

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**MINNESOTA DID NOT ALWAYS
COMPLY WITH FEDERAL AND
STATE REQUIREMENTS FOR
CLAIMS SUBMITTED FOR THE
NONEMERGENCY MEDICAL
TRANSPORTATION PROGRAM**

*Inquiries about this report may be addressed to the Office of Public Affairs at
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Gloria L. Jarmon
Deputy Inspector General
for Audit Services

September 2017
A-05-15-00026

Office of Inspector General

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Report in Brief

Date: September 2017
Report No. A-05-15-00026

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

Federal regulations require each State to ensure that Medicaid beneficiaries have necessary transportation to and from medical providers. During the period October 1, 2012, through September 30, 2013, the Minnesota Department of Human Services (State agency) claimed at least \$6.4 million for payments to nonemergency medical transportation (NEMT) providers. Prior OIG reviews have found that States' claims for NEMT services were not always in accordance with Federal and State requirements.

Our objective was to determine whether the State agency claimed Federal Medicaid reimbursement for NEMT service claims submitted by transportation providers in Minnesota in accordance with certain Federal and State requirements.

How OIG Did This Review

We obtained from the State agency claim information it used to reimburse transportation providers under the NEMT program. We obtained and reviewed documentation from transportation providers to determine whether their claims met certain Federal and State requirements.

Minnesota Did Not Always Comply With Federal and State Requirements for Claims Submitted for the Nonemergency Medical Transportation Program

What OIG Found

The State agency claimed Federal Medicaid reimbursement for some NEMT claims submitted by transportation providers that did not comply with certain Federal and State requirements. Of the 104 reviewed NEMT lines of service in our stratified random sample, the State agency properly claimed Medicaid reimbursement for 25 lines of service. However, the remaining 79 lines of service did not comply with Federal and State regulations.

The claims for unallowable services were made because the State agency's policies and procedures for overseeing the Medicaid program did not ensure that providers complied with Federal and State requirements for documenting and claiming NEMT services.

What OIG Recommends and State Agency's Comments

We recommend that the State agency: (1) refund \$1,871,457 to the Federal Government and (2) strengthen its policies and procedures to ensure that providers (a) document all services in accordance with Federal and State requirements and (b) provide transportation services only to beneficiaries receiving Medicaid-covered services.

In written comments on our draft report, the State agency agreed with our recommendations and mostly agreed with our findings. The State agency noted that most transportation documentation deficiencies were the result of conflicting instructions in place during the time of our audit or technical difficulties. The State agency noted that instructions have been clarified and that it would work with providers to better document the transportation services.

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INTRODUCTION

WHY WE DID THIS REVIEW

Federal regulations require each State to ensure that Medicaid beneficiaries have necessary transportation to and from medical providers (42 CFR § 431.53). During the period October 1, 2012, through September 30, 2013, the Minnesota Department of Human Services (State agency) claimed at least \$6.4 million for payments to nonemergency medical transportation (NEMT) providers. Prior Office of Inspector General reviews have found that States' claims for NEMT services were not always in accordance with Federal and State requirements. Appendix A lists Office of Inspector General reports related to NEMT.

OBJECTIVE

Our objective was to determine whether the State agency claimed Federal Medicaid reimbursement for NEMT service claims submitted by transportation providers in Minnesota in accordance with certain Federal and State requirements.

BACKGROUND

Medicaid Program

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the Medicaid program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

Federal regulations require each State to ensure that Medicaid beneficiaries have transportation to and from medical providers and to describe in its State plan the methods that the State will use to meet this requirement (42 CFR § 431.53). Federal regulations define transportation expenses as costs for transportation that the State deems necessary to secure medical examinations and treatment for beneficiaries (42 CFR § 440.170(a)(l)).

Minnesota's Nonemergency Medical Transportation Program

In Minnesota, the State agency administers the NEMT program. This program provides transportation to eligible Medicaid beneficiaries. Participants are eligible to receive transportation when no other means of transportation is available and a medical necessity exists.

Minnesota provided two types of NEMT services: (1) access transportation services, which are referred to as “common carrier” and include taxis, private vehicles, buses, and other commercial carriers, and (2) special transportation services, which are a station-to-station or door-to-door level of NEMT for recipients who cannot safely use another form of transportation because of a physical or mental impairment. We reviewed only the special transportation services.

HOW WE CONDUCTED THIS REVIEW

For our review, we obtained claim information from the State agency consisting of 299,332 lines of service totaling \$6,370,949 during Federal fiscal year (FFY) 2013. We selected a stratified random sample of 125 lines of service totaling \$4,793, for which the State agency reimbursed 35 transportation providers under the NEMT program.¹ We obtained and reviewed documentation from the transportation providers to determine whether the claims met certain Federal and State requirements.

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

Appendix B contains the details on the Federal and State requirements related to NEMT services, Appendix C contains the details of our audit scope and methodology, Appendix D contains our statistical sampling methodology, Appendix E contains our sample results and estimates, and Appendix F contains the summary of deficiencies, if any, identified for each reviewed line of service.

FINDINGS

During the period October 1, 2012, through September 30, 2013, the State agency claimed Federal Medicaid reimbursement for some NEMT claims submitted by transportation providers that did not comply with certain Federal and State requirements. Of the 104 reviewed NEMT lines of service in our stratified random sample, the State agency properly claimed Medicaid reimbursement for 25 lines of service. However, the remaining 79 lines of service did not comply with Federal and State regulations. Of the 79 lines of service, 5 contained more than 1 deficiency:

- For 68 lines of service, the documentation provided for the NEMT service did not meet all requirements;

¹ We did not contact 3 transportation providers under State investigation or review the associated 21 lines of service, resulting in a total of 104 reviewed lines of service. The 21 lines of service were treated as allowable for the purpose of our statistical estimates.

- For 10 lines of service, the provider did not provide documentation to support the NEMT service; and
- For 6 lines of service, the beneficiary did not receive a Medicaid-covered health care service on the transportation date.

The claims for unallowable services were made because the State agency's policies and procedures for overseeing the Medicaid program did not ensure that providers complied with Federal and State requirements for documenting and claiming NEMT services. On the basis of our sample results, we estimated that the State agency submitted at least 169,144 improper NEMT lines of service and received at least \$1,871,457 in improper Federal Medicaid reimbursement.

TRANSPORTATION SERVICES WERE NOT ADEQUATELY DOCUMENTED

Transportation providers must maintain a transportation service record for each Medicaid NEMT service. Each transportation record must include: the beginning and ending vehicle mileage for each trip, the address of origin and destination, the name of the Medicaid beneficiary transported, any extra attendants, and the driver name and license number of the vehicle used in the transportation. In addition, the record must be signed by the driver and contain the following statement: "I certify and swear that I actually drove them. I understand that misrepresenting the miles driven and hours worked is fraud for which I could face criminal prosecution or civil proceedings" (MN Administrative Rule 9505.2175 Subp. 4).

For 68 of the 104 reviewed lines of service, transportation service record documentation requirements were not met. Deficiencies are summarized in the table below.

Table 1: Transportation Services Were Not Adequately Documented

Deficiency	
Driver Did Not Sign Transportation Record	43
Driver Certification Statement Was Not Listed on Transportation Record	66
Total²	109

MEDICAL TRANSPORTATION DOCUMENTS WERE NOT PROVIDED

As a condition for payment by a program, Minnesota requires that a vendor document each occurrence of a health service provided to a recipient (MN Administrative Rule 9505.2175 Subp. 1). Additionally, all health service and financial records related to a health service for which

² The total is greater than the number of sample line deficiencies because we identified multiple deficiencies for some sample lines of service.

payment under a program was received or billed must be retained for at least 5 years after the initial date of billing (MN Administrative Rule 9505.2190).

For 10 of the 104 reviewed lines of service, the requested documentation was not provided to verify that a medical transportation service was provided.

BENEFICIARIES DID NOT RECEIVE A MEDICAID-COVERED SERVICE ON THE DATE OF TRANSPORTATION

For an NEMT service to qualify for Medicaid reimbursement, a Medicaid-eligible medical service must have been provided to the beneficiary who was being transported by the transportation provider (MN Statute 256B.0625 Subd. 17).

For 6 of the 104 reviewed lines of service, we confirmed that the beneficiary did not receive a Medicaid-eligible medical service on the sampled service date.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$1,871,457 to the Federal Government and
- strengthen its policies and procedures to ensure that providers:
 - document all services in accordance with Federal and State requirements and
 - provide transportation services only to beneficiaries receiving Medicaid-covered services.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with all of our recommendations and mostly agreed with our findings. The State agency noted that most transportation documentation deficiencies were the result of conflicting instructions in place during the time of our audit or technical difficulties. The State agency noted that instructions have been clarified and that it would work with providers to better document the transportation services. The State agency's comments are included in their entirety as Appendix G.

APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Improper Payments for Medicaid Nonemergency Medical Transportation

Report Title	Report Number	Date Issued
<i>Nebraska Did Not Always Comply With Federal and State Requirements for Claims Submitted for the Nonemergency Transportation Program</i>	A-07-16-03209	3/1/2017
<i>Louisiana Did Not Always Comply With Federal and State Requirements for Claims Submitted for the Nonemergency Medical Transportation Program</i>	A-06-15-00019	1/4/2017
<i>North Carolina Improperly Claimed Federal Reimbursement for Some Medicaid Nonemergency Transportation Services</i>	A-04-15-04037	11/18/2016
<i>New Jersey Did Not Adequately Oversee Its Medicaid Nonemergency Medical Transportation Brokerage Program</i>	A-02-14-01001	7/5/2016
<i>California Claimed Medicaid Reimbursement for Certain Nonemergency Medical Transportation Services in Los Angeles County Billed as Exempt From Prior Authorization That Did Not Comply With Federal and State Requirements</i>	A-09-13-02054	3/30/2015
<i>California Claimed Medicaid Reimbursement for Some Nonemergency Medical Transportation Services That Did Not Comply With Federal and State Requirements</i>	A-09-13-02033	1/23/2015
<i>Texas Did Not Always Comply With Federal and State Requirements for Claims Submitted for the Nonemergency Medical Transportation Program</i>	A-06-12-00053	10/20/2014
<i>California Claimed Medicaid Reimbursement for Some Nonemergency Medical Transportation Services in Los Angeles County That Did Not Comply With Federal and State Requirements</i>	A-09-12-02083	6/24/2014

APPENDIX B: FEDERAL AND STATE REGULATIONS FOR NONEMERGENCY MEDICAL TRANSPORTATION

FEDERAL REGULATIONS

According to section 1902(a)(27) of the Social Security Act, a State plan must require that providers of services maintain records to fully disclose the extent of services provided to Medicaid beneficiaries.

Each State is required to ensure necessary transportation for Medicaid beneficiaries to and from providers and to describe in its State plan the methods that the State will use to meet this requirement (42 CFR § 431.53).

Transportation includes expenses for transportation (e.g., NEMT) and related expenses determined to be necessary by the State Medicaid agency to secure medical examinations and treatment for a beneficiary (42 CFR § 440.170).

STATE REGULATIONS

MN Statute 256B.0625 Subd. 17 states that for an NEMT service to qualify for Medicaid reimbursement, a Medicaid-eligible medical service must have been provided to the beneficiary who was being transported by the transportation provider.

MN Administrative Rule § 9505.2190 provides that all health service and financial records related to a health service for which payment under a program was received or billed must be retained for at least 5 years after the initial date of billing.

MN Administrative Rule 9505.2175 Subp. 4 states that transportation providers must maintain a transportation service record for each Medicaid NEMT service. Each transportation record must include the beginning and ending vehicle mileage amounts for each trip, the address of origin and destination, the name of the Medicaid beneficiary transported, any extra attendants, and the driver's name and license number of the vehicle used in the transportation. In addition, the record must be signed by the driver, and contain the following statement: "I certify and swear that I actually drove them. I understand that misrepresenting the miles driven and hours worked is fraud for which I could face criminal prosecution or civil proceedings."

MN Administrative Rule 9505.2175 Subp. 1 states that as a condition for payment by a program, a vendor must document each occurrence of a health service provided to a recipient.

MN Administrative Rule 9505.0315 Subp. 7(A) requires the transportation provider to obtain prior authorization for beneficiaries who require special transportation on the basis of need.

APPENDIX C: AUDIT SCOPE AND METHODOLOGY

SCOPE

For the period October 1, 2012, through September 30, 2013, Minnesota reimbursed transportation providers a total of \$6,370,949 for 299,332 lines of service for certain Medicaid NEMT services. Of these lines of service, we selected a stratified random sample of 125 lines of service, totaling \$4,793.

We did not review the overall internal control structure of the State agency or the Minnesota Medicaid program. Rather, we reviewed only those controls related to our objective.

We performed fieldwork at 29 transportation providers throughout Minnesota from February through April 2016.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, and guidance related to Medicaid transportation services;
- reviewed the State agency's policies and procedures for the NEMT program;
- held discussions with CMS and State agency officials to gain an understanding of the NEMT program;
- selected a stratified random sample of 125 lines of service for which we:
 - did not review 21 lines of service³ because they were associated with 3 transportation providers that were under State investigation;
 - determined whether the beneficiary received Medicaid-covered services on the date of transport for the remaining 104 lines of service; and
 - interviewed the transportation provider, if available, and reviewed the transportation provider's documentation (including daily trip sheets) supporting the claim for NEMT services;

³ We adjusted for these 21 lines of service by treating them as allowable for the purpose of our statistical estimates. As a result of this adjustment, our estimates apply only to NEMT claims associated with transportation providers that are not currently under State investigation.

- used the results of the sample to estimate the unallowable Federal Medicaid reimbursement; and
- discussed the results of the review with State agency officials.

See Appendix D for the details of our statistical sampling methodology and Appendix E for our sample results and estimates.

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

APPENDIX D: STATISTICAL SAMPLING METHODOLOGY

TARGET POPULATION

The target population consisted of fee-for-service, special transportation service claims billed under Minnesota's NEMT program by providers not under investigation and paid by Medicaid during FFY 2013.

SAMPLING FRAME

The State agency provided an Access database containing all Medicaid fee-for-service, special transportation service claims paid during FFY 2013. Each claim had one or more lines of service. We removed claims submitted by one provider under investigation by the Federal Bureau of Investigation and lines of service with \$5 or less in Medicaid payments. The resulting sampling frame contained 299,332 lines of service totaling \$6,370,949.

SAMPLE UNIT

The sample unit was a line of service in a Medicaid fee-for-service, special transportation service claim paid during FFY 2013.

SAMPLE DESIGN

We used a stratified random sample. We divided the sampling frame into two strata based on the payment amount with lines of service less than \$48 in stratum 1 and the remainder of lines of service in stratum 2.

SAMPLE SIZE

We randomly selected 125 lines of service, 88 in stratum 1 and 37 in stratum 2.

SOURCE OF THE RANDOM NUMBERS

We used the Office of Inspector General, Office of Audit Services, statistical software to generate the random numbers.

METHOD FOR SELECTING SAMPLE ITEMS

We consecutively numbered the sample units in each stratum. After generating the random numbers for each stratum, we selected the corresponding lines of service in the sampling frame.

ESTIMATION METHODOLOGY

We used the Office of Inspector General, Office of Audit Services, statistical software to analyze the sample results. To be conservative, we estimated the total number of unallowable lines of service and the value of overpayments at the lower limit of the two-sided 90-percent confidence interval. Lower limits calculated in this manner will be less than the actual overpayment total 95 percent of the time.

APPENDIX E: SAMPLE RESULTS AND ESTIMATES

Table 2: Sample Results

Stratum	Sample Frame Size	Value of Frame⁴	Sample Size	Value of Sample	Number of Unallowable Sampled Lines of Service	Value of Unallowable Sampled Lines of Service (Federal Share)
1	279,277	\$4,561,649	88	\$1,578	57	\$509
2	20,055	1,809,300	37	3,215	22	1,050
Total	299,332	\$6,370,949	125	\$4,793	79	\$1,559

Table 3: Estimates of Unallowable Lines of Service (Federal Share)
(Limits Calculated at the 90-Percent Confidence Level)

	Number of Unallowable Lines of Service	Value of Overpayments
Point estimate	192,820	\$2,185,039
Lower limit	169,144	\$1,871,457
Upper limit	216,496	\$2,498,621

⁴ We did not determine the Federal share for the value of the sample frame.

APPENDIX F: SUMMARY OF DEFICIENCIES FOR EACH REVIEWED LINE OF SERVICE

**Table 4: Office of Inspector General Determinations for Reviewed Lines of Service
Description of Deficiencies**

1	Services Not Adequately Documented
2	Transportation Documents Not Provided
3	No Medicaid-Covered Service

Sample Line of Service	Deficiency 1	Deficiency 2	Deficiency 3	No. of Deficiencies
1		X		1
2	X			1
3	X			1
4				0
5	X			1
6				0
7				0
8				0
9	X			1
10	X			1
11	X			1
12	X			1
13	X			1
14	X			1
15			X	1
16	X			1
17	X			1
18	X			1
19	X			1
20	X			1
21				0
22				0
23				0
24		X	X	2
25				0
26				0
27		X		1

Sample Line of Service	Deficiency 1	Deficiency 2	Deficiency 3	No. of Deficiencies
28	X			1
29	X			1
30	X			1
31	X			1
32	X			1
33	X			1
34	X			1
35	X			1
36	X			1
37	X			1
38	X			1
39	X			1
40	X			1
41	X			1
42	X			1
43	X			1
44	X			1
45	X			1
46	X			1
47	X			1
48	X			1
49	X			1
50	X			1
51	X			1
52	X			1
53	X			1
54	X			1
55				0
56	X			1
57		X	X	2
58		X		1
59	X			1
60	X			1
61	X			1
62	X			1

Sample Line of Service	Deficiency 1	Deficiency 2	Deficiency 3	No. of Deficiencies
63	X			1
64				0
65				0
66				0
67				0
68				0
69				0
70				0
71		X		1
72		X		1
73	X			1
74	X			1
75	X			1
76		X		1
77	X			1
78	X			1
79	X			1
80				0
81		X		1
82				0
83				0
84				0
85				0
86				0
87				0
88				0
89	X			1
90	X			1
91	X		X	2
92	X			1
93	X			1
94	X			1
95	X			1
96	X		X	2
97	X			1

Sample Line of Service	Deficiency 1	Deficiency 2	Deficiency 3	No. of Deficiencies
98	X			1
99	X			1
100		X		1
101	X			1
102	X			1
103	X			1
104	X		X	2
Total	68	10	6	84*

*5 Lines of service contained more than one deficiency



Minnesota Department of Human Services
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August 4, 2017

Ms. Sheri L. Fulcher
Regional Inspector General for Audit Services
Office of Inspector General
Office of Audit Services, Region V
233 North Michigan, Suite #1360
Chicago, Illinois 60601

Re: Report Number A-05-15-00026

Dear Ms. Fulcher:

Thank you for giving us the opportunity to respond to your July 5, 2017, draft audit report, "*Minnesota Did Not Always Comply with Federal and State Requirements for Claims Submitted for the Nonemergency Medical Transportation Program.*" I also wish to thank you and your staff for the time you spent here in Minnesota meeting with our staff as part of your audit. It is our understanding that our response will be published in the Office of Inspector General's final audit report. Below are our comments regarding the findings and recommendations contained in the report.

Finding 1: *Transportation services were not adequately documented.*

Transportation providers must maintain a transportation service record for each NEMT service. To be eligible for reimbursement, each transportation record must include: the beginning and ending vehicle mileage amounts for each trip, the address of origin and destination, the name of the Medicaid beneficiary transported, any extra attendants, and the driver name and license number of the vehicle used in the transportation. In addition, Minnesota Rules 9505.2175, subpart 4 requires that the record must be signed by the driver and contain the following statement, "I certify that I have accurately reported in this record the trip miles I actually drove and the dates and times I actually drove them. I understand that misreporting the miles driven and hours worked is fraud for which I could face criminal prosecution or civil proceedings."

The majority of deficiencies are due to a lack of a certification statement. The Minnesota Department of Human Services (DHS) notified the HHS-OIG review team, in advance of the field work, that the Department did not enforce the certification statement provision because of the conflicting written instructions that were in place at the time of the audit. These conflicting instructions have since been clarified in statute and DHS does enforce the certification provision.

Additionally, there were several other deficiencies related to the driver signature requirement. For example, one large NEMT provider had twelve deficiencies cited for lack of signature. The Department's review of the supporting documentation found what it believes is the driver's signature at the top of each log sheet; it was in the driver's own writing and in a distinctive way, which we believe makes the name legible to the company. While this appears to comply with Minnesota Rules, DHS acknowledges that the signature on these trip logs is questionable.

The Department is disappointed that the technical deficiencies identified above resulted in the loss of federal funding for these non-emergency medical transportation trips. We will work with providers to better document these services.

Recommendation 1: *Refund \$1,871,457 to the federal government.*

DHS agrees to refund \$1,871,457 to the federal government. We agree that the Department's documentation for NEMT should be improved and we are working with providers on improvements. We note that all sample recipients were assessed and eligible for the service, and all but 6 trips in the sample were to a Medicaid-covered health service. This demonstrates the vast majority of reviewed services were provided to meet the health care needs of our Medicaid enrollees, as intended.

Finding 2: *Medical transportation documents were not provided.*

The Department agrees that for ten lines of service sampled, no documentation was provided. Our investigators attempted to contact providers of these services and locate the supporting documentation, but we found that some were no longer in business and could not be located.

Recommendation 2: *Strengthen its policies and procedures to ensure that providers document all services in accordance with federal and state requirements.*

DHS agrees with this recommendation. Since the audit period, DHS has moved to a system of billing that requires the counties to coordinate, review and bill NEMT services, acting as an intermediary between transportation providers and the Department. An internal Department review of NEMT services found that when an intermediary coordinated and reviewed transportation claims, there were fewer unsupported NEMT services billed. Although, this decentralizes the detailed billing records, making it difficult to consolidate and analyze trips from providers servicing multiple counties. The Department will evaluate possible alternatives to the current billing process that will address this issue, however balancing the interests of legislators, providers and recipients is not always conducive to program integrity.

Finding 3: *Beneficiaries did not receive a Medicaid-covered service on the date of transportation.*

The Department agrees that for six lines of service, no transportation to a Medicaid-covered service was provided.

Recommendation 3: *Strengthen its policies and procedures to ensure that providers provide services only to beneficiaries receiving Medicaid-covered services.*

Ms. Sheri L. Fulcher
August 4, 2017
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The Department agrees with this recommendation. We will continue to improve program integrity through clearer written communications to providers, additional training of county staff as necessary and through improved data analytics.

As previously indicated, DHS has made documentation improvements in this program since the period covered by this audit. We are also adding ten staff to the Office of the Inspector General to oversee integrity efforts for Medicaid. We are committed to working with the counties and providers to continuously evaluate and improve the coordination and documentation of non-emergency medical transportation in an effort to provide better outcomes for the most vulnerable Minnesotans who depend on these services to meet their basic health care needs.

The Minnesota Department of Human Services will continue to evaluate the progress being made to resolve all audit findings until full resolution has occurred. If you have any further questions or need additional information, please contact Gary L. Johnson, Internal Auditor, at (651) 431-3623.

Sincerely,



Emily Piper
Commissioner