Mary Taylor, CPA
Auditor of State

Ohio Medicaid Program

Audit of Medicaid Reimbursements Made to Van Enterprises, Inc. (DBA Apple Lane Ambulette)

A Compliance Audit by the:

Medicaid/Contract Audit Section

Mary Taylor, CPA
Auditor of State

January 22, 2008

Mr. Don Van Orman
Owner
Van Enterprises, Inc. (DBA Apple Lane Ambulette)
672 Springmill Street
Mansfield, Ohio 44903

Dear Mr. Van Orman:

Attached is our report on Medicaid reimbursements made to Van Enterprises, Inc., Medicaid provider number 0953517, (doing business as Apple Lane Ambulette) for the period October 1, 2002 through September 30, 2005. We identified $4,278.81 in findings plus $793.40 in interest accruals that are repayable to the Ohio Department of Job and Family Services (ODJFS). After January 22, 2008, additional interest will accrue at $.94 a day until repayment occurs. Our audit was performed in accordance with Section 117.10 of the Ohio Revised Code and our interagency agreement with ODJFS. The specific procedures employed during this audit are described in the purpose, scope, and methodology section of this report. Interest is calculated pursuant to Ohio Administrative Code 5101:3-1-25(B).

We are forwarding this report to ODJFS because as the state agency charged with administering Ohio's Medicaid program, ODJFS is responsible for making a final determination regarding recovery of the findings and any accrued interest. However, if you are in agreement with the findings contained herein, you may expedite repayment by contacting ODJFS's Legal Office at (614) 466-4605. To facilitate repayment, a "provider remittance form" has been attached to this report.

Copies of this report are being sent to Van Enterprises, Inc., the Director and Legal Division of ODJFS, the Ohio Attorney General, and the Ohio Medical Transportation Board. In addition, copies are available on the Auditor of State website (www.auditor.state.oh.us).

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

Questions regarding this report should be directed to Jeffrey Castle, Chief of the Medicaid/Contract Audit Section, at (614) 466-7894 or toll free at (800) 282-0370.

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

cc: Van Enterprises, Inc., DBA Apple Lane Ambulette
Ohio Attorney General
Ohio Medical Transportation Board
Director, Ohio Department of Job and Family Services
Legal Division, Ohio Department of Job and Family Services

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ACRONYMS

AMA	American Medical Association
DBA	Doing Business As
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
HCPCS	Health Care Procedural Coding System
MMIS	Medicaid Management Information System
Ohio Admin.Code	Ohio Administrative Code
ODJFS	Ohio Department of Job and Family Services
Ohio Rev.Code	Ohio Revised Code

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SUMMARY OF RESULTS

The Auditor of State performed an audit of Van Enterprises, Inc. (DBA Apple Lane Ambulette), hereafter called the Provider, provider #0953517, doing business at 672 Springmill Street, Mansfield, Ohio 44903. Within the Medicaid program, the Provider is listed as an ambulette service provider. An ambulette is defined as a vehicle that is designed to transport individuals sitting in wheelchairs.

We performed our audit in accordance with Ohio Rev.Code 117.10 and our interagency agreement with the Ohio Department of Job and Family Services (ODJFS). As a result of this audit, we identified $4,278.81 in findings, based on reimbursements that did not meet the rules of the Ohio Administrative Code. These findings plus interest[1] of $793.40 are repayable to ODJFS. Additional interest of $ .94 per day will accrue after January 22, 2008 until repayment.

BACKGROUND

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. Medicaid provides health coverage to families with low incomes, children, pregnant women, and people who are aged, blind, or who have disabilities. In Ohio, the Medicaid program is administered by ODJFS.

Hospitals, long-term care facilities, managed care organizations, individual practitioners, laboratories, medical equipment suppliers, and others (all called "providers") render medical, dental, laboratory, and other services to Medicaid recipients. The rules and regulations that providers must follow are specified by ODJFS in the Ohio Administrative Code. A fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the diagnosis or treatment of disease, illness, or injury, and which, among other things, meet requirements for reimbursement of Medicaid covered services.[2] The Auditor of State, working with ODJFS, performs audits to assess Medicaid providers' compliance with reimbursement rules.

Ohio Admin.Code 5101:3-1-17.2(D) states that 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 based upon those records or until any audit initiated within the six year period is completed."

In addition, Ohio Admin.Code 5101:3-1-29(A) states in part: "…In all instances of fraud, waste, 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."

[1] Ohio Admin.Code 5101:3-1-25(B) states: "Interest payments shall be charged on a daily basis for the period from the date the payment was made to the date upon which repayment is received by the state." Ohio Admin.Code 5101:3-1-25(C) further defines the "date payment was made, which in the Provider's case was September 28, 2005, the latest payment date in the population used for analysis.
[2] See Ohio Admin.Code 5101:3-1-01(A) and (A)(6).

Ohio Admin.Code 5101:3-1-29(B)(2) states: " 'Waste and abuse' are defined as practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitute an over utilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program."

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether the Provider's Medicaid claims for reimbursement of medical services were in compliance with regulations and to identify, if appropriate, any findings resulting from non-compliance.

Following a letter of notification, we held an entrance conference at the Provider's place of business on March 15, 2006 to discuss the purpose and scope of our audit. The scope of our audit was limited to ambulette transportation claims, which are not covered by Medicare, for which the Provider rendered services to Medicaid patients and received payment during the period of October 1, 2002 through September 30, 2005. The Provider was reimbursed $1,500,939.99 for 98,136 services rendered on 25,390 recipient dates of service during the audit period. A recipient date of service is defined as all services received by a particular recipient on a specific date.

We used the Ohio Revised Code and the Ohio Administrative Code as guidance in determining the extent of services and applicable reimbursement rates. We obtained the Provider's paid claims history from ODJFS Medicaid Management Information System (MMIS), which contains an electronic file of services billed to and paid by the Medicaid program. This computerized claims data included but was not limited to: patient name, patient identification number, date of service, and service rendered. Services are billed using Healthcare Common Procedural Coding System (HCPCS) codes issued by the federal government through the Centers for Medicare & Medicaid Services (CMS).[3]

Prior to beginning our field work, we performed a series of computerized tests on the Provider's Medicaid payments to determine if reimbursements were made for potentially inappropriate services or service code combinations. These included tests for:

- Potential duplicate payments where payments were made for the same recipient on the same date of service for the same procedure code and procedure code modifiers, and for the same dollar amount.

3 These codes have been adopted for use as the Health Insurance Portability and Accountability Act (HIPAA) transaction data set and are required to be used by states in administering Medicaid. There are three levels to the HCPCS. The first level is the five (5) digit Current Procedural Terminology (CPT) coding system for physician and non physician services promulgated by the American Medical Association. The second level entails alpha-numeric codes for physician and non physician services not included in the CPT codes and are maintained jointly by CMS and other medical and insurance carrier associations. The third level is made up of local level codes needed by contractors and state agencies in processing Medicare and Medicaid claims. Under HIPAA, the level three codes are being phased out but may have been in use during our audit period.

- Payments made for services to deceased patients for dates of services after the date of death.
- Payments made for transportation services to recipients during a hospital inpatient stay excluding admission and discharge dates.
- Payments made for services billed as first passenger transports when the recipients were second passengers.

The test for payments made for services to deceased patients was negative, but the other three exception tests identified potentially inappropriate reimbursements. When performing our audit field work, we reviewed the Provider's supporting documentation for all potentially inappropriate reimbursements.

To facilitate an accurate and timely audit of the Provider's remaining transportation services, we also analyzed a statistically selected random sample of 179 recipient dates of service, containing a total of 721 services.

Our work was performed between January 2006 and May 2007.

RESULTS

We identified findings of $3,979.58 for services in our exception tests and $299.23 in actual findings for the services in our statistically selected sample. Together our findings totaled $4,278.81. The bases for our results are discussed below.

Results of Exception Testing

Duplicate Payments

Ohio Admin.Code 5101:3-1-17.2 states in pertinent part:

> … A provider agreement is a contract between the Ohio department of job and family services and a provider of medicaid covered services. By signing this agreement the provider agrees to comply with the terms of the provider agreement, Revised Code, Administrative Code, and federal statutes and rules; and the provider certifies and agrees:
>
> (A) To…submit claims only for service actually performed…
>
> ***

We identified 179 instances of duplicate billings involving the same patient, the same procedure code, and the same date of service. Our review of the Provider's documentation revealed that only one of each billed service that appeared as a duplicate was actually rendered. Therefore, we made findings of $3,013.40, which was the amount reimbursed for these services.

Undocumented Transportation Services

Ohio Admin.Code 5101:3-15-02(E)(2) states in pertinent part:

> Records which must be maintained include, but are not limited to, the records listed in paragraph (E)(2)(a) to (E)(2)(d) of this rule. All records and documentation required by this rule must be retained in accordance with rules 5101:3-1-17.2 and 5101:3-1-27 of the Administrative Code.
>
> (a) A record or set of records for all transports on that date of service which documents time of scheduled pick up and drop off, full name(s) of attendant(s), full name(s) of patient(s), medicaid patient number, full name of driver, vehicle identification, full name of the medicaid covered service provider which is one of the medicaid covered point(s) of transport, pick-up and drop-off times, complete medicaid covered point(s) of transport addresses, the type of transport provided, and mileage;…
>
> ***

Ohio Admin.Code 5101:3-1-17.2(D) states in pertinent part:

> 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 based upon those records or until any audit initiated within the six year period is completed.

We identified 42 services where the Provider could not produce documentation to substantiate the transport occurred. Therefore, we made a finding of $668.63, which is the amount that was reimbursed to the Provider for these services.

Multiple Passenger Transports Billed as First Passenger Transports

Ohio Admin.Code 5101:3-15-03(B) states in pertinent part:

> Ambulette services coverage and limitations
>
> (1) Covered ambulette services
> The following ambulette services are covered if the criteria for coverage is met in accordance with paragraph (B)(2) of this rule.
>
> (a) “Ambulette services” is the transport of one individual, or the first passenger of a multiple passenger transport in an ambulette.
>
> (b) “Ambulette services, second passenger” is the transport of the second passenger of a multiple passenger transport in an ambulette.

***

Ohio Admin.Code 5101:3-15-04(C) states in pertinent part:

> Reimbursement of ambulette services.
>
> ***
>
> (2) For the one-way transport of the second passenger of a multiple passenger ambulette transport, the provider shall be reimbursed as follows:
>
> (a) The amount of reimbursement for the base rate of the second passenger of a multiple passenger transport shall be the lesser of the provider's billed charge or fifty per cent of the medicaid maximum rate set forth in appendix DD of rule 5101:3-1-60 of the Administrative Code.
>
> (b) No reimbursement shall be made for loaded mileage.
>
> ***

We identified 14 services where the Provider billed for a first passenger transport with loaded mileage. However, the patient was actually the second passenger of a multiple passenger transport. Therefore, we recoded these 14 transports to second passenger transports with no loaded mileage for findings of $164.11.

Practitioner Certification Form Not Received or Incomplete

Ohio Admin.Code 5101:3-15-02(E)(2) states in pertinent part:

> Records which must be maintained include, but are not limited to, the record listed in paragraph (E)(2)(a) to (E)(2)(d) of this rule. All records and documentation required by this rule must be retained in accordance with rules 5101:3-1-17.2 and 5101:3-1-27 of the Administrative Code.
>
> ***
>
> (b) The original "practitioner certification form", completed by the attending practitioner, documenting the medical necessity of the transport, in accordance with this rule…
>
> ***

We identified eight services where a practitioner certification form was missing and/or missing required information. Therefore, we made findings of $99.88 which is the amount reimbursed to the Provider for these services.

Billing for Transports Over 50 Miles without Required Documentation

Ohio Admin.Code 5101:3-15-03(H) states in pertinent part:

> Medical transportation providers, when providing a non-emergency ground ambulance, or ambulette service must document the reason for transport when the destination occurs outside the patient's community, (a fifty mile radius from the patient's residence). Mileage greater than fifty miles will not be covered if the provider is unable to produce the documentation which gives the reason for the transport to be out of the patient's community.

We identified two services where the Provider billed for transport destinations over 50 miles and was unable to produce documentation explaining why the transport was greater than 50 miles. For each of these transports we made a finding for the amount reimbursed to the Provider for each mile over 50. Findings were made for $31.28.

Over Billed Mileage

Ohio Admin.Code 5101:3-15-03(E) states in pertinent part:

> Service limitation
> The following services are not covered.
>
> ***
>
> (3) Excessive mileage charges, resulting from the use of indirect routes.
>
> ***

We identified three services where the Provider billed for more mileage than was documented on the ambulette trip logs. As a result, we made findings on the difference between the reimbursement for number of miles billed and the reimbursement allowed for the number of miles documented on the trip logs. This resulted in findings totaling $2.28.

Summary of Exception Testing

We identified findings for 248 services as summarized below.

Table 1
Summary of Exception Testing

Exceptions	Number of Services	Finding
Duplicate Billings	179	$3,013.40
Undocumented Transportation Services	42	$668.63
Multiple Passenger Transports Billed as First Passenger Transports	14	$164.11
Practitioner Certification Form Not Received or Incomplete	8	$99.88
Billing for Transports Over 50 Miles Without Required Documentation	2	$31.28
Over Billed Mileage	3	$2.28
Total	**248**	**$3,979.58**

Results of Sample Testing

We identified findings for 49 of the sampled services. The bases for these findings are provided below.

Billing for Transports Over 50 Miles without Required Documentation

Ohio Admin.Code 5101:3-15-03(H) states in pertinent part:

> Medical transportation providers, when providing a non-emergency ground ambulance, or ambulette service must document the reason for transport when the destination occurs outside the patient's community, (a fifty mile radius from the patient's residence). Mileage greater than fifty miles will not be covered if the provider is unable to produce the documentation which give the reason for the transport to be out of the patient's community.

We identified six services where the Provider billed for transport destinations over 50 miles from the patient's residence and was unable to produce documentation explaining why the transport over 50 miles was required. For each of these transports we made a finding for the amount reimbursed to the Provider for each mile over 50.

We made findings of $143.52 for undocumented trips over 50 miles.

Over Billed Mileage

Ohio Admin.Code 5101:3-15-03(E) states in pertinent part:

> Service limitation
> The following services are not covered.
>
> ***
>
> (3) Excessive mileage charges, resulting from the use of indirect routes.
>
> ***

There were 35 transport services where the Provider billed Medicaid for more mileage than documented in the ambulette trip logs, or for more mileage than stated from two mapping sources (i.e., 'MapQuest®' and 'Yahoo!® Maps').

We reduced the mileage allowed for these transports to the actual miles documented on the Provider's ambulette trip log, or the mileage given by the mapping sources. We made findings of $69.68.

Undocumented Transportation Services

Ohio Admin.Code 5101:3-15-02(E)(2) states in pertinent part:

> Records which must be maintained include, but are not limited to, the records listed in paragraph (E)(2)(a) to (E)(2)(d) of this rule. All records and documentation required by this rule must be retained in accordance with rules 5101:3-1-17.2 and 5101:3-1-27 of the Administrative Code.
>
> (a) A record or set of records for all transports on that date of service which documents time of scheduled pick up and drop off, full name(s) of attendant(s), full name(s) of patient(s), medicaid patient number, full name of driver, vehicle identification, full name of the medicaid covered service provider which is one of the medicaid covered point(s) of transport, pick-up and drop-off times, complete medicaid covered point(s) of transport addresses, the type of transport provided, and mileage;…
>
> ***

Ohio Admin.Code 5101:3-1-17.2(D) states in pertinent part:

> 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 based upon those records or until any audit initiated within the six year period is completed.

In our sample, there were two recipient dates of service containing five services where we did not receive documentation to substantiate that the transport occurred. Therefore, we made a finding of $59.69, the total reimbursement received for these five services.

Multiple Passenger Transports Billed as First Passenger Transports

Ohio Admin.Code 5101:3-15-03(B) states in pertinent part:

Ambulette services coverage and limitations

(1) Covered ambulette services
The following ambulette services are covered if the criteria for coverage is met in accordance with paragraph (B)(2) of this rule.

(a) "Ambulette services" is the transport of one individual, or the first passenger of a multiple passenger transport in an ambulette.

(b) "Ambulette services, second passenger" is the transport of the second passenger of a multiple passenger transport in an ambulette.

***

Ohio Admin.Code 5101:3-15-04(C) states in pertinent part:

Reimbursement of ambulette services.

***

(2) For the one-way transport of the second passenger of a multiple passenger ambulette transport, the provider shall be reimbursed as follows:

(a) The amount of reimbursement for the base rate of the second passenger of a multiple passenger transport shall be the lesser of the provider's billed charge or fifty per cent of the medicaid maximum rate set forth in appendix DD of rule 5101:3-1-60 of the Administrative Code.

(b) No reimbursement shall be made for loaded mileage.

***

We identified three services where the Provider billed for a first passenger transport with loaded mileage when the recipient was actually the second passenger of a multiple passenger transport. Therefore, we recoded the services to second passenger transports and did not allow the billed loaded mileage. Findings were made for $26.34.

Summary of Sample Findings

The overpayments identified for 39 of 179 sampled recipient dates of service (49 of the 721 sampled services) from our stratified statistical sample were projected across the Provider's total population of paid recipient dates of service. This, however, resulted in a projected finding that had a precision at the 95 percent confidence level that exceeded our requirements for use of a point estimate. In addition, the results for several strata were too highly skewed to permit use of other projection techniques. Consequently, no projections were made with the results of our stratified random sample across the Provider's population of paid services. The actual non-projected finding found for our sampled recipient dates of service was $299.23.

Matter for Attention of ODJFS

During our review of the sampled services, we identified transports for second (or additional) passengers where the Provider billed as if the patients were first passengers and received higher reimbursement. We initially recoded these transports to second passenger services and made findings on the difference between the amount reimbursed and the allowed Medicaid maximum for second passenger transport services. However, the Provider requested ODJFS to review its practice of determining first passengers based on payor funding source.

After consideration, ODJFS determined that patients with payor sources other than fee-for-service Medicaid (such as PASSPORT), are not included in the Medicaid multiple passenger payment equation. Based on this determination, ODJFS is allowing providers to bill Medicaid at the higher first passenger rate for an actual second passenger of the transport when both were not fee-for-service Medicaid. Because of this, our findings were reduced to actual findings, rather than a potential projection finding of $41,918.37.

We recommend ODJFS revisit its policy on this matter to preclude providers from receiving higher payments for fee-for-service Medicaid patients when they were not the only passengers in the vehicle.

PROVIDER'S RESPONSE

A draft report was mailed to the Provider on April 5, 2007. The Provider was afforded opportunities to submit additional documentation which was taken into consideration, and adjustments were made accordingly. The Provider received an exit conference on April 30, 2007. At the exit conference, the Provider took issue with our findings for multiple passengers being billed at the higher first passenger rate. The Provider stated that it interpreted and applied the rule on first passenger based on the funding source that paid for the transportation. Thus, using the Provider's interpretation, a Medicaid recipient and PASSPORT recipient could travel together in the same vehicle to the same destination and both be considered and paid as a first passenger. Since first passenger billings accounted for over half our findings we agreed at the exit conference to take the Provider's billing practice to ODJFS for a ruling on its appropriateness. ODJFS determined that since the current regulation was mute regarding payment funding sources (other than fee-for-service Medicaid for the transportation of recipients), it could not deny the Provider's interpretation of the rule.

Once this decision was obtained, we dropped all first passenger findings except for the few where both recipients were paid for by the same funding source. This recalculation resulted in a substantial decrease in our finding amount.

We did not receive any written response or plan of correction from the Provider.

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
Office of Fiscal Services (Attn: Accounts Receivable)
P.O. Box 182367
Columbus, Ohio 43218-2366

1. Provider Name and Address:
Van Enterprises, Inc. DBA Apple Lane Ambulette
672 Springmill Street
Mansfield, OH 44903

2. Provider Number:	**0953517**
3. Review Period:	**October 1, 2002 through September 30, 2005**
4. AOS Finding Amount (including accrued interest):	**$5,072.21**
5. Interest "as of" Date:	**January 22, 2008**
6. Date Payment Mailed:	
7. Additional Interest Owed: (Calculated by multiplying $.94 by the difference in days between #5 and #6)	
8. Total Amount Repaid: (Sum of # 4 and #7)	

IMPORTANT:

To help ensure that your payment is properly credited, please fax copies of this remittance form and your check to our office at (614) 728-7398, ATTN: Medicaid/Contract Audit Section.

In the event that the Provider fails to pay the full amount within 45 days of the report date, the AOS finding amount plus accrued interest will be certified to the Office of Attorney General for collection in accordance with Section 131.02 of the Ohio Revised Code.

Mary Taylor, CPA
Auditor of State

VAN ENTERPRISES, INC.
(DBA APPLE LANE AMBULETTE)

RICHLAND 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
JANUARY 22, 2008

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