

**Nassau County
Office of the Comptroller
Field Audit Bureau**



**Nassau County Department of
Social Services
Administration of Medical Transportation**

HOWARD S. WEITZMAN
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NASSAU COUNTY
OFFICE OF THE COMPTROLLER

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Executive Summary

Background

New York State is one of only a handful of states that allows payment for all forms of medical transportation as part of Medicaid. The Nassau County Department of Social Services (“DSS” or “department”), as directed by the NYS Department of Health (“NYS DOH”), is ultimately responsible for performing this function for the county.

In 1997, due to the volume of calls and trips DSS was handling, the department issued a Request for Proposals (RFP) for the administration of the Medicaid medical transportation program. After consideration, the proposal submitted by Hudson General (renamed Globe Ground in 2002), was selected, based upon the company’s demonstrated expertise in transportation program administration and its program budget, which was the lowest of the three submitted.

In 1998 and 1999 the contract with Hudson General was renewed. In 1999, DSS again issued an RFP and the sole proposal received was from Hudson General. Similar competitive actions were undertaken for the calendar years 2001 through 2003 with the same results.

Under the current contract, Globe Ground is responsible for the authorization and assignment of Medicaid clients’ transportation by taxi, and non-emergency use of ambulettes and ambulances (emergency use of ambulettes and ambulances is paid for directly through Medicaid and does not require prior authorization by either the county or its designated agent, Globe Ground.) The main contractual obligations require Globe Ground to:

- assess the client’s eligibility;
- verify that the client has the proper medical authorization;
- assign the appropriate mode of transportation using vendors that meet vehicle and driver program standards set by the NYS Department of Transportation;
- arrange the client’s trip;
- issue a “prior authorization” that allows a vendor to be paid through the state’s payment system.

Audit Scope, Objective and Methodology

The cost for providing medical transportation for Medicaid recipients in the county over the last two years was approximately \$26.7 million (\$14.9 million in 2001 and \$11.8 million in 2002). In addition to this cost, Globe Ground received approximately \$478,000 per year in both 2001 and 2002 to administer this program. The objectives of the audit were primarily to assess Globe Ground’s performance and compliance with both the contract terms and New York State rules and regulations, and the department’s monitoring of Globe Ground’s adherence to the terms of the contract.

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The department divides the responsibility for authorizing medical transportation for its eligible Medicaid clients between Globe Ground and its own in-house transportation unit. The in-house unit provides direct reimbursement for use of private vehicles and public transportation. Our review includes the department's performance of this function.

This audit was conducted in accordance with generally accepted auditing standards. These standards require that the audit be planned and performed to obtain reasonable assurance that the audited information is free of material misstatements. An audit includes examining documents and other available evidence that would substantiate the accuracy of the information tested, including all relevant records and contracts. It includes testing for compliance with applicable laws and regulations, and any other auditing procedures necessary to complete the examination. We believe that the audit provides a reasonable basis for the audit findings and recommendations.

Summary of Significant Audit Findings

Through greater oversight by DSS of Globe Ground's operations, and increased use by clients' of their own vehicles, public transportation, and decreased use of taxis, ambulettes and ambulances, our auditors' estimate that Medicaid costs in the county could be reduced substantially. In general, these savings can be achieved by Globe Ground and the department taking a more aggressive approach to determining the appropriate mode of transportation services required for each client, and by strict adherence to state regulations.

State regulations require that DSS ensure that only essential, medically necessary and appropriate transportation is provided, and that no expenditures for taxis are made when lower cost alternatives are reasonably available. Contrary to these regulations, the department is simply giving Medicaid clients the phone number of Globe Ground to book taxis, ambulettes and ambulances for most of their transportation needs. In effect, the department has thus reduced its own workload by allowing most non-emergency medical transportation to be handled by Globe Ground. This results, under current practices, in greater use of taxis, ambulettes and ambulances and reduced use of private vehicles and public transit, for which DSS must provide reimbursement.

In fact, the department's Web page on Medicaid benefits advises clients that they must call Globe Ground to arrange for non-emergency transportation. When they do, clients are not consistently advised that their first mode of transportation should be their own vehicle. Nor are they consistently encouraged to have a friend or relative drive them (for mileage reimbursement) or to take public transportation.

In correcting these problems, we recommend that the department review the feasibility of installing an automated general information phone line that could provide step by step instructions for clients about how to book trips and file for reimbursement. This phone line should employ a script that encourages the use of clients' own vehicles or public transportation.

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When the auditors requested a listing of the Prior Authorizations submitted to the state payment system for a test week, neither Globe Ground nor the department was able to provide this information. The inability to identify the Prior Authorizations being submitted to the state for vendors to be paid against is a serious weakness in internal control. In addition, the department is not aware of what Globe Ground is submitting to the state on the county's behalf, which is a serious control weakness in the monitoring process.

The daily authorization list provided by the department to Globe Ground of those Medicaid clients eligible to receive medical transportation appears to include clients covered by managed care companies that offer transportation as part of their medical benefits and are therefore not eligible to receive transportation through the county. In fact, approximately 68,856 Medicaid clients were on the authorization list provided to Globe Ground in March 2002, and approximately 11,177 or 16% of these clients had transportation coverage provided by their managed care company.

In a recent review of the State Department of Health's oversight of Medicaid transportation payments in New York City, the State Comptroller's Office identified \$23 million in unnecessary annual costs, or 23% of the total annual cost for Medicaid-related transportation in New York City. This was mainly due to over-reliance on ambulettes, instead of less costly means, such as livery or public transportation. In a review of the State's report, we determined that its findings were similar to those identified in our review. Both reports found that:

- Medicaid clients could be transported by less costly means;
- medical documentation supporting the need for ambulette services was deficient or not provided;
- the client was transported outside his or her geographic area, without demonstrated need.

Since, in both cases, Medicaid clients are not being encouraged to use lower cost modes of transportation, it is likely that substantial savings in Medicaid costs could also be achieved in Nassau County.

In our review of Globe Ground's adherence to requirements under the terms of the contract, the auditors identified requirements that were either not enforced by Globe Ground, or were enforced inadequately. For example:

- We found that Globe Ground did not verify annually that transportation vendors meet vehicle and driver program standards set by the NYS Department of Transportation.
- Globe Ground is failing to adhere to the contract's three-day advance booking requirement. The auditors found this to be the case for approximately 25% of the trips booked in one month. This resulted in an excess trip cost of approximately

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\$280,000.

- In a review of Globe Ground's documentation, we found that medical forms used to support the reimbursement of medical transportation often were missing, incomplete or outdated.

These findings also demonstrate that the department has not adequately monitored Globe Ground's compliance with the terms of the contract.

In a review of the transportation rates set by the department we found:

- The rate schedule set by the department for transportation by taxi is 95 pages long and contains 7,594 different prices;
- the county currently pays \$18 each way for clients in need of continual medical transportation, whereas Suffolk County pays \$9.90 each way for a similar service. Per week, this rate is \$81 more per client than Suffolk, based on clients using the service 5 days per week; and
- the department's out-of-county rate is \$49.25 each way. We found that many of these trips are to Hillside Hospital/LIJ, which straddles both Nassau and Queens counties. As a result of the department policy, a round-trip taxi ride that could have cost \$10 may result in a trip costing \$98.50.

Important control deficiencies were also found in the department's physician authorization forms used to support the reimbursement of medical transportation. Important safeguards missing from these forms include:

- authorization by the attending physician;
- the physician's Medicaid provider ID# and contact phone number;
- the name and address of the facility to which the client is to be transported; and
- the number of trips required.

DSS has the ultimate responsibility to perform medical transportation functions. Due to the substantial costs involved, the department cannot continue to pass this responsibility over to Globe Ground without proper controls and proper monitoring. In addition, the department currently does not have a contingency plan to assume control of Globe Ground's Medicaid medical transportation functions should it suddenly cease providing these services to the county. This is a matter of serious concern, considering that the company handles approximately 56,000 calls and 450,000 trip approvals annually.

Additional cost savings initiatives are suggested in this report, such as the use of Metrocards. Also included are Globe Ground's own cost savings suggestions, such as

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group rides and going out to bid for out-of-county and day treatment service transportation.

Department's Response:

The matters covered in this report have been discussed with officials from the department during and at the conclusion of this audit. On July 25, 2003, we submitted a draft report to department officials with a request for comments. The department's response, received on August 18, 2003, and our comments are included as an addendum to this report.

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Findings and Recommendations

Background

In 1997 the Department of Social Services out-sourced most of its Medicaid client transportation unit's functions to Globe Ground. The department retained the reimbursement function for use of private automobiles and public transportation. Under the current contract, Globe Ground is responsible for the authorization and assignment of Medicaid clients' transportation by taxi, and non-emergency use of ambulettes and ambulances (emergency use of ambulettes and ambulances is paid for directly through Medicaid and does not require prior authorization by either the county or its designated agent, Globe Ground.) The main contractual obligations require Globe Ground to:

- assess the client's eligibility;
- verify that the client has the proper medical authorization;
- assign the appropriate mode of transportation using vendors that meet vehicle and driver program standards set by the NYS Department of Transportation;
- arrange the client's trip;
- issue a "prior authorization" that allows a vendor to be paid through the state's payment system.

Lack of Compliance with NYS Transportation Regulations

Audit Finding (1):

NYS Department of Social Services Medicaid Transportation Regulations require social service districts to provide the least expensive mode of transportation suitable to the Medicaid client, as determined by the prior authorization official, and the denial of transportation when a client uses his/her private vehicle or mass transportation for daily living.¹ Adherence to these regulations is not being consistently applied.

Social services districts are also required under the NYS Social Services Law to maintain quality assurance mechanisms to ensure that only essential, medically necessary and appropriate transportation is provided, and that no expenditures for taxis are made when public transportation or other lower-cost alternatives are reasonably available. Contrary to these regulations, DSS is simply giving Medicaid clients the phone number of Globe Ground to book most of their transportation needs on taxis, ambulettes and ambulances. In effect, the department has thus reduced its own workload by allowing most non-emergency medical transportation to be handled by Globe Ground. This results, under current practices, in greater use of taxis, ambulettes and ambulances and reduced use of private vehicles and public transit, for which DSS must provide reimbursement.

In fact, the department's Web page on Medicaid benefits advises clients that they "must call Globe Ground" to arrange for non-emergency transportation. When they do, clients are not consistently advised that their first mode of transportation should be their own vehicle. Nor are they consistently encouraged to have a friend or relative drive them (for mileage reimbursement)

¹ New York Comprehensive Code Rules & Regulations, Title 18 §505.10 (2003)

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or to take public transportation.

In a recent review of the State Department of Health's oversight of Medicaid Transportation Payments in New York City, the State Comptroller's Office identified \$23 million in unnecessary annual costs, or 23% of the total annual cost for Medicaid-related transportation in New York City. This was mainly due to over-reliance on ambulettes, instead of less costly means, such as livery or public transportation. In a review of the State's report we determined that its findings were similar to those identified in our review. Both reports found that:

- Medicaid clients could be transported by less costly means;
- medical documentation supporting the need for ambulette services was deficient or not provided;
- the client was transported outside his or her geographic area, without demonstrated need.

Since, in both cases, Medicaid clients are not being encouraged to use lower cost modes of transportation, it is likely that substantial savings in Medicaid costs could also be achieved in Nassau County.

In addition, Globe Ground came to the county with a plan to implement a group ride system. The department did not adopt this plan even though the NYS Social Service Law requires economical use of transportation resources available and promotion of public transportation, group rides, county vehicles, coordinated transportation, and direct purchase of services.

Audit Recommendation

The department should:

- implement a better co-ordination plan between Globe Ground and its own in-house transportation unit to ensure that all applicable state laws and regulations are being consistently followed.
- take a more aggressive approach to determine both the need and the appropriate modes of transportation services required and encourage Globe Ground to do the same. For example, before any trip is booked, all clients requesting transportation should be asked to take their own vehicles, or mass transportation. Quality assurance measures should be instituted to ensure this is done.
- since the department has access to Department of Motor Vehicles records, they should notify Globe Ground of those clients who have a vehicle registered in their names.
- review the feasibility of installing an automated general information phone line that could provide step-by-step instructions for clients about how to book trips and file for reimbursement. This phone line should employ a script that encourages the use of clients' own vehicles or public transportation.

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Lack of Vendor Monitoring for Contract Compliance

Audit Finding (2):

Through a review of Globe Ground's adherence to requirements under the terms of its contract, the auditors identified certain requirements that were either not performed by Globe Ground or were performed inadequately. Our findings regarding Globe Ground's lack of adherence to contract requirements are identified and detailed in this report. These findings highlight the fact that the department has not been monitoring Globe Ground's compliance with the terms of the contract. The lack of adequate monitoring by the department includes:

- No review of prior authorizations issued by the contractor.
- No review of vendor payments.
- No review to determine if a vendor has been disqualified by the state.
- No verification of call statistics furnished by Globe Ground.
- No review of exception reports generated by the state payment system on Globe Ground's processing.
- No determination is made by DSS whether money is recoverable to the county for Globe Ground approving ineligible callers.
- No review of Globe Ground's prior authorization database to ensure the removal from the system of outdated outstanding prior authorizations.
- No review to determine if the vendor is in compliance with NYS directives while acting as the county's designated agent.

Audit Recommendation

The department should develop:

- an adequate method for monitoring Globe Ground's compliance with the terms of the contract;
- contractual means to impose penalties for compliance failures.

As the county's designated agent, the department must ensure that Globe Ground is in compliance with NYS directives.

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Contract Adherence: Three-Day Advance Booking Requirement

Audit Finding (3):

NYS Regulations require an advance request for medical transportation. Nassau County's contract with Globe Ground states, "Under ordinary circumstances, recipients are required to provide three days advance notice of their need for medical transportation."

In a test of one month's bookings (November 2001) for compliance with this contract requirement, the auditors found that 25% were made without the required three days advance notice. Based on Globe Ground's records, the cost for non-emergency transportation for this month totaled \$1,118,676. Therefore, non-emergency services totaling approximately \$280,000 were provided in violation of the contract. In addition, Globe Ground billed the county \$37,736 for its administrative services related to these charges in the month tested.

The county's contract with Globe Ground also states, "...contractor shall be held financially responsible for any transportation services improperly authorized by their staff for ineligible parties." DSS should confer with legal counsel as to whether Globe Ground's non-compliance with the three-day requirement constitutes improper authorization by its staff for ineligible parties, and whether 25% of transportation costs and/or 25% of Globe Ground's fee should be remitted to the department.

In a related issue, we contacted six other counties in the state to ascertain their advance-booking requirements. Their responses ranged from one to seven days, and all stated that they were in the process of considering adjusting upward the number of advance booking days. This would minimize unnecessary medical visits, while still allowing the clients to take a car, bus, or taxi and get reimbursed by the department.

Audit Recommendation

The department should:

- Ensure that Globe Ground is in compliance with the contract's requirements;
- seek an opinion from its legal unit to clarify whether non-compliance with the three-day requirement constitutes improper authorization by Globe Ground's staff for ineligible parties and determine what corrective actions might be taken;
- seek clearer language in future contracts, stipulating the penalty for not complying with these requirements; and
- review the three-day advance county booking policy and consider amending to a more cost-effective and flexible advance notice after assessing its impact on the Medicaid clients.

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Integrity & Validity of Data Transmittal to NYS Medicaid Payment System

Control Totals

Audit Finding (4):

Globe Ground's data file of Prior Authorizations is uploaded weekly to the state payment system, allowing transportation vendors to bill against it. When the auditors requested a listing of the Prior Authorizations submitted for a test week, neither Globe Ground nor the department was able to provide this information. In addition, neither entity could provide the total number of Prior Authorizations that had been issued for that week. Globe Ground instead provided a data file of vendor rosters for the auditors to use in testing of individual prior authorizations for compliance. There were 53 vendor rosters for the week tested and 241 vendor rosters for the month that would have to be added to determine what was authorized for a given period, and the auditors had no way to determine if they had all the rosters for a given period. The inability to identify the Prior Authorizations being submitted to the state for vendors to be paid against is a serious weakness in internal control. In addition, the department is not aware of what Globe Ground is submitting to the state on the county's behalf, which is a serious control weakness in the monitoring process.

Audit Recommendation

Globe Ground should be required to:

- furnish the department with control records that enumerate the Prior Authorizations that they are authorizing and sending to the state on behalf of the county; and
- periodically ensure the integrity of these control records by comparing it to the data submitted to the state.

Clerical Errors

Audit Finding (5):

Although Globe Ground's contract with the county states, "...an important part of the payment process involves reconciliation of trip records..." it does not appear that Globe Ground or the department performs a routine review to ascertain whether there are any clerical errors or discrepancies in the data file sent to the state. In a review of the file for any unusual items for one month, the auditors found that two clerical errors had occurred. One of the errors resulted in a vendor having an additional \$80,000 available in prior authorizations. Although prior authorizations have a 6-month expiration period, a transportation vendor who is aware of an unused balance could potentially submit billings against these authorizations during this period.

Without a copy of the data transmission, as previously discussed, the auditors were not able to ascertain if indeed these clerical errors were picked up during Globe Ground's vendor review before data transmission took place. (The state payment vendor was unable to provide us with

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what was submitted; however, our research did ascertain that no overbilling occurred as a result of the additional \$80,000 available in the one prior authorization mentioned above.)

Audit Recommendation

We recommend that the department ensure Globe Ground's compliance with the contract to review and edit the Medicaid Medical Transportation weekly trip authorizations before they are submitted to the state. Internal control steps would reduce processing errors, duplicate authorizations that could result in duplicate billing, incorrect service codes, incorrect billing rates, etc. The edit should be signed-off by Globe Ground management and forwarded to the department's Director of Medical Transportation.

Duplicate and Outdated Prior Authorizations:

Audit Finding (6):

Globe Ground's Prior Authorization database was examined for the week ended April 7, 2002 and 13 authorizations were found with authorization periods in 2001, some more than one year old. Outdated authorizations should be removed from the database so that they are not available for vendors to bill against.

Based on the auditor's examination of the state exception reports, Globe Ground is resubmitting authorizations already sent. This was further substantiated by a discussion with a supervisor of the state payment system who stated, "The company that is submitting the data (Globe Ground) is not watching for duplicate prior authorizations that have already been used."

Audit Recommendation

Globe Ground should properly maintain its Prior Authorization database, deleting old and duplicate prior authorizations from the file so that they are not available for vendors to bill against. In addition, the weekly exception reports being furnished to Globe Ground from the state payment system should also be furnished to the department for its review.

Verification of Transporters-DOT and DOH Certification

Audit Finding (7):

Globe Ground's contract with the county requires it to develop and implement procedures to ensure that all vendor vehicles and drivers meet program standards. These include obtaining an annual written certification from all ambulance and ambulette vendors that they are in compliance with all applicable NYS Department of Transportation ("DOT") and Department of Motor Vehicles ("DMV") regulations. The contract also requires Globe Ground to verify that ambulance vendors are certified by the NYS Department of Health and that taxi and livery companies are in compliance with all local requirements. All transporters must obtain an approval letter from the Commissioner of Social Services.

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In a review of Globe Ground's compliance with these contract requirements the auditors found that:

- Although ambulette vendors are required to obtain DOT certification on an annual basis, Globe Ground only checks the ambulette vendor's DOT certification on its initial trip.
- Although the department should be monitoring Globe Ground's compliance with these contract provisions, the department did not even have a copy of Globe Ground's vendor list. Collectively, these vendors provide approximately \$15 million of medical transportation annually for Nassau County.
- The initial vendor list the auditors obtained from Globe Ground (February 2002) contained 605 vendors from all over the state and other states as well. In a random test of 10 of the vendors on the list, the auditors found that four of the 10, or 40%, were not found on the New York State Medicaid Management System ("MMIS").

A subsequent review of the January 22, 2003 vendor transportation list disclosed the following:

- The owner of one vendor, JDS Ambulance, was convicted after prosecution by the NYS Attorney General's Office for various billing frauds. Although this vendor was sanctioned by the state on October 28, 2002, and terminated from the MMIS program, it is still listed twice on Globe Ground's transportation vendor list of available vendors.
- Dell Ambulance & Oxygen Service was still listed as an active vendor on Globe Ground's vendor list even after the recent conviction of the owner, who pleaded guilty to a \$57 million Medicaid and Medicare fraud scheme.
- The auditors noted billing errors during a review of vendor payments to one of the top three Nassau County transportation vendors. Shortly after a request to the NYS Department of Health for backup regarding these questionable items, a call from the NYS Attorney General's Office informed the auditors that the vendor was under investigation for Medicaid fraud.
- Globe Ground recently referred two vendors to the NYS Attorney General's Office for questionable activity involving Medicaid fraud. One of the two vendors is in the top ten in volume and cost to the county.

It should be noted that although the above-mentioned vendors were on Globe Ground's transportation vendor list, once vendors are sanctioned by the NYS Department of Health, they are taken off the New York State Medicaid Management System and can no longer be reimbursed for their services.

In a related issue, to test the capability of several Medicaid transportation vendors to perform the volume of trips that they are claiming, the auditors contacted both the NYS DOT and DMV to determine the number of transportation vehicles that are registered to these Medicaid

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transportation vendors. However, neither state agency was able to provide identification as to the number of vehicles owned by any Medicaid transportation provider. The state recognizes that this is a problem, and is about to begin a project to address this issue; however, it is estimated that it will not complete the project for approximately two years.

Audit Recommendation

The department should:

- monitor Globe Ground's responsibilities under the contract and only allow payment for those transportation vendors that meet vehicle and driver program standards set by the NYS DOT and DMV;
- evaluate the adequacy of the inspections and financial investigations being performed by Globe Ground;
- notify Globe Ground to continually monitor the MMIS and eliminate from its vendor list any vendors that are no longer on the MMIS;
- since the Commissioner of Social Services must approve all vendors that are included on Globe Ground's transportation list, the Commissioner should revoke the approval for all vendors that are currently being investigated for Medicaid fraud until these cases are resolved;
- ensure that the vendor list maintained by Globe Ground only contain NYS DOT authorized vendors and DOH certified ambulances;
- request that the state add ineligible transportation providers to its list of ineligible Medicaid doctors and laboratories posted on the state web site;
- amend the Medicaid medical transportation registration process within the county to require the submission to the department / Globe Ground the number of inspected and approved vehicles which comprise their daily operations.

Transportation Rates Set by the Department

Taxi Rates

Audit Finding (8):

In a review of medical transportation rates for taxi service, the auditors found that the department uses a mileage rate schedule that is 95 pages long and contains over 7,594 different rates. In comparison, Suffolk's rates, which relate to the Hagstrom map grids, are contained on a single sheet, and have two levels, \$3.85 one way within a grid and \$ 2.85 per extra grid. Suffolk's out-of-county rates are also based on a grid + amount. This is a simpler reimbursement system, which allows for better control and ease of billing verification.

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Audit Recommendation

We recommend that the department reduce the current 7,594 different rates for taxi reimbursement to a more manageable system, such as the one used by Suffolk County.

Day Treatment Rates (In-County)

Audit Finding (9):

The county currently pays \$18 each way for clients in need of continual medical transportation, such as to mental health counseling or to drug and alcohol treatment. Many of these clients visit medical facilities seven days a week for a cost of over \$1,116 a month. Suffolk County pays \$9.90 each way for a similar service. Based on clients using this service five days per week, Nassau County's cost is \$81 more per week, per client, than Suffolk's.

Audit Recommendation

We recommend that the department seek to bid or receive requests for proposals for day treatment transportation. Globe Ground's transportation management believes that this would result in substantial savings to the county, and we concur with their assessment.

Day Treatment Rates (Out-of-County)

Audit Finding (10):

The county rate for out-of-county transportation is \$49.25 each way. The auditors found that many of these trips are to Hillside Hospital/LIJ, which straddles both Nassau and Queens counties. As a result of the department policy, a round trip taxi ride that could have cost \$10 could result in a trip costing \$98.50. When questioned, Globe Ground stated that it recognizes this absurdity and sometimes negotiates a lower rate with the provider. In addition, Globe Ground pointed out that approximately three out-of-county facilities make up the majority of the county's out-of-county trips. They suggested seeking proposals for out-of-county transportation that could possibly include group sharing rides.

Audit Recommendation

We recommend that the department consistently reduce the current out-of-county rate by immediately seeking to bid or by receiving requests for proposals for out-of-county transportation (particularly for mental health and dialysis).

Prior Medical Authorization:

Audit Finding (11):

Pursuant to New York State DSS regulations, all prior authorizations for non-emergency ambulance, ambulette, and invalid coach must be supported by an order of a medical practitioner

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attending the Medicaid recipient.² In Nassau County, the attending physician completes a Medical Transportation Request Authorization Form 2290 (“2290”) for this purpose.

The auditors initially requested 2290’s for review (each representing 20 or more trips) from Globe Ground, and found deficiencies in six of the nine forms examined. These six authorization forms allowed for a total of 300 one-way trips. Deficiencies found included:

- One higher cost out-of-county 2290 did not have the address of the attending physician as required. It also did not have the dates of service as required by an out-of-county trip authorization. In this instance, Globe Ground had authorized the maximum number of trips for that month.
- One six-month authorization for an out-of-county trip was provided on an outdated form and did not contain the location of the medical facility to which the client was to be transported.
- Two 2290’s did not contain the physician’s address, or contact information.
- One 2290 could not be located by Globe Ground.
- One 2290 was signed by a physical therapist, instead of the attending physician. It also did not list the home address of the client requesting transportation.

Three of the above forms were not dated by the doctor, which could allow the client to use the same form for multiple unauthorized periods.

Due to the deficiencies found in the initial test, a second test of 25 outstanding trip prior authorizations was reviewed for proper 2290 medical authorization. Deficiencies were noted in nine of these authorizations, representing 708 one-way trips. Two clients had since died and one client had moved and opened a case file in Suffolk County. The content integrity of the department’s daily download is a problem in some of these cases, while deficiencies involving missing or incomplete medical authorizations, are the responsibility of Globe Ground.

Important safeguards were judged to be missing from the county’s Medical Transportation Request Form 2290. Other jurisdictions require the primary care physician to authorize the transportation, or require the physician’s New York State Medicaid Provider ID#, a contact phone number and the name of the facility to which the patient is to be transported.

Audit Recommendation

The department should:

- insure that the file provided to Globe Ground on a daily basis represents clients eligible to receive transportation.
- revise the physician’s request for claimant medical transportation (Form 2290) to include the safeguards found in Suffolk County’s medical authorization form. Important safeguards missing from these forms include:
 - authorization by the Primary Care Physician;

² New York Comprehensive Code Rules & Regulations, Title 18 §505.10 (d)(4)

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- the Physician's Medicaid provider ID# and contact phone number;
- the name and address of the facility to which the client is to be transported;
- the number of trips required; and
- additional instructions reiterating that if a client normally uses public transportation for his/her daily living the client is required to use that mode of transportation for medical appointments unless a temporary condition exists that restricts the individual from using public transportation.

We recommend that Globe Ground thoroughly review all physicians' request for claimant medical transportation (Form 2290) authorizations to prevent transportation misuse. The department should periodically check these 2290's to ensure that Globe Ground is vigilant in the collection of these forms and in verifying their validity.

Out-of-State Transportation:

Audit Finding (12):

During our review of prior authorizations we reviewed out-of-county transportation for one month to verify that it complies with the New York State Regulation that states, "...when the medical care and services needed are available within the common medical marketing area of the Medicaid recipient's community, prior authorization for payment of transportation expenses to such medical care and services outside the common medical marketing area may be denied."³ In our review of out-of county transportation, we found one out-of-state trip to a Massachusetts nursing facility, for a client whose condition was listed as bipolar disorder and "unspecified depression", a psychiatric condition. It would appear that care for this condition could have been provided in our immediate medical community. Additionally, the out-of-state facility used is listed on several national nursing home watch lists (including *Consumer Reports*) at the highest warning level to patients, as a facility likely to cause actual harm or immediate jeopardy. It is not clear as to why the claimant had to be transported to a facility several hundred miles away when similar facilities are most likely available locally.

The trip to transport this client by ambulance to the nursing facility in Lynn, Massachusetts cost \$1,900. The cost to return this client, by taxi, was \$850. Globe Ground explained that it negotiated the return trip at this bargain rate. Globe Ground was not able to provide a medical authorization for the trip to the nursing facility, as required for all ambulance trips, and stated that it only requires medical authorization for routine continual transportation. The \$850 return trip did not require a medical authorization under current procedures, because transportation by taxi does not require a medical authorization. Therefore, there is no documentation (nor medical authorization form) as to the necessity of this out-of-state trip.

Through further investigation, the auditors found that Medicaid paid \$175,381 to this out-of-state facility instead of using a facility in our immediate medical community. After returning to Nassau County, the client's case was closed by the department when the client failed to make the

³ New York Comprehensive Code Rules & Regulations, Title18 §505.10 (d)(7)(v)

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pay-in amounts (the client's income/resources were above the federal/state limit to qualify for Medicaid and the client was required to pay-in \$832 per month).

Audit Recommendation

The department should:

- Seek reimbursement of \$2,750 from Globe Ground for the round-trip because the medical authorization required by state regulations and by our county contract was not provided.
- Obtain a list of all out-of-county transportation provided through Globe Ground and investigate other costly trips that require a prior medical authorization.
- Seek reimbursement of all out-of-county trips for which Globe Ground cannot produce the required medical authorization trip forms.
- Amend their procedures with Globe Ground to require that it obtain prior written approval from the department's medical transportation director for any out-of-state transportation, and in-state outside of Suffolk, New York City and Westchester.
- Obtain monthly reports that identify by user and frequency those taxi rides being reimbursed to the clients (in view of the fact that transportation by taxi does not require a medical authorization.)

Department's Authorization to Transportation Contractor

Audit Finding (13):

The auditors found a serious weakness with regard to the daily authorization list provided by the department to Globe Ground of those Medicaid clients eligible to receive medical transportation. The list appears to include clients covered by managed care companies that offer transportation as part of their medical benefits and are therefore not eligible to receive transportation through the county. In March 2002, approximately 68,856 Medicaid clients were on the authorization list provided to Globe Ground and approximately 11,177 or 16% of these clients had transportation coverage provided by their managed care company.

Audit Recommendation

The department was immediately informed of this weakness in its authorization lists. We recommend that DSS immediately edit records sent to Globe Ground and delete those clients on the list who should receive transportation through their managed care company.

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Possible Duplicate Reimbursement

Audit Finding (14):

During our review, we noted an internal control weakness because medical transportation could be provided through Globe Ground and also submitted to the department for mileage or bus reimbursement. The department's Assistant Medical Director and a manager for Globe Ground both stated it was not their respective responsibility to monitor for this possibility.

In addition, there appear to be no time limitations on direct reimbursement by the department. Many clients submit their transportation expenses for several weeks or months at a time. The department maintains the record keeping for direct reimbursement manually, which increases the risk that the same trips could be reimbursed more than once.

Audit Recommendation

We recommend that the department request the assistance of their Information Technology unit to establish an electronic spreadsheet version of Form 2704 that can be used to categorize and identify specific clients, dates, services, etc. This would streamline the direct payment process, as well as add a control feature to preclude possible duplicate reimbursement to clients.

Department's Direct Transportation Reimbursements

Failure to Follow Procedures Re: Authorization

Audit Finding (15):

Four days were selected randomly for a test of direct reimbursement payments made by the department for public bus transportation or mileage. The auditors found that, during the days tested:

- Form 2704 (Direct Reimbursement Form Summary) was never authorized and signed by the Assistant Director of Medical Services as required by instructions on the form. The total amount of direct reimbursement without authorization for the four sample days amounted to \$7,115. This breakdown in internal control was brought to DSS's attention during the audit and corrected.
- One client utilized the services of both a taxi and public bus transportation service to a local hospital on a regular basis. This client was authorized by a now retired DSS supervisor in 1997 to utilize taxi service against county and state directives and was the only case noted in which taxi service was reimbursed through the department's in-house medical transportation reimbursement system.

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Audit Recommendation

All future individual direct reimbursement forms must be signed-off by the Assistant Director of Medical Services in order to conform to the department's policy.

The department should not allow preferential treatment to any Medicaid client with regard to medical transportation or any other Medicaid service. All clients should be required to follow the same transportation procedures set by the department and Globe Ground to arrange for medical transportation.

To improve internal controls for the prevention of duplicate payment of transportation services, we recommend a crosscheck be made between the department's direct reimbursement payments made to clients and those made by Globe Ground.

Increase Mileage Rate for Direct Transportation Reimbursement

Audit Finding (16):

The county currently reimburses Medicaid clients for private use of their own vehicles (or for having a relative or friend drive them) at a mileage rate of \$.13 per mile. This reimbursement rate for automobile use acts as a disincentive for individuals to use their own personal transportation. Instead, clients are opting to use the more costly county provided transportation of taxis, ambulettes, and ambulances.

Audit Recommendation

We recommend that the department examine the feasibility of adopting the prevailing IRS mileage allowance, which is currently \$.36 per mile, as the mileage rate to be used for reimbursement of a Medicaid client's own personal transportation. This would provide an economic incentive for the client to use their own personal transportation and may discourage and reduce the use of taxis, ambulettes and other more expensive modes of transportation.

Use of Metrocards

Audit Finding (17):

The auditors found that the county's Department of Mental Health negotiated with L.I. Bus to purchase Metrocards at a reduced rate of \$0.75 per bus trip instead of the standard fare of \$1.50 for its clients. In addition, other counties in the state have purchased fare cards for their Medicaid clients. Monroe County issues unlimited usage monthly bus ride cards to Medicaid clients requiring medical services at least three times a week.

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Audit Recommendation

The department should:

- investigate the purchase of discount and unlimited-use Metrocards through established protocols set up by the county's Department of Mental Health.
- begin an education campaign to encourage Medicaid medical transportation recipients to use Metrocards for public transportation (L.I. Bus) and private vehicles when possible.

Operational Guidelines / Medical Authorization Form:

Audit Finding (18):

County Medicaid clients do not have access to complete written procedures on how to acquire medical transportation. The auditors obtained the "Suffolk County Operational Guidelines" handout, which explains relevant New York State Social Services law, the types of medical procedures covered, the prior authorization requirements, and provides relevant phone numbers.

Audit Recommendation:

We recommend that the department prepare a written operational procedure guide for use by its clients, internal transportation staff, Globe Ground and the outside transportation vendors. The procedural guide should also direct clients receiving transportation covered by managed care companies, to contact their companies directly. To assist in the preparation of the procedural guide, the auditors provided copies of Suffolk County's Operational Guidelines to the department's management.

To provide clients with general information we recommend that an automated phone line be installed and the number posted on the Web site.

Continuity of Service Contingency Plan

Audit Finding (19):

Discussions with Globe Ground regarding the contractor's contingency back-up plans resulted in the contractor's development of a total emergency contingency plan. This written plan outlines numerous back up strategies for several of their main functions in case of short-term problems with computers, phones or power outages and long-term strategies due to fire, damages, terrorism, etc.

However, DSS currently does not have a contingency plan to assume control of these Medicaid medical transportation functions should Globe Ground suddenly cease operations. The department has the ultimate responsibility to perform medical transportation functions; therefore it cannot continue to pass this responsibility onto Globe Ground without proper controls, proper

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monitoring and a contingency back-up plan to address these functions in the event Globe Ground should cease to provide these services to the county.

Audit Recommendation

We recommend that the department develop a plan that provides for continuity of transportation services in the event that Globe Ground or any other contract vendor providing required services on behalf of the department should suddenly cease providing these services. This plan should include the submission of data backup (tape/CD-ROM) on a weekly/monthly basis to the department (Information Technology Department), from Globe Ground.

Billing for Deceased Individuals

Audit Finding (20):

During our review of prior authorizations, the auditors found prior authorizations were listed for deceased clients. Globe Ground maintained that DSS does not routinely notify it of deaths and that DSS sends it eligibility lists on a daily basis that include deceased clients. In fact, Globe Ground contends that it often notifies the department that a client is deceased after attempting to pick-up the client.

The department often does not know of a client's death until re-certification, up to one year after the date of death. In fact, the welfare management system (WMS) does not have a field on its computerized forms for date of death. This missing field on the WMS is a serious internal control weakness. In a review of payments made on behalf of three deceased Medicaid recipients, the auditors found one payment that was made for a purchase of a prescription (controlled substance -hydrocodone/apap) filled 14 days after the recipient had passed away.

Audit Recommendation

The department should discuss this severe limitation of the WMS with the New York State Health Department, which should include this information in the state's new e-Med NY system that is currently under development. In addition, we recommend that the NYS vital records database, which contains information on death certificates filed in New York State, be run against the WMS in a timely manner.

Department of Social Services Response to the Audit Report

Finding #1 - Lack of Compliance with New York State Regulation

The Department disagrees with this finding. Globe Ground routinely screens callers to determine if they are able to use public transportation or have use of a motor vehicle. They require all clients using Non-Emergency transportation to substantiate their need for transport by taxi, ambulette or ambulance through the use of a DSS-2290 (Transportation Request Form) form, which is completed by the attending physician. Although NYS regulations do not require medical authorization (DSS-2290) for taxi transport, Globe Ground requests that each client submit the form to enable staff to determine if the client's physical and/or mental condition precludes them from using public transportation. Clients who have been approved for transportation through Globe Ground are required to update their DSS-2290 form every six months.

Globe Ground's staff is trained to question the client (or representative calling on behalf of the client), as to whether they have access to a private vehicle or public transportation (including Able Ride). The DSS-2290 form requires the attending physician to provide medical justification why the client cannot use public transportation. Any form submitted without this information is considered invalid, and is returned to the client as incomplete. Globe Ground has reached out to the medical provider community who complete the DSS-2290 forms to educate them of other means of transportation available. Prior to this effort many physicians were requesting ambulette transportation for clients that did not have access to public transportation, or where the use of public transportation would cause undue financial hardship to the client. The physicians and other providers were unaware that the clients could use medical taxi services or be reimbursed for public transportation expenses. Globe Ground has been very successful in "downgrading" clients to less costly modes of transportation.

In 2001, Globe Ground authorized 206,642 prior approvals for ambulette services and 145,763 prior approvals for taxi services. In 2002, Globe Ground authorized 160,203 prior approvals for ambulette services and 119,272 prior approvals for taxi services, resulting in a saving of \$129,314.04 in ambulette services and \$534,502.31 in taxi services.

To improve the operation of our program and the continued success in reducing the number of approved ambulette trips, the Department along with Globe Ground is developing a screening instrument that will be routinely used. The Department will also explore the feasibility of providing written guidelines for use of medical transportation services and/or the possibility of installing an automated information line.

Auditor's Comment:

We are pleased that Globe Ground's procedures include screening callers to determine if they are able to use public transportation or have use of a motor vehicle. There is still a question, however, about whether these procedures are as routine as they are supposed

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to be. During an on-site visit to Globe Ground's call-in center, our auditor noted that the operators were not questioning clients as to whether they had access to a private vehicle or public transportation. Although the incidents we observed might be isolated, we recommend that the department regularly monitor Globe Ground's adherence to these procedures.

Also, according to State regulations, 18 New York Comprehensive Code Rules & Regulations §505.10 (7)(i.), "when the MA recipient can be transported to necessary medical care or services by use of private vehicle or by means of mass transportation which are used by the MA recipient for the usual activities of daily living, prior authorization for payment for such transportation expenses may be denied." Therefore, in screening clients' need for transportation, Globe Ground should determine their mode of transportation for daily living activities. As an aid in doing so, the department, which has access to Department of Motor Vehicle records, could notify Globe Ground of those clients who have a vehicle registered in their name.

Similarly, our testing shows that Form 2290 is not systematically completed and submitted by clients. When submitted, it is often incomplete, illegible, or signed by a non-authorized category of medical provider. Form 2290 should be retained and available for DSS and federal, state and county auditors.

Developing written medical transportation services guidelines and an automated information line are essential to a comprehensive program to reduce the use of ambulettes and taxis where they are not truly needed.

Finding #2 - Lack of Vendor Monitoring for Contract Compliance

The Department agrees in part with this audit finding. Although the Department acknowledges that there is room for improvement in the area of monitoring Globe Ground's performance, many of the issues raised in the audit report are neither County cost savings nor performance issues. Globe Ground does supply the Department with yearly statistical reports that were provided to the auditors. Globe Ground also supplies the Department with on-demand reports as needed. The Department has performed random reviews by contacting the client population that uses medical transportation to determine if Globe Ground is properly administering and monitoring medical transportation services. The Department's 2004 Budget proposal includes funding for increased monitoring of contract agencies.

The Department routinely reviews billing problems for individual transportation vendors through a review of exception lists. Globe Ground also regularly reviews the exception reports supplied by the State and investigates any problems indicated in these reports.

Vendor payments are issued through the New York State Department of Health's MMIS system, not paid directly by this Department or Globe Ground. If a transportation vendor has been disqualified by the State, that vendor will be unable to bill for payment and the Department cannot be held liable for any prior authorization of service. It is felt that

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verification of call statistics furnished by Globe Ground would be cumbersome and yield no monetary savings. To date, Globe Ground has not, to our knowledge, approved any ineligible Medicaid callers. Our Systems staff will be revising the data transmission provided to Globe Ground to identify individuals enrolled in Managed Care. Review of Globe Ground's prior authorization database will be addressed in the response to audit finding 6.

The Department will continue to conduct regular meetings with Globe Ground to discuss their procedures and performance as well as continuing to conduct on site visits.

Auditor's Comment:

DSS acknowledges that it needs to perform better monitoring, and the 2004 budget provides funding for increased monitoring of DSS contractors. Monitoring should include, in addition to vendor billings, an evaluation of Globe Ground's adherence to contract terms and state regulations.

DSS is responsible for monitoring Globe Ground's performance under this contract and enforcing all contractual requirements, whether or not they result in cost savings. If Globe Ground approves ineligible callers, money may be recoverable to the county. Failure to monitor Globe Ground's performance is fundamentally a "cost savings" issue.

Finding #3 - Contract Adherence: Three-Day Advance Booking Requirement

The Department disagrees with the finding regarding the three-day advance-booking requirement. The contract states, "Under ordinary circumstances, recipients are required to provide three days advance notice of their need for medical transportation." The key phrase is "Under ordinary circumstances". Globe Ground does require a three-day advance notice to book regularly scheduled medical trips. Globe Ground does advise clients who attempt to book routine medical trips with less than 3 days notice to either make other arrangements or reschedule their appointment. This is evidenced by the fact that 75% of the trips booked through Globe Ground are in adherence to the 3 day advanced notice requirement.

The Department also recognizes our responsibility to the clients, and therefore, Globe Ground staff will never deny medical transportation for radiation therapy, chemotherapy, dialysis treatment or any other life sustaining treatment that is booked without a three-day advance notice. Clients that are enrolled in the TBI (Traumatic Brain Injury) Waiver Program also fall outside of the "ordinary circumstances " criteria.

In addition, hospital discharges cannot be scheduled three days in advance. To adhere to the 3 day advanced booking requirement would result in unnecessary lengthened hospital stays at considerable cost to the County. Also, failure to transport a client who is ill to their primary physician via Globe Ground could potentially turn a \$12 taxi ride into a \$350 ambulance trip to the emergency room.

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It is our belief that changing our current advanced booking policy would have no fiscal impact on medical transportation expenditures. The policy was originally set at 3 days as a courtesy to Globe Ground to allow them sufficient time to verify the client's eligibility, review the level of transportation required, and book the trip. We believe the requirement as it currently stands works well for both Globe Ground and the clients they service.

Auditor's Comment:

DSS acknowledges that the contractual 3-day advance notice requirement for booking of medical transportation "under ordinary circumstances," allows Globe Ground to carry out its contractual responsibility to verify eligibility, review the level of transportation to make sure it is warranted, and book the trip. Based on our audit test, 25 percent or 123,959 trips did not meet the contractual requirement in 2001. This would appear to be an unusually high percentage of cases falling outside the "ordinary circumstances" criteria. The contractor should enforce the 3-day notice requirement wherever possible, and the department should ensure its compliance through appropriate oversight measures.

Finding #4 - Integrity & Validity of Data Transmittal to NYS Medicaid Payment System

The Department disagrees with this finding. Globe Ground submits a weekly upload to CSC (Computer Science Corp.), the New York State Medicaid Fiscal Agent, in the format designated by CSC and NYS DOH. This file was provided to the auditors on several occasions. It was explained that the file is in a format specified by CSC. The auditors were informed that from this weekly file, rosters are produced. The rosters are a list of all the Prior Approvals (PA's) submitted to CSC for the week, sorted by transportation vendor. The upload file submitted to CSC can be opened with a word processing program. PA numbers listed on the rosters can be located on this file using the word processor's "find" feature to verify that the PA's on the roster were included in the CSC upload file. Globe Ground was not asked to supply the number of PA's that were submitted each week. Globe Ground readily supplied a count of the number of prior authorizations for a particular randomly selected week, as well as a listing of the actual prior authorizations for that same time period within an hour of the Department's request.

Auditor's Comment:

The weekly file provided to the auditors was unreadable. It was encrypted for transmission to CSC (Computer Science Corporation). In the vendor rosters subsequently provided to the auditors, prior authorizations and dollar amounts had to be added manually by Globe Ground's transportation manager. This information should have been system-generated and routinely provided to the department. No easy-to-read report of prior authorizations is generated for review by either Globe Ground or, more importantly, the department.

The department has not recognized the importance of knowing the number of vendors

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and associated dollar amounts that Globe Ground has authorized on the county's behalf. Effective management controls require the department to be cognizant of Globe Ground's medical trip authorizations. We reaffirm our recommendation that these authorizations should be tracked and monitored by the department as a way of measuring both work performed by the vendor and the associated financial Medicaid liability.

Finding #5 - Clerical Errors

The Department disagrees with this finding. Globe Ground is aware that clerical errors can be made and routinely checks for them when quarterly statistical reports are being generated. Errors are corrected at that time. As a result of this audit review, Globe Ground will implement a procedure to review roster reports weekly for obvious errors and immediately correct any that are found. It should be noted that no overpayments as a result of clerical errors were discovered during the audit. There are numerous edits in the State system as well as Globe Ground's quarterly reviews that would have prevented any billing improprieties without prompt discovery.

Auditor's Comment:

While our audit noted that no overbilling occurred, at least for the month examined, the fact that a vendor was given an additional \$80,000 in prior authorizations certainly highlights the need for closer scrutiny.

Reviewing for billing errors only once per quarter is insufficient and indicates a weak internal control procedure. It is Globe Ground's responsibility as an agent of the county to make every reasonable effort to send a "clean," error-free file to CSC, and the department must perform oversight to ensure compliance. We are pleased that DSS has decided to require Globe Ground to implement these reviews weekly.

Finding #6 - Duplicate and Outdated Prior Authorizations

The Department disagrees with this audit finding. We believe that a further understanding of the application of prior authorizations (PA's) in the MMIS system is necessary. There are certain circumstances which permit vendors up to two years to submit claims for Medical Transportation. Globe Ground will resubmit PA's if vendors are unable to receive payment on the original PA's. The vendor may request a correction (in writing) to a PA within the NYS regulated time frame, which can be up to two years.

On occasion Globe Ground has found that PA numbers are not accepted by the CSC system. The vendor will receive a remittance statement from CSC with a rejection message indicating "PA not on file". Globe Ground confirms with CSC that the PA is not on file and then resubmits the PA. Globe Ground has discussed this with CSC staff and the NYSDOH. CSC is aware of the problem and is in the process of upgrading the system. It is estimated that the upgrade will be operational by June 2004 and will eliminate this problem.

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Globe Ground tries to keep PA numbers in their computer system for two years so their staff can easily determine if a PA has already been issued for a requested client's trip.

Previously the state would issue the County a new block of PA numbers once the block of current PA numbers had been used. The State now requires counties to recycle their PA numbers. This has forced Globe Ground to limit its active file to PA's issued within one year. Therefore, any request for authorization of trips made more than one year in the past, would be researched in archived PA files before issuing a PA. (This happens most frequently when Nursing Homes fail to request trip authorization from Globe Ground in a timely fashion.) Globe Ground's computer system does not allow duplicate PA numbers to be used.

The Department has spot-checked exception reports in the past and will continue to do so. Through reassignment of employee responsibilities, the Department will check exception reports on a regular basis.

Auditor's Comment:

Globe Ground currently sends a weekly roster reminder to each vendor of the trips for which they can bill the State. Should a vendor request a duplicate or resubmission of a prior authorization (as long as two years prior), Globe Ground/DSS should perform a review to ensure that payment has not been previously made for that trip or service date. The department and its contractor should treat all such requests as exceptions and give them greater scrutiny, rather than routinely submit old PA's to the State.

This matter was discussed with the former DSS Director of Medical Services, now retired, who held the position during this audit and for many years previous to it. She said she believes that, while she was there, DSS did not perform any review of the state exception reports.

Finding #7 - Verification of Transporters-DOT and DOH Certification

The Department disagrees in part with this finding. Although the current contract between the County and Globe Ground requires that they secure from all ambulance and ambulette companies annual written certification that the vendor is in compliance with all applicable NYS-DOT and NYS-DMV regulations, including insurance requirements, their lack of compliance in this area has no appreciable impact on delivery of services or cost savings.

The New York State Department of Health has the responsibility to approve and certify transportation providers who have met DOT and DOH requirements and standards. The local district Commissioner is only asked to provide a letter of support indicating the need for additional providers. It is not within the County's or Globe Ground's ability to certify transportation providers, as they are State licensed vendors and have a vendor relationship with the State. Once the NYSDOH has enrolled the transportation vendor as

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an approved Medicaid provider, it is the State's responsibility to regularly review the transporter's insurance and DOT standing.

Globe Ground requires a NYS DOH approval letter before placing a provider on its vendor list. If the vendor is disqualified by the State, the vendor will be unable to bill Medicaid for services rendered. Currently under Freedom of Choice, Globe Ground and Nassau County DSS would not be able to refuse a client's request to use a vendor in good standing with the New York State Department of Health.

The auditors requested a complete list of vendors in Globe Ground's database. This list included every vendor that has provided service for Nassau County's Medicaid Transportation program. Vendors were listed more than once because they are listed for each level of transport service they provide. Globe Ground lists ineligible vendors in its database as inactive, yet keeps them in the database to prevent reuse of their vendor code. The vendor code is needed to locate trip and PA records for these inactive vendors. This becomes necessary in Medicaid fraud investigations, audits and other requests of past vendor and trip activity. This information was essential to the Attorney General's Medicaid Fraud Unit in the case against JDS Ambulette. Thus, while there were more than 600 names on the list provided to the auditors, the list of active vendors totals 75.

In addition, Globe Ground cannot refuse to allow clients to use vendors who are under investigation. Globe Ground employs an investigator who explores and follows up on any questionable activities by the client and/or vendor. These investigations have led to referrals of vendors for suspected fraud to the State Attorney General's office. To improve program efficiency, Globe Ground will implement a procedure to ensure that all active vendors update their NYS DOT authorization and DOH certification annually.

Auditor's Comment:

On the one hand, DSS appears to assert that it is unnecessary for Globe Ground to obtain certifications from transportation vendors that they are in compliance with state regulations. On the other hand, DSS states Globe Ground will implement a procedure to ensure that all active vendors update their NYS-DOT authorization and DOH certification annually. We are pleased that Globe Ground will now implement this procedure.

Finding #8 - Transportation rate set by the Department

The Department agrees in part with this audit finding. We will explore the simplification of taxi rates, however, Nassau County's Medicaid transportation program currently has only seven MMIS-approved taxi vendors. In order to provide services to taxi-eligible clients and not have to use ambulette services for these clients, Globe Ground and Nassau County DSS negotiated rates with some of the ambulette companies to provide taxi services at a minimum rate of \$12.50 each way. (Ambulette companies are required by the State to use 19A certified drivers and have higher DOT and DOH requirements. Their

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expenses are higher as a result of this, and they are reluctant to participate in provision of taxi service for lower rates). It is very possible that by changing the taxi rate, the taxi vendors will no longer provide services under Medicaid. This would force the County to use ambulance services for these clients at a much higher rate, since regulations require that the Department transport MA recipients at a higher level of service if we are unable to secure transportation at their usual approved level.

Suffolk County is able to use the grid method due to the large area the taxi vendors are covering. There is no indication that changing the rate schedule would result in a cost savings to the County, however, the Department will explore the feasibility of changing our taxi rates and the fiscal impact a change might have for the County.

It should be noted that Globe Ground continues to reach out to non-Medicaid taxi vendors in an effort to increase enrollment in the program.

Auditor's Comment:

We are pleased that the department will examine the feasibility of changing its taxi rates and the fiscal impact it might have on the county.

Finding #9 - Day Treatment Rates (In-County)

The Department agrees with the finding and recommendation of reduced rates for clients being transported to Day Treatment Programs within the County. The Department had previously attempted to adjust rates in 2000. We initiated an RFP that proposed to divide the County into quadrants based upon a Freedom of Choice Waiver approved by the NYS DOH. However, in June of 2000, the State Department of Health informed us not to proceed with our RFP process as questions had been raised at the Federal level regarding the Waiver. The Department will revisit the possibility of securing another waiver from the State.

Auditor's Comment:

We concur with the department's response and actions.

Finding #10 - Day Treatment Rates (Out of County)

The Department agrees with this finding. It should be noted though, that prior to this report, Globe Ground, at the direction of the Department, had successfully renegotiated transportation to facilities straddling the County's border. There remain, however, limited out of County facility transports that this Department will attempt to renegotiate rates. This will also require the Department to obtain a "Freedom of Choice Waiver" from the State.

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Auditor's Comment:

We concur with the department's response and actions.

Finding #11 - Prior Medical Authorizations

The Department disagrees in part with this finding. We use the DSS-2290 Medical Authorization form to determine the appropriate mode of transportation required by a Medicaid recipient. Regulations do not require that the client's primary physician complete this form. In fact, the Department is expected to gather information from any medical professional servicing the client that would provide us with a clear picture of their medical and/or psychiatric condition. The DSS-2290 is not being used for specific transportation dates, but rather to determine routinely, what mode of transportation the client is capable of using. Given the volume of trips authorized, to use the DSS- 2290 in any other fashion would be administratively cumbersome.

The Department is not always notified in a timely fashion of a client's death; therefore it is possible for Globe Ground to maintain a client on their active list, when in fact they are deceased. If a vendor attempts to bill on a trip for a client who is deceased, the State's MMIS edit system will prevent their ability to receive payment. If they billed prior to notification in the State's system that the client was now deceased, any payment they receive will be flagged as Medicaid fraud when the information regarding the client's death is entered into the Welfare Management System.

The Department does recognize Globe Ground's need to monitor more closely the quality of information provided on the DSS-2290. We will also revise the DSS-2290 form to include the physician's Medicaid ID number. We have been informed that Globe Ground has already made changes in their procedures to address a more thorough review of DSS-2290s. It should be noted that none of the deficiencies found on the DSS-2290s established that transportation had been inappropriately authorized.

Auditor's Comment:

We are pleased with the willingness of Globe Ground and the department to make changes to the required medical authorization form and to the related review procedures. Subsequent to the completion of the audit, we found that the New York State Department of Health Medicaid fraud Web site currently lists 1,552 providers that are not allowed to order services for Medicaid Recipients. We recommend that the department and Globe Ground match this data against the current list of authorized transportation providers in Nassau County.

Finding #12 - Out of State Transportation

The Department disagrees with this finding. It is now and has been in the past, the procedure that Globe Ground submit medical documentation to the Director or Assistant Director of Medical Services at DSS for authorization of any out-of-state transport. This

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includes transport by taxi as well as ambulette or ambulance. Globe Ground is supplied with a written authorization before it books a trip. The particular case cited in the audit report was a case from July of 2000. The Department's Assistant Director for Medical Services, who would have authorized the trip at that time, has since retired. The documentation for the approval of this audit case could not be found. Current filing systems will prevent this from being an issue in the future.

As per NYSDOH Office of Continuing Care, Sunbridge Care and Rehabilitation Center located in Lynn, MA, specializes in neurobehavioral services at a special level of care. This is a long-term inpatient program not available locally. Globe Ground normally receives an approval from NYSDOH indicating that Medicaid is covering the client's hospitalization at this facility; therefore medical transportation to the facility would be necessary and cannot be refused. Ambulance transports to this facility would be routine for a mentally disturbed client requiring restraints. This would explain why the client might be transported to the facility, restrained, by ambulance and returned after treatment, unrestrained, by taxi.

Auditor's Comment:

Requiring prior approval by the DSS Director or Assistant Director of Medical Services for any out-of-state transport is valid and appropriate. However, in the case cited in our review, there was no backup documentation either at Globe Ground or DSS to support their actions with respect to this trip. Federal and New York State Medicaid regulations require an audit trail be maintained on each case that would allow the auditor (federal, state or local) to make the same determination.

Finding #13 - Department's Authorization to Transportation Contractor

The Department agrees with the finding that it needs to provide systems enhancements to the data it provides to Globe Ground in respect to clients participating in managed care programs and will work to quickly correct this. It should be noted however, that the State MMIS system has edits that prevent payment for medical transportation to a provider if the client participates in a managed care program that provides transportation.

It should also be noted that the number of medical transportation clients enrolled in Managed Care requiring transportation estimated by the auditors is incorrect. Approximately 24% of the total population identified as active Medicaid clients required medical transportation services in 2002. That percentage applied to the Managed Care population would yield approximately 2700 clients, not the approximately 11,177 estimated by the auditors. In addition, two of the six Managed Care entities do not provide transportation services.

Auditor's Comment:

We concur with the department's decision to enhance the data it provides to Globe Ground with respect to clients participating in managed care programs. Although not all

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managed care programs provide transportation, the 11,177 clients identified in the report were those clients participating in managed care programs that do provide transportation (per NYS Health Department Managed Care enrollments). At the time of the audit, DSS was including these clients in its daily transmissions to Globe Ground as qualified to receive medical transportation even though they should be receiving this service through their managed care provider. Globe Ground should not have to identify which clients are in the managed care program and which are not; the department's eligibility list needs to be more accurate.

Finding #14 - Possible Duplicate Reimbursement

The Department agrees with the finding that there is no cross reference between in-house reimbursement for mileage of public transportation and trips arranged by Globe Ground. There have been no documented cases of duplication, and although possible, duplication would be highly unlikely, as clients must submit transportation receipts and documentation of medical visits for reimbursement.

The Department will work with our systems staff to develop a means to cross reference claims against trips authorized.

Auditor's Comment:

We agree with the corrective action being taken by the department.

Finding #15 - Failure to Follow Procedures Regarding Authorization

The Department disagrees with this finding. The Department has required a supervisor level of authorization for medical transportation reimbursements for the past two years, as we believe review of the documents submitted by the client does not rise to the level of Assistant Director approval.

The Department cannot respond why a retired Supervisor authorized reimbursement for different levels of transportation for a client six years ago. There may have been valid reasons for doing so, however, we are unable to reconstruct what actually took place. We are confident that current authorization procedures do not allow preferential treatment to clients.

Auditor's Comment:

The client whose case was cited continues to receive such reimbursements based on a standing order approved six years ago.

Although it may not be necessary for an employee at the Assistance Director level to approve direct reimbursement documents, an internal form require this. If the department has changed this procedure, corrections need to be made to the form.

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Authorization procedures should require a form 2290 to ascertain if simultaneous reimbursement to a client for both taxi and mileage is justified.

Finding #16 - Increase Mileage Rate for Direct Transportation Reimbursement

The Department disagrees with this finding. The population that is being routinely transported through Globe Ground are clients who are frail, elderly and/or disabled sufficiently to require a taxi or higher level of transport. The assumption that this population in any significant numbers has the availability of a private vehicle and the ability to use it is questionable. In addition, there is no reason to believe that offering \$.22 per mile more than is currently reimbursed would entice clients to use their own vehicles. Anecdotally, this Department has never had a client refuse to use their own vehicle because of low mileage reimbursement rates.

While we are concerned that an increase in mileage rates will serve no purpose but to raise the costs to the county for this type of reimbursement, we will research the practices of other counties to determine if raising the mileage allowance will provide an incentive for clients to use their own personal transportation.

Auditor's Comment:

We are pleased with the department's willingness to investigate further the cost benefits of a change in mileage rates.

Finding #17 - Use of Metro Cards

The Department agrees in part with this finding. We will explore the possibility of purchasing discounted and unlimited-use Metro cards. It should be noted that since January of this year, clients requesting reimbursement for bus fare for several appointments in the same month were required to purchase monthly use tickets to reduce costs to the County. In addition, information provided to the Department indicates that discounted fares are available for mental health patients only, and would require documentation by the client's psychiatrist to qualify them for this rate.

Auditor's Comment:

We are pleased with the willingness of the department to explore the possibility of purchasing discounted and unlimited-use MetroCards. Initial contacts by the auditors with LI Bus management seemed to indicate that, given the large population using Medicaid medical transportation in Nassau, there is an opportunity for the department to acquire these MetroCards at a discount.

Finding #18 - Operational Guidelines for Medical Authorization Form

The Department agrees with the finding that an informational procedural guide be developed. We will work on developing a guide that can be included in the application packet for all Medicaid and Temporary Assistance applicants.

Auditor's Comment:

We agree with the corrective action taken by the department.

Finding #19 - Continuity of Service Contingency Plan

The Department disagrees with this finding, as a contingency plan is in place. In the event that Globe Ground suddenly ceased operation, the Department would work with our neighboring county Social Service Departments to assist us in providing uninterrupted medical transportation services on an emergency basis until other arrangements could be put in place. This would be accomplished with data provided by Globe Ground.

The Department will arrange for routine transmission of necessary data from Globe Ground.

Auditor's Comment:

The former Assistant Director of Medical Services (now retired) informed the auditors that a contingency plan was not in place nor had one been developed. At the time of the audit, when the auditors contacted Globe Ground regarding business continuity planning, they concurred. A plan was then created and sent to the auditors. This is a critical issue, and the department should ensure that a viable plan is in place. DSS's response that "the Department will arrange for routine transmission of necessary data from Globe Ground" does not address how DSS would immediately begin to handle the 56,000 calls from clients and who would book the transportation if the outside contractor failed to provide this service. We request that the department include a copy of this contingency plan to us as part of its corrective action plan.

Finding #20 - Billing for Deceased Individuals

The Department disagrees with this finding. Although it is true that the Department is sometimes unaware of a client's death until notified by the family at the time of re-certification, there are edits in place that would prohibit a provider from billing for services rendered after that person's date of death. The WMS system does in fact, have a field of entry specifically designed to record the client's documented date of death. If this field has not been completed prior to a vendor's billing, a report would flag payments made for services rendered after the date of death. The provider would then be liable for prosecution for Medicaid fraud. Globe Ground has implemented a weekly review of on-going trips (i.e. dialysis, mental health treatments) to ensure that vendors are still

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providing these services and to ensure PA's are ended upon receipt of information regarding the death of a client.

Auditor's Comment:

Our auditors concluded that the state edits may not always be reliable or timely. We are cognizant that DSS is often not aware a client is deceased until the annual re-certification, but if DSS is aware, then Globe Ground should be immediately notified of this fact, so that prior authorizations past the date of death can be canceled.

Department of Social Services Comment:

The Department's experience with Globe Ground as the Medical Transportation administrator has generally been positive. In an environment where Medicaid expenditures are experiencing double-digit annual increases in most areas, our expenses for non-emergency medical transportation have declined. \$10,638,000 was spent on medical transportation services for the year ending 12/31/99. This amount dropped to \$9,920,583 as of 12/31/02, a decrease of approximately 6%.

However, the Department appreciates the cost saving initiatives suggested by the Comptroller and will make a good faith effort to evaluate them and implement those that demonstrate savings and efficiencies.

Auditor's Comment:

We agree with the corrective action taken by the department.