



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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# Ohio Medicaid Program

## *Review of Medicaid Provider Reimbursements Made to the City of East Palestine Fire Department*

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A Compliance Review by the

**Fraud, Waste and Abuse  
Prevention Division**





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

City of East Palestine  
Attention: Gary Clark, City Manager  
82 Garfield Avenue  
P.O. Box 231  
East Palestine, Ohio 44413

Re: Review of Medicaid Reimbursements by Provider #0695476

Dear Mr. Clark:

We have completed our audit of selected medical services rendered to Medicaid recipients by the City of East Palestine Fire Department for the period January 1, 1998 through March 31, 2001. We identified findings in the amount of \$4,208.00, which must be repaid to the Ohio Department of Job and Family Services.

We understand that you plan to repay this amount upon receipt of this report. We appreciate your prompt attention to this matter. Please be advised that in accordance with Ohio Revised Code Section 131.02, if payment arrangements are not made with the Ohio Department of Job and Family Services within 45 days of receipt of this report, this matter will be referred to the Ohio Attorney General's office for collection. A "provider remittance form" is located at the back of this report for remitting payment.

As a matter of courtesy, a copy of this report is being sent to the Ohio Department of Job and Family Services, the Ohio Attorney General, and the Ohio State Medical Board. If you have any questions, please feel free to contact Johnnie L. Butts, Jr., Chief, Fraud, Waste and Abuse Prevention Division, at (614) 466-3212.

Yours truly,

JIM PETRO  
Auditor of State

April 11, 2002



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### ABBREVIATIONS

CMS	Center for Medicare and Medicaid Services (formerly known as HCFA)
CPT	Physician's Current Procedural Terminology
EMT	Emergency Medical Technician
FWAP	Fraud, Waste, and Abuse Prevention (Division of)
HCFA	Health Care Financing Administration (now known as CMS)
HCPCS	HCFA Common Procedure Coding System
MMIS	Medicaid Management Information System
OAC	Ohio Administrative Code
ODJFS	Ohio Department of Job and Family Services
ORC	Ohio Revised Code
TCN	Transaction Control Number

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## ***SUMMARY OF RESULTS***

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The Auditor of State performed a review of the City of East Palestine Fire Department, Provider #0695476, doing business at 75 East Main Street, East Palestine, Ohio. We identified findings amounting to \$4,208.00.

The cited funds are recoverable as they resulted from Medicaid claims submitted by the City of East Palestine Fire Department for services that did not meet reimbursement rules under the Ohio Medicaid Transportation Manual and the Ohio Administrative Code (OAC).

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## ***BACKGROUND***

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The Auditor of State, working in cooperation with the Ohio Department of Job and Family Services (ODJFS), performs reviews designed to assess Medicaid providers' compliance with federal and state claims reimbursement rules. A Provider renders medical, dental, laboratory, or other services to Medicaid recipients.

Medicaid was established in 1965 under the authority of Title XIX of the Social Security Act and is a federal/state financed program which provides assistance to low income persons, families with dependent children, the aged, the blind, and the disabled. ODJFS administers the Medicaid program. The rules and regulations that providers must follow are issued by ODJFS in the form of an Ohio Medicaid Provider Handbook.

ODJFS' Medicaid Provider Handbook, General Information, Section II, Subsection (B), Chapter 3334, (OAC Section 5101:3-1-01), states in part, "Medical necessity" is the fundamental concept underlying the Medicaid program. A physician must render or authorize medical services within the scope of their licensure and based on their professional judgement of those services needed by an individual. "Medically necessary services" are services which are necessary for the diagnosis or treatment of disease, illness, or injury and meet accepted standards of medical practice."

Medical transportation services are among the services reimbursed by the Medicaid program when delivered by eligible providers to eligible recipients. The range of medical transportation services includes emergency and non-emergency ambulance transport to a Medicaid covered service, non-emergency ambulette/wheelchair vehicle transport to a Medicaid-covered service, as well as emergency and non-emergency air ambulance transport. Covered medical transportation services (ambulance and ambulette/wheelchair vehicle services) are those transports that are determined to be medically necessary and appropriate to the recipient's health. Requirements for providers of medical transportation services are covered in ODJFS' Transportation Services Manual, which is part of the Ohio Medicaid Provider Handbook.

Pursuant to the Ohio Medicaid Provider Handbook, Chapter 3334, Section IV, Subsection (B), and OAC Section 5101:3-1-172, (E), providers are required to "Maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. The provider will maintain such records for a period of six years from the date of receipt of payment or until any initiated audit is completed, whichever is longer."

In addition, rule 5101:3-1-29 (C) of the OAC states: "In all instances of fraud and abuse, any amount in excess of that legitimately due to the provider will be recouped by the department through its surveillance and utilization review section, the state auditor, or the office of the attorney general."

"Abuse" is defined in rule 5101:3-1-29 (B) as "...those provider practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and result in an unnecessary cost to the medicaid program."

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## ***PURPOSE SCOPE AND METHODOLOGY***

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The purpose of this review was to determine whether the Provider's claims to Medicaid for reimbursement of transportation services were in compliance with regulations and to calculate the amount of any overpayment resulting from non-compliance.

We informed the Provider by letter they had been selected for a compliance review. An Entrance Conference was held on September 19, 2001 with Luann Kraus and Samantha Sommer, Medicaid Ambulance/Ambulette Billing staff.

We utilized ODJFS' Ohio Medicaid Provider Handbook and the OAC as guidance in determining the extent of services and applicable reimbursement rates. We obtained the provider's claims history from ODJFS' Medicaid Management Information System (MMIS), which lists services billed to and paid by Medicaid. This computerized claims data includes patient name, place of service, date of service, and type of procedure/service. These healthcare procedures and services are codified using one or more of the following five digit coding systems:

- Current Procedural Terminology (CPT)<sup>1</sup>,
- Center for Medicare and Medicaid Services<sup>2</sup> (CMS) Common Procedural Coding System (HCPCS), and
- ODJFS' local level codes.

The scope of our review was limited to claims for which the Provider was paid by Medicaid during the period January 1, 1998 though March 31, 2001. During this period, the Provider was reimbursed \$105,081.66 for 2,122 Medicaid transportation services.

We first analyzed all paid claims during the audit period and identified \$51,829.91 in services that involved potential duplicate payments for the same service, on the same day, to the same recipient. After removing the records that were potential duplicates, we then selected and reviewed three

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<sup>1</sup>The CPT is published by the American Medical Association (AMA) for the purpose of providing a uniform language to describe medical services.

<sup>2</sup>The Center for Medicare and Medicaid Services (formerly known as HCFA) has federal oversight of the Medicaid program.



samples totaling 65 “recipient dates of service” (i.e. all the services rendered to a given recipient on a specific day). The three samples were for services involving: (1) ambulette transports (30 recipient dates of service), (2) emergency ambulance transports (30 recipient dates of service), and (3) non-emergency ambulance transports (5 recipient dates of service). The latter sample represented 100 percent of the non-emergency ambulance services billed by the Provider during our review period.

As shown in Table 1, the 65 recipient dates of service accounted for \$6,048.40 in paid claims and represented 160 different transportation services. Transportation services typically include bills for the transport and mileage.

**Table 1: Transportation Services Billed by and Reimbursed to  
City of East Palestine Ambulance Service for 65 Recipient Dates of Service Reviewed  
Audit Period January 1, 1998 to March 31, 2001**

Procedural Definition	Procedure Code	Number of Services	Amount of Reimbursement
Non-emergency Ambulette Transport, base rate	A0130	49	\$1,156.89
Non-emergency BLS Ambulance Transport, base rate	A0320	6	\$368.10
BLS Emergency Ambulance, base rate	A0322	12	\$922.35
ALS Emergency Ambulance With Specialized Services, base rate	A0330	16	\$2,146.72
BLS Loaded Mileage, one-way	A0380	15	\$337.77
ALS Loaded Mileage, one way	A0390	17	\$415.09
Non-emergency Ambulette, Loaded mileage, one-way	Z0160	45	\$701.48
<b>TOTALS</b>	-----	<b>160</b>	<b>\$6,048.40</b>

\*ALS - Advance Life Support \*BLS -Basic Life Support

Source: Paid claims contained in ODJFS' Medicaid Management Information System

The review involved comparing the Provider's transportation records with the claims payment history from MMIS. The documents requested from the Provider for review included:

- (1). A trip log which should state the date of service, time of call, name(s) of attendant(s), time of pickup, name(s) of client(s), name of driver and certification number, departure/destination, and loaded mileage. A trip log is used to validate that a transportation service took place.
- (2). The original ODJFS 3452 Physician Certification form documenting the medical necessity

of the transport for non-emergency ambulance and ambulette trips.

- (3). Copies of each ambulette driver's certification card for basic first-aid training. This certification may be issued by the American Red Cross or an equivalent training program.
- (4). Copies of each ambulance driver's current emergency medical technician (EMT) certification card issued by the Division of Emergency Medical Services (EMS) under the Ohio Department of Public Safety.

We also visually inspected an ambulette and ambulance vehicle to determine if the required equipment was in place.

Work performed on this audit was done in accordance with government auditing standards. Detailed below are the results of this review.

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## ***FINDINGS***

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We identified overpayments in four areas: No Physician Certifications in Ambulette Records, Incorrectly Coded Ambulance Records, No Physician Certifications in Non-Emergency Ambulance Records and Duplicate Payments. A discussion of these areas -- including the number of instances found, the basis for the overpayment, and the amount overpaid -- follows.

### **No Physician Certifications for Ambulette Transports**

Pursuant to the Ohio Administrative Code, Section 5101:3-15-02 (D)(4)(a),

The attending practitioner, or with an order from the attending practitioner a registered nurse signing for the attending practitioner, must complete an ODHS 3452 "Practitioner Certification Form" for all medical transportation services except:

- (i) ALS and/or BLS ambulance transportation to a hospital emergency room in an emergency situation; or
- (ii) Ambulance or ambulette transfer of a non-ambulatory patient from one hospital to another hospital if the services provided at the second hospital are covered by medicaid; or
- (iii) Non-emergency ambulance or ambulette transportation for a hospital discharge.

The physician certification is analogous to a physician's order or a prescription. Just as a prescription is required in order for a pharmacy to dispense medications and must be maintained as a record retained by the pharmacy, the physician certification for transportation services is the document that validates the medical necessity to transport the patient and must be maintained as a record by the transportation provider.

The review of our statistical random sample of 30 recipient dates of service in the ambulette sample identified 4 recipient dates of service (affecting 13 of the 94 services associated with these dates) where the Provider billed and was reimbursed by ODJFS for transportation services, but was unable to provide documentation that the transportation provided was medically necessary and requested by a physician.

The missing physician certifications led us to make an projected finding of \$2,964.19.

### **Non-Emergency Ambulance Transports Billed as Emergency Transports**

During our review of 30 recipient dates of service for emergency ambulance transportation claims, we found 2 recipient service dates where the Provider had billed for an emergency transportation, but which were actually non-emergency trips. We subsequently reviewed the claims to determine if the trip contained a physician certification form, as required Ohio Administrative Code Section 5101:3-15-02 (D)(4)(a) (see above). These two (2) recipient service dates did not have a physician certification form verifying the medical necessity of the trips, and as such, were not eligible for reimbursement, even at the lower non-emergency rate. Therefore, the missing documentation led to a projected finding of \$296.82.

### **No Physician Certifications for Non-Emergency Ambulance Transports**

Out of the five (5) recipient dates of service for non-emergency ambulance services during our audit period, four (4) lacked a physician's certification supporting the medical necessity for the transports. Therefore, the services were not eligible for reimbursement and a actual finding of \$306.75 was made.

### **Duplicate Payments**

According to the Ohio Medicaid Provider Handbook, Chapter 3334, Section V, Subsection B(6) (OAC Section 5101:3-1-198), overpayments, duplicate payments or payments for services not rendered are recoverable by the department at the time of discovery.

We reviewed the Provider's data for the period of January 1, 1998, through March 31, 2001, to determine if the Provider received two reimbursements for the same recipient on the same date of service for the same billed procedure. We identified \$51,829.91 in potential duplicate payments. We then sent a list of these payments to the Provider for their review. The Provider submitted documentation to show that most of these duplicates were actually return trips that had been mistakenly billed as out-going trips. Thus, their claims history reflected two out-going (duplicate) trips, instead of a round trip. After making the appropriate adjustments to our calculation, the duplicate payment totaled \$640.24, comprising 10 services.

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### ***PROVIDER'S RESPONSE***

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We spoke to the City of East Palestine on October 31, 2001, and explained the findings. Due to the lack of

documentation and problems the Provider had in billing Medicaid services, we also recommended that the Provider develop a corrective compliance plan to ensure that Medicaid rules and regulations were followed in the future. In a letter dated November 1, 2001, the City Manager stated that they would repay the overpayment and establish a corrective action plan to ensure that proper documentation is maintained for future practices. A copy of the plan will be forwarded to the Ohio Department of Job and Family Services and the Auditor of State.

**APPENDIX I**

**Table 1: Summary of Record Analysis of City of East Palestine Fire Department  
For the period January 1, 1998, to March 31, 2001**

Description	Audit Period January 1, 1998 - March 31, 2001
<b>Ambulette Services</b>	
Type of Examination	Statistical Random sample of 30 Recipient Dates of Service
Number of Transportation Services	1,312
Number of Transportation Services Sampled	94
Actual Amount Paid During Review Period	\$24,078.11
Projected Audit Value of Population Payment From Statistical Sample	\$21,113.92
Upper Limit at 95% Confidence Level	\$23,848.92
Lower Limit at 95% Confidence Level	\$18,165.40
Projected Ambulette Services Overpayment (Actual Paid - Projected Audit Value)	\$2,964.19
<b>Ambulance Emergency Services</b>	
Type of Examination	Statistical Random Sample of 30 Recipient Dates of Service
Number of Transportation Services	338
Number of Transportation Services Sampled	60
Actual Amount Paid During Review Period	\$20,897.25
Projected Audit Value of Population Payment	\$20,600.43
Upper Limit at 95% Confidence Level	\$20,844.87
Lower Limit at 95% Confidence Level	\$20,195.51
Projected Emergency Services Overpayment (Actual Paid - Projected Audit Value)	\$296.82

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## PROVIDER REMITTANCE FORM

Make your check payable to the Treasurer of State of Ohio and mail check along with this completed form to:

Ohio Department of Job and Family Services  
Post Office Box 182367  
Columbus, Ohio 43218-2367

Provider: City of East Palestine Fire Department  
75 East Main Street  
East Palestine, Ohio 44413

Provider Number: 0695476

Review Period: January 1, 1998 through March 31, 2001

AOS Finding Amount: \$4,208.00

Date Payment Mailed: \_\_\_\_\_

Check Number: \_\_\_\_\_

**IMPORTANT:** To ensure that our office properly credits your payment, please also fax a copy of this remittance form to: Charles T. Carle at (614) 728-7398.

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CITY OF EAST PALESTINE FIRE DEPARTMENT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 11, 2002**