

**OIG: Texas Overbilled Medicaid for Medical Transportation Costs**

*Sunday, September 05, 2010*

The Department of Health & Human Services Office of Inspector General (OIG) estimates that Capital Area Rural Transit System received overpayments of at least \$583,000 (\$292,000 Federal share) for nonemergency medical transportation claims that did not comply with Federal and State requirements in 2007. The reported findings provide critical insights about some of the practices of Medicaid transportation services providers that are likely to draw audit or enforcement attention by OIG or other federal or state officials.

According to the "Review Of Nonemergency Medical Transportation Costs In The State Of Texas (Transportation Provided By Capital Area Rural Transit System," [Report Number a-06-08-00096](#) (the "Audit Report"), the audit found concerns in 68% of 100 audited samples of Medicaid billings of Capital Area Rural Transportation System (CARTS) for non-emergency services provided to Medicaid beneficiaries during 2007 as a subcontractor to the State of Texas. Texas Health and Human Services Commission contracted with the Texas Department of Transportation (TxDOT) to administer the nonemergency medical transportation to and from covered health care service providers for Medicaid beneficiaries and other eligible recipients. TxDOT subcontracted with CARTS to provide these transportation services to 10 Texas counties.

According to the Audit Report, the State of Texas claimed \$2,686,558 (\$1,343,279 Federal share) for medical transportation services provided by CARTS in 2007. Of 100 sampled transportation claim payments to CARTS, 38 were allowable. However, 35 claims were unallowable or partially unallowable for the following reasons:

- Transportation was provided by drivers who did not have a criminal background check or who had a prohibited criminal history on file with CARTS (17 claims).
- The beneficiary cancelled the transportation request in advance of the trip or was a "no-show" at the origination address (11 claims).
- The beneficiary did not receive a Medicaid-covered health care service on the transportation date (five claims).
- The claims were paid at a premium rate applicable for transportation between two counties when the transportation was actually provided within the same county (two claims).

Based on these audit findings, OIG concluded that CARTS received \$3,158 in overpayments. Based on this sample finding, OIG estimates that CARTS received overpayments of at least \$583,244 (\$291,622 Federal share) for 2007. In addition, the audit also found that the available documentation was insufficient to determine whether all or part of an additional 27 CARTS claims met Federal and State requirements. In some cases, the State agency was unable to support that the service provided was covered by Medicaid, or OIG could not locate a medical provider to determine whether a beneficiary received a Medicaid-covered health care service on the date of transportation. In other cases, CARTS did not maintain adequate documentation to support the transportation service claimed. Consequently, OIG also set aside estimated costs of \$337,378 (\$168,689 Federal share) for further review by the Centers for Medicare & Medicaid Services ("CMS").

In light of the audit findings, OIG recommended that the State of Texas;

- Refund \$291,622 (Federal share) for claims that did not comply with Federal and State requirements;
- Ensure that controls are in place to prevent payment for transportation services on dates when beneficiaries do not receive a Medicaid-covered health care service;
- Work with CARTS to implement controls to ensure that cancelled and "no-show" trips are not claimed, that drivers receive criminal background checks in a timely manner, and that the correct rate is paid for transportation; and
- Work with CMS to resolve the \$168,689 (Federal share) paid for transportation services that were provided but may not otherwise have complied with Federal and State agency requirements.

In response to a June, 2010 notification of the Audit Report, the Audit Report states that the State of Texas responded that it will:

- Work with CARTS to determine whether the unallowable services identified in our report complied with Federal and State requirements and will refund the Federal share for those services;
- Assess the feasibility of incorporating Medicaid provider enrollment information in the new Medical Transportation Program trip scheduling system to detect and prevent payments for transportation services on dates when the beneficiaries do not receive a Medicaid-covered health care service;
- Will require CARTS to submit documentation to ensure that cancelled and "no-show" trips are not claimed, drivers receive criminal background checks in a timely manner, and the correct rate is paid for transportation;

- Will conduct enhanced monitoring of transportation services provided by CARTS;
- Will work with CMS to review the transportation services identified in our report that may not comply with Federal and State requirements; and
- Will refund the Federal share of any payments that did not meet applicable requirements.

#### **For More Information or Assistance**

If you need assistance reviewing and updating your existing practices in response to this or other OIG, CMS or other federal or state Medicaid, Medicare or other audit or enforcement activities or with other health industry regulatory, reimbursement or other operational or compliance concerns, please contact the author of this update, attorney Cynthia Marcotte Stamer. Ms. Stamer has extensive experience advising and assisting health care providers and other health industry clients with licensure, contracting, reimbursement, compliance, public policy, regulatory, staffing, public policy and other operations and risk management matters. Ms. Stamer also regularly publishes and conducts training on these and other compliance, management and operations matters. You can contact Ms. Stamer to inquire about engaging her services or for information about training or other resources that she provides at (469) 767-8872 or via e-mail [here](#). To get more information about Ms. Stamer and her health industry experience, see [here](#).

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