
FINAL REPORT

**Non-Emergency Medical Transportation (NEMT)
Compliance Reviews
County Departments of Social Services (DSSs)**

Project Findings

INTRODUCTION

Background

The North Carolina DHHS, Division of Medical Assistance (DMA), is responsible for overseeing the provision of Non-Emergency Medical Transportation (NEMT) to Medicaid recipients in the state. Transportation is arranged and paid by the County Departments of Social Services (DSSs). DHHS administrative procedures related to NEMT are included in its *Adult Medicaid Manual MA-2910 Medicaid Transportation* and *MA-3550 Family & Children's Medicaid Transportation*. On January 1, 2012, the Division made a number of changes to its administrative procedures for NEMT. Implementation of specific aspects of these policy changes went into effect over an eleven month period, from January 1, 2012 through the most recent set of changes effective December 1, 2012.

The North Carolina DHHS-DMA contracted for services to perform compliance reviews of the one hundred County Departments of Social Services (DSSs) with regard to their use of Medicaid transportation funds. The compliance reviews were intended to ensure that County DSSs are able to manage Medicaid transportation funds in accordance with all applicable laws, regulations, and policy requirements, including those contained in the two policy manuals and subsequent Administrative Letters amending those requirements. The compliance reviews focused on three primary elements: 1) accuracy of information and invoicing, 2) meeting administrative requirements, and 3) meeting minimum service standards.

Audit Process

The project began with a review of the first 25 county DSSs chosen randomly from among the 100 counties in the state. The site visits were conducted in late June and July 2012; NEMT trips provided to clients in **February 2012** were reviewed. The reviews for the remaining 75 Counties were conducted from August 2012 through February 5, 2013 and NEMT trips provided to clients in **April 2012** were reviewed. At that point, most policy changes should have been in place. The team received final instructions from DMA regarding the issuance of final reports for all 100 reviews in April 2013. Final reports were sent to the Counties in May-June 2013.

The overall compliance review process in each county involved a pre-visit desk review of materials sent in advance, on-site visits at each County, generation of draft compliance reports, corrective actions on the part of the County and preparation of final reports that included the findings from the draft report, corrective actions taken by the DSS, and any pending issues that may need DMA follow-up. During the on-site visits, the audit teams selected NEMT trips at random and looked through the transportation files for the person that traveled to make sure all their required notices were there, noting the mode of transportation the client was eligible for, and any exceptions. Then each of the trip records was reviewed from the beginning (was the client eligible for Medicaid and NEMT on that date), through the trip scheduling and verification process, to the reimbursement. The counties were given 30 days to correct any deficiencies that were identified and the final results, accounting for the corrections, were documented in final report transmitted to the Counties. In total 3,150 individual NEMT trips were reviewed in detail including 30 trips for most Counties and 60 in Mecklenburg, Forsyth, Guilford, Wake and Cumberland Counties.

Final reports and “educational” letters were sent to the County DSS directors and transportation coordinators in May-June 2013. These letters documented any areas of vulnerabilities identified for the county, corrective actions taken and any outstanding issues. The letters noted that the county Transportation Coordinator should continue follow up on any outstanding issues to ensure they are corrected and that future reviews revealing noncompliance with Medicaid regulations, rules and/or policy will be subject to chargeback per 10A NCAC 23G.204 and Adult Medicaid Manual MA-2395.

It is noted that the first 25 reviews were conducted before all the policy changes went into effect. This created a number of issues in terms of identifying errors or deficiencies since the trips being reviewed in detail were provided in February and many of the policy changes did not need to be implemented until April 1, 2012. For

these initial reviews, the consultant team did not cite any errors on the trips reviewed if they involved policy changes that were not required until April or May. This included:

- not having central transportation files for recipients at the time of the trip,
- not having conducted vendor exclusion reviews for public transit operators,
- not logging denials/notifying clients when denied at the time of the trip,
- not suspending clients under new DMA no-show policy at the time of the trip,
- not using the auto reimbursement rates of up to ½ the IRS rate for clients or financially responsible persons (FRP) in February,
- allowing blanket approvals for series of appointments,
- not including trips, unduplicated recipients and costs by billing code in February request for reimbursement or logs, and
- not verifying that trips were to a Medicaid appointment (see notes below on how this was handled for these counties).

The team did, however, cite the County DSSs if they had not made the required policy/procedural changes to their NEMT programs by the time of the site visit.

Since trip by trip verifications were not required in February, for trips that could not be verified on site at the initial 25 counties, DMA staff attempted to verify that a claim was filed for that date with a Medicaid provider. If any could not be verified in the DMA claims system, the counties were asked to verify with the medical provider that the person received a Medicaid-covered service on that day.

SUMMARY OF FINDINGS

Overall, the consultant team found that most Counties are generally following DMA policy but that only three counties were 100% in compliance with the new requirements at the time of their site visit (had no administrative issues or billing errors). There were more issues identified in the first round of reviews (25 Counties) and the review team found that Counties reviewed in the second group had more time to fully implement the policy changes.

The sections below summarize the findings. The first section reviews the number of counties having problems with their policy or how they managed the program. The second and third sections review the administrative and billing errors identified during the review of the 3,150 sample trips.

Policy/Programmatic Findings

When initially reviewed, all but six of the 100 Counties had some findings with respect to implementation of the new policy/procedures. Once corrective actions were taken, about one-third of the counties continued to have outstanding policy or procedural issues. Many of the final errors continue because seven counties provided no “corrective action” response to the draft report – these may have been corrected but not transmitted to the audit team. There were more issues identified in the first set of reviews (25 Counties) and the review team found that Counties reviewed in the second group had more time to fully implement the policy changes.

Table 1 provides a summary of the number of counties that had errors in a one or more of policy/program areas. As shown,

- **Policy** - Initially, 35 of the 100 counties had not yet been updated their written policies or rider information to reflect one or more of the new DMA policy requirements – this was reduced to 6 counties once corrective actions were taken. While most of the counties had updated procedures, the errors were associated with the need to update their written rider guides and other materials distributed to clients.
- **Recordkeeping/Resource Lists** - When visited, 30 counties had issues with how they kept their transportation files and list of transportation resources on the county. This was reduced to 6 counties once corrective actions were taken.
- **Trip Logging/Eligibility and Tracking** – The review team found problems with how trips are booked, client eligibility determined and trips tracked at 35 counties. In some cases, the DMA-2056 logs did not include all the information required (most of these were in the initial group) or that the record keeping for gas vouchers did not include the information needed (number of miles, date of the trips). These problems were corrected in all but 12 counties.
- **Vendor Contracts** – In almost 70% of the counties, the review teams found issues with the vendor contracts, mostly that the county with had not signed new contracts with their vendors or the contracts did not include the DMA-required clauses. Through the corrective action process, contracts were revised to DMA standards in all except 16 counties.

- **Vendor Exclusions** - Initially, 34 counties were not properly checking for vendor exclusions; many of these were related to the confusion regarding the need for vendor exclusions for public transit operators (which did not go into effect until December 1, 2012). All except three counties corrected this finding - there still are some public transit operators unwilling to submit information on managers needed to conduct the reviews.
- **Logging Complaints/Missed and Late Trips** - Counties are required to monitor service quality and vendors are required to adhere to a certain level of complaint, missed trips and late trips. When visited initially, 34 counties had no mechanism (e.g., a log) to track vendor compliance with these service quality requirements. Only three counties did not correct this issue.
- **Self-Monitoring** - All except sixteen counties were properly conducting the self-assessment and only two of these did not correct this issue during the audit process.
- **Safety/Insurance/Drug and Alcohol Testing Program** - Almost half of the counties had some issue with regard to safety/insurance/drug and alcohol testing. Counties could not verify the county or its vendors met the insurance requirements or were not doing background or driving records checks on staff, volunteers or vendors; some had no mechanism in place to track changes in those records. Counties could not verify that private vendors (e.g., taxis) were participating in a random drug and alcohol testing program. All except 17 counties were able to correct these issues either while the review teams were on site or during the corrective action phase.
- **Reimbursement Requests/Coding/Invoice Reconciliation** - Finally, over half the counties had some problem with how they prepared their reimbursement request to the state. These sometimes involved coding but most of these errors involved not having enough information on their vendor invoices to track and monitor the cost of individual trips. Invoices included a cost for each trip but not the supporting miles or hours that would be needed to monitor whether the cost of the trips was appropriate. Most of these issues were either resolved while the review team was on-site (the vendors - mostly public transit operators or other county departments - were able to supply this level of detail) or have been addressed as part of the corrective actions.

Table 1: Number of Counties with Policy/Procedure Errors

Category of Error	Counties with Policy/Procedural Errors	
	Initial (During On-Site Visit)	Final (After Corrections)
Policy/Procedure Errors (Counties with Errors)	94	34
Outdated Policy/Rider Guides	35	6
Recordkeeping/Resource List	30	6
Trip Logging, Eligibility and Tracking	35	12
Vendor Contracts	69	16
Vendor Exclusions	38	6
Logging Complaints, Missed/Late Trips	34	3
Self-Monitoring	16	2
Safety/Insurance/Drug&Alcohol Testing	49	17
Reim Requests/Coding/Invoice Reconciliation	53	13

Administrative Errors

As noted above, a selection of random trips was reviewed in each county; 30 in most Counties and 60 trips in Mecklenburg, Wake, Cumberland, Guilford, and Forsyth. The reviews began with the team looking through the transportation files for the person that traveled to make sure all their required notices were there, noting the mode of transportation the client was eligible for, and any exceptions. Then each of the trip records was reviewed from the beginning (was the client eligible for Medicaid and NEMT on that date), through the trip scheduling and verification process, to the reimbursement. When visited, 83 counties had at least one administrative errors associated with the sample trips. All except 32 counties were able to provide the missing information or files during the corrective action period.

Table 2 shows that there were 1,382 administrative errors associated with the sample trips during the on-site reviews but that these were reduced to 249 administrative errors that were not or could not be corrected. When considering unduplicated trips with errors (1,044), the administrative error rate was 33%; this was reduced to only 7% with the corrective actions.

- **Missing Notices** - Over half the administrative errors involved notices that were missing from client files (generally these were the initial notice of rights that were often kept elsewhere in the DSS office). In some cases, the review teams found that that needs assessments and notifications were missing or back-dated. These were corrected in most cases.
- **Coding Errors/Exception Forms** - There were only a handful of coding errors or missing exceptions forms. The coding errors generally involved issues like coding a trip as a van trip rather than a handicapped van trip (A0120 versus A0130).
- **Missing Trip Verifications** - For about 19% of the trips, the counties were missing documentation that the individual was transported to a covered medical appointment. The vast majority of these trips were verified and only 63 or 2% of the trips remain unverified (unverified trips were also considered billing errors - see below).

It is noted that there were a number of notices missing in the client records for the February trips that were not considered errors because this policy requirement was not in effect until April 1, 2012 (additionally, a centralized transportation file was not required in February 2012).

Table 2: Number of Administrative Errors

Category of Error	Policy and Administrative Errors	
	Initial (During On-Site Visit)	Final (After Corrections)
Administrative Errors with Sample Trips	83 Counties	32 Counties
Missing Notices to Recipients	756	165
Coding Errors	10	3
Missing Exception Forms	31	19
Missing Trip Verifications	585	63
Total Administrative Errors	1,382	250
Total Trips with Errors	1,044	232
<i>Percent of Trips with Administrative Errors</i>	33.1%	7.4%

Billing Errors

As shown in Table 3, there was a low billing error rate for the trips that were reviewed; 23% of the counties had some billing error but only 108 of the 3,150 trips reviewed had billing errors (3%) either because the trip could not be verified as being to a Medicaid covered service or the amount was calculated incorrectly. Together, these represent only about \$2,500 in claims or 3% of the total cost of these trips.

- **Unverified Trips** - Seventeen Counties had one or more trips that could not be verified as transportation to a Medicaid covered service. However, this involved only 63 unverified trips, representing only 2% of the total trips reviewed and accounting for only 2% of the cost of all trips reviewed.
- **Other "True" Billing Errors** - In addition, eight Counties had a total of 45 trips with true billing errors (billed for no-shows or deadhead miles, mileage too high, trip cost calculated incorrectly). True billing errors represented only about 1% of all trips reviewed, and accounted for only 1% of the cost of all trips reviewed.

Table 3: Number and Cost of Billing Errors

	Billing Errors			
	Number of Trips	Percent	Cost of Trips	Percent
Number of Sample Trips and Cost	3,150		\$85,522	
Billing Errors with Sample Trips	108	3.4%	\$2,515	2.9%
Unverified Trips	63	2.0%	\$1,620	1.9%
Other Billing Errors	45	1.4%	\$895	1.0%

It is clear that there was a very low error rate in the billings for the trips that were reviewed.

SUGGESTIONS TO IMPROVE THE NEMT PROGRAM

Based on the reviews, a number of suggestions to improve the DHHS-DMA NEMT program were identified, including:

- The counties could use more advice on how to verify trips (and document that verification) if they aren't using the DMA-5118 or can't get the clients to return them. Calling the medical providers seems to be an issue since they often won't verify over the phone, citing privacy restrictions. Yet many of the transportation vendors are unwilling to collect and be responsible for the DMA-5118 forms.
- The counties need more guidance on how to conduct the self-audit of trips. Counties are not doing the random draws consistently and are not consistent in terms of the documentation kept to support DMA-5078 monitoring reports.
- The 2% sample is higher than the larger counties need for the results to be statistically valid. For example, Mecklenburg County would need to review 1,200 trips a quarter. Could they be reviewing 2%, or a statistically-valid number of trips, whichever is less?
- There doesn't seem to be much gained by the monthly review of driver files - DMA Safety and Security policy (p.30) that requires the county to review driver files each month (license, registration/inspection, driving record, liability insurance, and agreement). It may be possible to review these files quarterly or annually.
- Counties that use transportation vendors that are another part of county government need more clarification for when the other agency is considered a "vendor."
- Counties that have contracted out their needs assessments and other administrative functions to a transportation provider/vendor need guidance on how to avoid potential conflicts of interest. In these cases the transportation vendor may be doing the needs assessments, taking trip requests, assigning and providing trips and managing the log. This makes it difficult for the DSS to effectively oversee the program.
- DMA may want to suggest that the counties have internal written policies/procedures that are separate from the one that is given to clients.

This internal policy would provide staff guidance on procedures that are not of interest to clients.

- The policy that transportation vendors participate in a random drug testing program requires only one part of an effective overall drug and alcohol testing program. Currently, there is no requirement that vendor have a drug and alcohol testing policy to go with the program. Nor is there a requirement to conduct pre-employment, post-accident, or reasonable suspicion testing. While not an unreasonable safety requirement, DMA may want to require that the vendors follow the entire FTA drug and alcohol testing regulations.

SUGGESTIONS FOR ON-GOING MONITORING PROCEDURES

Finally, the reviews suggest that the Division's efforts to monitor compliance on an on-going basis would be strengthened by:

- Devoting additional DMA staff to this effort. With the new policy/forms, DMA is receiving a great deal of data and information from the counties that will need to be reviewed. For example, without program staff to review the monthly DMA-2055s (Requests for Reimbursements), the accuracy of data on number of trips and cost by billing code needs to be monitored and reconciled on an on-going basis.
- County DSS training needs to be on-going. Many of the people trained in when the new policy was introduced were no longer administering the program by the time they were audited. Some of them were not at the training (their bosses were) or they were assigned to the role of transportation coordinator after the training was provided.
- DMA could, and is currently, working with stakeholder groups to identify "best practices," such as:
 - A number of counties are fully automated and have developed software that could be used by other counties if it were shared.
 - A number of counties keep a Transportation Master List with dates of the assessments, when re-assessments are due, status and eligibility.
 - One county had a 48-hour automated trip reminder call for riders.