of New York
Office of the State Comptroller
Division of State Government Accountability
123 William Street—21st Floor
New York, New York 10038


Dear Mr. Solomon:

Thank you for the opportunity to respond to your recent audit of Non-Emergency Transportation Services at Bellevue Hospital Center and Coler-Goldwater Specialty Hospital and Nursing Facility of the South Manhattan Health Care Network. In response to your requirement, I am providing your offices with the facilities’ responses and corrective action plans.

I trust you will find all requisite documents attached. We have found this to have been a positive exercise for our Network and thank you for the professionalism of your staff.

In closing, should you have any questions, please call Mr. Walter Otero, Assistant Vice President, Office of Internal Audits, who will work with my staff to ensure your requests are answered.

Sincerely,

Lynda D. Curtis
Senior Vice President
South Manhattan Health Care Network

w/ attachments
*The final audit report has been revised based on comments provided by agency officials.
approximately 90 days after receipt of the transport vendor invoices and will assist in preventing billable Medicaid eligible and/or Third Party Insurance covered charges outlays. This information was shared with the auditors in our response to the preliminary findings.

Albeit, the auditors reached several unsubstantiated conclusions based on a limited sample size and insufficient information about the public hospital sector’s vital non-emergency patient transportation services. Medicaid eligibility is a dynamic process and it is not always easy to determine eligibility. The auditors stated that, "3 of 45 trips totaling $508 were Medicaid eligible at the time of transport." As indicated above our review disclosed that 2 (audit sample #11 & #12) of the 3 patients’ non-emergency transport trips were from one NYCHHC acute care Facility to another acute care Facility. Non-emergency In-Facility patient transfers are not billable to Medicaid. Medicaid Applications were submitted and processed after the date of service for these 2 patients. However, in this situation having Medicaid eligibility would not have changed the outcome.

One (sample #11) patient transferred-out from BHC to Woodhull Hospital Medical & Mental Health Center became Medicaid eligible retroactively approximately 5 months after the date transport service was rendered. The other patient (sample #12) transferred-in to BHC from Kings County Hospital Center and became Medicaid eligible retroactively about 6 months after the date of non-emergency transport service. Transfers between acute care Facilities are not billable to Medicaid. Thus, reducing the cited amount of $508 to $104 ($508-403=104) that might have possibly been billable to Medicaid. This matter was addressed and responded to in BHC’s response to the auditor’s preliminary discussion document/draft audit report in September 2008.

The other 1 (audit sample #41) of 3 patients was not Medicaid eligible on the date of service as cited by the auditors on page 11 (paragraph 6) of the draft audit report. The patient was transferred from Gouverneur Healthcare Services (Gouverneur) to BHC on July 25, 2007. As stated above there were extenuating circumstances pertaining to the non-emergency transportation charges in the amount of $104 for this patient (sample #41). The transport charges may have possibly been billable to Medicaid if it was determined that the Patients’ established/record of residence was Gouverneur. BHC provided vital medical care to the 3 transported patients indicated above in good faith and earnestly attempted to ascertain Medicaid and/or Third Party Insurance coverage for the non-emergency transportation charges. The transport services rendered for 2 of the 3 patients was definitely not reimbursable by Medicaid and the other one is questionable. Consequently, BHC prudently paid the transportation charges for the 3 patients in good faith within a standard time frame.

**Finding:**
Officials at neither facility said whether or not they had a process in place to collect the corresponding transportation expenses from Medicaid to reimburse their respective facilities.

**Bellevue Hospital Center Response:**
The auditor’s finding is not representative of the facts. As stated in BHC’s initial comprehensive response dated September 26, 2008, to the preliminary audit findings cited in the first discussion document/draft audit report, BHC enhanced their adequate ongoing process to review and verify Medicaid eligibility and Third Party Insurance coverage by implementing a rather prudent process to strengthen internal controls for Medicaid/Insurance verification in October 2008, whereby the Non-Emergency Patient Transport Department submits a list of patients transported in/out of BHC along with copies of monthly invoices to the Inpatient Revenue/Investigations Department for the purpose of ascertaining Medicaid eligibility and/or Third Party Insurance coverage information for transferred patients if not immediately available. As

*The final audit report has been revised based on comments provided by agency officials.*
indicated in the response to the above mentioned finding once a patient is granted Medicaid eligibility and/or Third Party Insurance coverage is identified, this information is forwarded to the Transportation Vendor for billing purposes.

The auditor’s statements “they use facility funds to make prompt payments to vendors ...Bellevue officials simply stated that they were unaware of the noted patients’ Medicaid eligibility... and neither facility said whether or not they had a process in place...thus, it appears that HHC facilities will continue to pay for inappropriate transportation expenses until a process is put in place...” indicated on page 12 (paragraph 1) of the draft audit report are flawed and unsubstantiated. Medicaid eligibility is not always easy to determine, BHC consistently attempts to verify Medicaid eligibility based on the information at the time. Thus, some of the patients were not Medicaid eligible for several months later or not at all. BHC’s adequate ongoing prudent business practice involving verification of Medicaid eligibility and/or Third Party Insurance coverage for non-emergency patients’ transportation medical services is to ensure proper internal controls are in place and are adhered to. Consequently, the billing verification process was enhanced to include an additional layer of review of vendor invoices by the Admitting Department to ensure that the last resort of payment is the OTPS system.

To summarize, there is a comprehensive process in place to ensure ongoing compliance with contracted/approved non-emergency transportation rates and that payments do not exceed approved Medicaid prevailing rate(s); HHC’s policies, procedures and State regulations. The enhanced process put in place in October 2008 entails an inclusive thorough review by the Non-Emergency Patient Transportation, Inpatient Revenue/Investigations and Admitting Departments to verify Medicaid eligibility and/or Third Party Insurance coverage. This process defers payment by the Facility for approximately 90 days to assure that the status of Medicaid-insurance coverage has been verified before payment by BHC. The dynamics of the ongoing and enhanced process was addressed with the auditors at a meeting requested by BHC’s Chief Financial Officer in August 2008, and in the response to the preliminary audit discussion document. As such, the unsubstantiated flawed statements should be eliminated from the audit report.

Finding:
HHC is probably paying substantial expenses each year for non-emergency transportation services for ineligible patients.

Bellevue Hospital Center Response:
The auditors unsubstantiated statement “...HHC is probably paying substantial expenses each year for non-emergency transportation services for ineligible patients” noted on page 12 (paragraph 2) of the draft audit report is based on a limited audit sample and assumptions. This statement is inaccurate and lacks merit and should be eliminated from the audit report. As noted in prior responses to preliminary findings effective October 2008 BHC implemented a process to strengthen internal controls and ensure that the status of Medicaid eligibility and Third Party Insurance coverage is verified before payments are made by the Facility. The comprehensive verification process ensures OTPS payments as a last resort and that payments do not exceed contracted/approved Medicaid prevailing rate(s). The system reviewed by the auditors was adequate and had checks and balances to ensure proper payments and or billings as attested to by the minimal results that the State auditors uncovered in their audit sample.

Moreover, BHC’s Internal Audits Department will conduct random audits to ensure audit recommendations agreed to be implemented, compliance with regulations, Corporate policies, procedures, and that covered transportation charges are billed appropriately.

*The final audit report has been revised based on comments provided by agency officials.
In conclusion, all requests for non-emergency patients' transportation/transfers must be supported by the authorization of a practitioner/physician to assure continuity of medical care. Also, consistent with NYC HHC policies and procedures there is a referring practitioner/physician and an accepting practitioner when transporting patients from one facility to another. This mandate and the non-emergency transportation billing verification process ensure Medicaid-insurance covered patient transport charges are billed appropriately and OTPS payments as a last resort.

**Compliance with Contracted Rates (p. 12)**

**Finding:**
Our review of the billing rates on the 120 sampled trips identified $2,205 in overpayments. The overpayments pertained to a total of 18 trips and are the result of vendors using rates in excess of the agreed-upon Medicaid rates. For example, one Bellevue patient was transported by ambulance on February 26, 2008. The agreed-upon rate for this mode of transportation was $187; yet Bellevue was billed $300 for this trip.

**Bellevue Hospital Center Response:**
This audit finding failed to represent the complete facts. BHC's research disclosed that the original Contract with Citywide Mobile Response Corporation (Citywide) covering the period August 16, 2004 through August 15, 2007 (amended on February 15, 2007 for an additional 3 years) included a stipulation clause which stated that, "...there is no present Medicaid rate for the Advanced Life Support (ALS) transportation services. HHC's Facilities reserve the right to negotiate a per trip fee which will not exceed $300". It also stipulates that, "when a Medicaid rate for ALS transportation is established HHC will defer all fees to the prevailing Medicaid rate".

BHC contacted the transport vendors providing non-emergency transportation services on behalf of NYCHHC/BHC and was informed that the invoice amounts billed were based on the contracted amount of $300 for ALS service. BHC informed the vendors that they are required to bill HHC Facilities the approved Medicaid prevailing rate(s). Further, BHC informed the contracted vendors that restitution for the difference between the contracted rate of $300 and the State approved Medicaid prevailing rate of $104 that was in effect prior to August 1, 2007 and $186.70 there after for the ALS mode of non-emergency patient transportation would be pursued. As such, BHC officials contacted the transport vendor (Citywide) and requested restitution and received a refund for the funds paid above the approved Medicaid prevailing rate(s) for the 18 trips cited in the audit report. BHC also received restitution in the amount of $113.30 for a patient (sample #47) transported from Lincoln Medical & Mental Health Center to BHC on February 25, 2008 cited on page 12 (paragraph 4) of the draft audit report. In fact, based on BHC's efforts a refund was received in the amount of $196 not $113.30 ($300-104 = $196) as cited by the auditors for 1 (audit sample #3) of the 18 patients. BHC's diligent efforts resulted in a total restitution amount of $2,204.80 versus the amount of $2,122.10 for the 18 trips cited by the auditors for having been billed by the vendor (Citywide) in excess of the approved Medicaid prevailing rate(s).

BHC implemented enhanced internal controls in October 2008, to ensure continued compliance with regulatory agencies’ guidelines, corporate policies and procedures and assure non-emergency patient transportation service charges are billed appropriately.
Prior Approvals (p.11)

Finding:
However, for 25 of the 70 sampled Coler-Goldwater trips, totaling $2,804, there was no documentation that the trips had been properly authorized.

Coler Goldwater Response:
Medical Necessity and Physician Authorization documentation are now captured on a universal Transportation Request Form (see attached). The Transportation Request Form has been utilized since 12/08. An internal audit is conducted quarterly with a focus on the Physician Authorization being documented.

Payment Eligibility (p.11)

Finding:
The 70 sampled trips relating to the Coler-Goldwater facility provided transportation to 59 patients. We determined that 47 of these 59 patients were in fact Medicaid-eligible. These 47 patients made 53 trips totaling $8,486 in payments to vendors.

Coler Goldwater Response:
Coler-Goldwater disagrees that 47 of the 59 patients were Medicaid Eligible on the date of service. Medicaid eligibility became active after the service had been provided and payment for service to the vendor was necessary. The Transportation Department has adjusted its process to capture pending Medicaid Patients prior to submission to Accounts Payable. Changes in the process will be implemented as of 11/08.

Finding:
Officials at neither facility said whether or not they had a process in place to collect the corresponding transportation expenses from Medicaid to reimburse their respective facilities.

Coler Goldwater Response:
Coler-Goldwater made revisions to their current process to ensure Medicaid eligibility is confirmed with Patient Accounts prior to the date of service and a second review is completed during the billing reconciliation. If the patient's Medicaid status is still pending at the time of billing reconciliation, the vendor will be notified that payment will not be processed until Medicaid eligibility is determined. If a patient is granted Medicaid eligibility and/or Third Party insurance coverage is

*The final audit report has been revised based on comments provided by agency officials.
identified, the information will be forwarded to the Transportation vendor for billing purposes. The enhancements to this process will ensure the last resort of payment is the OTPS system.

In addition, a review of Medicaid eligibility will be included in the scope of Coler Goldwater's internal quarterly audit of non-emergency transportation. If Medicaid eligibility is disclosed during quarterly audits, Coler Goldwater will request a reimbursement for funds paid using OTPS.

Finding:
HHC is probably paying substantial expenses each year for non-emergency transportation services for ineligible patients.

Coler Goldwater Response:
As stated above, Coler Goldwater has strengthened internal controls and will ensure that the status of Medicaid eligibility and Third Party insurance coverage is verified before payments are made by the facility. There is a comprehensive verification process in place to ensure OTPS payments are the last resort and that payments do not exceed the contracted/approved Medicaid prevailing rate(s).

In addition, Coler Goldwater Internal Audits will conduct quarterly audits to ensure audit recommendations agreed to have been implemented, compliance with regulations, Corporate policies, procedures, and that covered transportation charges are billed appropriately.

*The final audit report has been revised based on comments provided by agency officials.*
Facility Response:

- In and around August 2004, HHC awarded forty-one (41) contracts for the provision of non-emergency patient transportation services. These services included Ambulette, liverytaxi and Ambulance services. The contracts were awarded in accordance with HHC Operating Procedure 120-7. The aforementioned Operating Procedure does not require that vendors awarded contracts for these services perform criminal background checks.

- In June 2005, Operating Procedure 20-56 “Background Investigations of Volunteers and other Non-Employees working in HHC Facilities” was revised. The purpose of the revision of this Operating Procedure was to assure that the Corporation was in compliance with Title 10 and Title 18 of the New York Codes, Rules and Regulations which had become effective on April of 2005. The change required that certain workers in Long Term Care and Home Health Agencies undergo FBI criminal history record checks. It should be noted that Ambulette Service Drivers are not included in this Operating Procedure.

- Sometime in 2006, revised contract boilerplate language was first incorporated into all HHC Central Office Materials Management contracts. The revision of the boilerplate contract of HHC Central Office was to comport to the amendment of Operating Procedure 20-56. The notice to vendors (see attached) was intended to notify vendors who supply temporary, per diem or agency workers to the Corporation that they must undergo criminal history background checks. This revision did not apply to non-emergency transportation services governed by Operating Procedure 120-7.

- Sometime after March 2007, contracts were awarded to Moonlight Ambulette Services, Inc., Emergicare N.Y., LLC and Sterling Ambulette, N.Y. to provide services that were not in the scope of work for the original forty-one contracts. These services included after-hours non-emergency patient transportation services and a clinical shuttle to transport chemotherapy patients from Bellevue Hospital Center to NYU Medical Center.

- The contracts awarded to the aforementioned vendors were new contract awards which included revised contract boilerplate language.

- The New York State Department of Motor Vehicles regulates the licensing of drivers and companies which provide non-emergency transportation services. Specifically, such non-emergency transportation services are governed by Article 19A of the Motor Vehicle and Traffic Law. Said law does not require that motor carriers such as livery and Ambulette

*The final audit report has been revised based on comments provided by agency officials.
services conduct background checks on its drivers, nor does it mandate that HHC require such checks.

Finding:
Although this requirement is clearly stated in the three contracts entered into with new vendors after February 2006, we found that for its 41 pre-existing non-emergency transportation providers, whose contracts were renewed after February 2006, this requirement was not noted in the contract renewals. This increases the risk that these providers may have employed persons to transport patients who should not be in direct contact with certain HHC patients.

Central Office Materials Management Response:
As stated above:

- HHHC Operating Procedure 120-7 does not require criminal background checks for non-emergency transportation services.
- The notice to vendors which was incorporated into HHC boilerplate language was not intended to supersede the policy which governed non-emergency transportation services, Operating Procedure 120-7, but rather was part of a revision to Operating Procedure 20-56 and was intended to cover only per diem, temporary, and agency workers hired as independent contractors.
- The New York State Department of Motor Vehicles does not mandate HHC to require motor carriers to conduct criminal background checks on ambulette and livery drivers.
- HHC has confirmed that 85% of our current vendors for Ambulette drivers have instituted criminal background checks as a standard business practice in spite of the Department of Motor Vehicles not requiring it.
- As of this date, all providers of non-emergency transportation services have been contacted and informed that they are now required as part of their contractual obligation under the HHC agreement to perform criminal background checks. All vendors have agreed to this requirement.

Finding:
However, Friendship had not performed background checks on any of its sampled 14 drivers who provided ambulette services to HHC facilities. Our own search found that 3 of these drivers had criminal histories. The offenses of these drivers range from possession and sale of an illegal substance, to endangering the welfare of a child, to rape of a senior citizen. It is possible that any of these individuals may pose a threat to the HHC patients being served.

*The final audit report has been revised based on comments provided by agency officials.
Central Office Materials Management Response:

- HHC surveyed its non-emergency transportation service providers for Ambulette and livery services and found that 95% were performing criminal background checks even though neither the New York State Department of Motor Vehicles nor HHC require them.
- Friendship's failure to conduct criminal background checks was contrary to standard practice in the non-emergency transportation service business.

Finding:
Friendship representatives told us that they did not initiate criminal background checks because it was not a contract requirement. They also said that they believed they were exempt from performing the checks because their drivers provided ambulette-and not ambulance-services.

Central Office Materials Management Response:

- The New York State Department of Motor Vehicles does not mandate HHC to require motor carriers to conduct background checks nor does the HHC Operating Procedure 120-7 require criminal background checks. Friendship failed to follow a standard business practice of its industry by not performing the criminal background checks.
<table>
<thead>
<tr>
<th>RECOMMENDATION WITH WHICH THE AGENCY AGREES AND INTENDS TO IMPLEMENT</th>
<th>METHODS/PROCEDURES</th>
<th>IMPLEMENTATION TARGET DATE</th>
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<tr>
<td>2. Bellevue Hospital Center should verify patient Medicaid eligibility before using HHC funds to pay for their transportation. (Page 13)</td>
<td>In October 2008 Bellevue Hospital Center (BHC) implemented a process (see Attachment I) to strengthen internal controls whereby the Non-Emergency Transportation Department submits a list of patients transported in/out of BHC along with copies of monthly invoices to Inpatient Revenue/Investigations for Medicaid and/or Third Party Insurance coverage verification. This process defers payment for approximately 90 days to ensure that the status of Medicaid-insurance coverage has been verified before payments are made by the Facility.</td>
<td>Ongoing</td>
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<td>3. Bellevue Hospital Center should periodically review transportation reimbursements to determine whether patients’ Medicaid eligibility determinations were completed after the time of service delivery and Medicaid could now be billed to recover the cost. (Page 13)</td>
<td>The process put in place in October 2008 entails an inclusive thorough review by the Non-Emergency Transportation and Inpatient Revenue/Investigations Departments to verify Medicaid eligibility and/or Third Party Insurance coverage. Also, the Admitting Department conducts an additional review of vendor invoices to ensure billing verification. This prudent business practice defers payment to transportation vendors for approximately 90 days; covered charges are billed appropriately and ensure OTPS payments as a last resort. BHC Internal Audits Department will conduct random audits to ensure that the recommendations have been implemented and compliance with regulations.</td>
<td>Ongoing</td>
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<td>4. Bellevue Hospital Center should review vendor invoices for compliance with agreed upon rates, prior to making payments. (Page 13)</td>
<td>Effective October 2008 BHC Non-Emergency Transportation Department implemented a comprehensive process which includes a thorough review of patient transportation invoices prior to payment to ensure compliance with contracted/approved rates and that payments do not exceed the approved Medicaid prevailing rate(s).</td>
<td>Ongoing</td>
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<td>5. Bellevue Hospital Center should repay all of the overcharges noted in this report. (Page 13)</td>
<td>BHC received the total restitution amount due as of July 2009.</td>
<td>Completed</td>
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<td>7. Bellevue Hospital Center should monitor vendor compliance with the criminal background check requirement. (Page 14)</td>
<td>The Associate Director of BHC's Non-Emergency Transportation Department will collaborate with Corporate Legal Affairs to develop and implement a standard Letter of Certification (LOC) for all contracted vendors providing non-emergency patient transportation services on behalf of BHC. The LOC will serve to certify that the vendor’s drivers are suitable to provide services within a healthcare environment and have been cleared to transport patients to and from BHC.</td>
<td>December 15, 2009</td>
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### Recommendations with which the agency agrees but is unable to implement

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<th>Reasons for inability to implement</th>
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### RECOMMENDATIONS WITH WHICH THE AGENCY DISAGREES AND DOES NOT INTEND TO IMPLEMENT

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<thead>
<tr>
<th>Recommendation</th>
<th>Reason for Disagreement and Refusal to Implement</th>
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<tbody>
<tr>
<td>1. Bellevue Hospital Center should not reimburse vendors for any non-emergency patient transportation that is not authorized in advance by the patient’s physician. (Page 13)</td>
<td>BHC was in compliance with ascertaining and documenting prior physician authorization for non-emergency patient transportation as noted on page 11 paragraph 3 of the draft audit report.</td>
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## RECOMMENDATION WITH WHICH THE AUDIT CYCLE ADOPTS AND INTENDS TO IMPLEMENT

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Method/Procedures</th>
<th>Implementation Target Date</th>
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<tr>
<td>#1 Color-Goldwater should not reimburse vendors for any non-emergency patient transportation that is not authorized in advance by the patient’s physician. (Page 13)</td>
<td>Color-Goldwater’s Finance Department will not reimburse vendors for non-emergency transportation that is not authorized in advance by the patient’s physician. Use of the Transportation Request Form (see attached) has been implemented and utilized to document physician authorization.</td>
<td>December 2008</td>
</tr>
<tr>
<td>#2 Color-Goldwater should verify patient Medicaid eligibility before using HHC funds to pay for their transportation. (Page 13)</td>
<td>Medicaid Eligibility will be confirmed with Patient Accounts prior to the date of service &amp; during the billing reconciliation. If the patient’s Medicaid status is still pending at the time of reconciliation the vendor will be notified that payment will not be processed until Medicaid Eligibility is finalized.</td>
<td>November 2009</td>
</tr>
<tr>
<td>#3 Color-Goldwater should periodically review transportation reimbursements to determine whether patients’ Medicaid eligibility determinations were completed after the time of service delivery and Medicaid could now be billed to recover the cost. (Page 13)</td>
<td>Medicaid Eligibility will be included in the scope of the internal quarterly audit of non-emergency transportation. Currently the scope of the quarterly audits include Physician Authorization &amp; Medical Necessity.</td>
<td>November 2009</td>
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| Recommendation #4  
Ceter-Goldwater should review vendor invoices for compliance with agreed upon rates, prior to making payments. (Page 13) | Transportation Department currently reconciles all monthly invoices to the contracted and Medicaid rates. | July 2009 |
| Recommendation #7  
Ceter-Goldwater should monitor vendor compliance with the criminal background check requirement. (Page 14) | Ceter-Goldwater will monitor vendor compliance with the criminal background check requirement by requesting Letters of Certification from non-emergency transportation vendors. | November 2009 |
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| **Recommendation #6**  
New York City Health and Hospitals Corporation (HHC) should ensure that all contracts with patient transportation vendors include a clause commensurate with HHC’s policy requiring criminal background checks for their employees. (Page 14)  
• HHC has confirmed that 85% of our current vendors for Ambulance drivers have instituted criminal background checks as a standard business practice in spite of the Department of Motor Vehicles not requiring it.  
• As of this date, all providers of non-emergency transportation services have been contacted and informed that they are now required as part of their contractual obligation under the HHC agreement to perform criminal background checks. All vendors have agreed to this requirement.  
• The office of Operations in conjunction with the Office of Legal Affairs is in the process of amending Operating Procedure 120-7 to require all providers of Ambulance, Livery, and Ambulance services to perform criminal background checks and include standards which vendors must follow when derogatory information is identified. The standards established must also not violate Article 23-A of the Correction Law which does not allow for the discrimination of persons convicted of a crime in a company’s hiring practices. | November 2008  
Ongoing | |
| **Recommendation #7**  
HHC should monitor vendor compliance with the criminal background check requirement. (Page 14)  
To assure vendor compliance, the Corporation intends to require statements on a periodic basis from the vendors that criminal background checks on all Ambulance, Ambulance and Livery service drivers have been performed. This requirement will be included in Operating Procedure 120-7. | Ongoing | |
### Audit Title
Audit Report of HHC's Non-Emergency Patient Transportation Services

### Date
October 3, 2009

### Audit Agency
Office of the New York State Comptroller

### Agency
NVCHCC (OMG # 08-54) - Central Office - Materials Management

### Audit Date
October 7, 2009

### Audit No.
2009-N-3

### OMB Control No.

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