



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued October, 5, 2015

Office of Medicaid (MassHealth)— Claims for Wheelchair-Van Services Submitted by Rite Way LLC

For the period January 1, 2013 through December 31, 2014





Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

October 5, 2015

Mr. Michael Davini, Owner/President
Rite Way LLC
9 Bathrick Road
Westminster, MA 01473-1244

Dear Mr. Davini:

I am pleased to provide this performance audit of claims for wheelchair-van services submitted to the Office of Medicaid (MassHealth) by Rite Way LLC. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, January 1, 2013 through December 31, 2014. My audit staff discussed the contents of this report with you and employees of your company, whose comments are reflected in this report.

I would also like to express my appreciation to Rite Way LLC for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Marylou Sudders, Secretary, Executive Office of Health and Human Services (EOHHS)
Daniel Tsai, Assistant Secretary and Director, MassHealth
Joan Senatore, Director of Compliance, EOHHS

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LIST OF ABBREVIATIONS

CMS	Centers for Medicare and Medicaid Services
CORI	Criminal Offender Record Information
EOHHS	Executive Office of Health and Human Services
MMIS	Medicaid Management Information System
MNF	Medical Necessity Form
OSA	Office of the State Auditor

EXECUTIVE SUMMARY

MassHealth, the state’s Medicaid program, provides access to healthcare services to approximately 1.5 million eligible low- and moderate-income individuals, couples, and families annually. In fiscal year 2014, MassHealth paid healthcare providers more than \$12.2 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represent approximately 33% of the Commonwealth’s total annual budget.

The Office of the State Auditor has conducted an audit of claims for wheelchair-van services provided to MassHealth members by Rite Way LLC (Rite Way) for the period January 1, 2013 through December 31, 2014. The purpose of this audit was to determine whether Rite Way submitted transportation claims to MassHealth in compliance with state regulations and MassHealth policies.

MassHealth pays for wheelchair-van transportation when it is delivered by contracted providers for eligible members. In order to receive payment for wheelchair-van services, transportation must be properly authorized, adequately documented, medically necessary, and appropriate to the member’s health. According to its All Provider Manuals and administrative regulations, MassHealth does not pay providers for services that are not medically necessary.

In order to properly administer claims for wheelchair-van transportation, Rite Way must have effective controls in place, including operating policies and procedures, monitoring activities, and an effective corrective action process, that ensure adherence to program regulations.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1a Page 8	Rite Way was missing PT-1 forms or Medical Necessity Forms (MNFs) for all \$17,258,633 of the claims from the audit period.
Finding 1b Page 9	Rite Way submitted, and was paid for, claims for wheelchair-van transportation for ambulatory members, totaling \$16,416,705 of the amount paid for the audit period.
Finding 1c Page 10	Rite Way submitted, and was paid for, claims for transportation from members’ homes for dates when they were hospitalized, totaling \$27,497 of the amount paid for the audit period.
Finding 1d Page 11	Rite Way submitted, and was paid for, claims for transportation to sites where members did not receive medical services, totaling \$6,466 of the amount paid for the audit period.

Recommendations
Page 12

1. Rite Way should repay MassHealth the \$16,416,705 it received in improper payments for wheelchair-van transportation for ambulatory members. With regard to the remaining \$841,928, for which the only issue was a missing PT-1 form or MNF, Rite Way should work with MassHealth to determine whether it should be repaid.
2. Rite Way should not bill for any wheelchair transportation for ambulatory members.
3. Rite Way should submit the required PT-1 forms or MNFs for all members who need wheelchair-van transportation.
4. Rite Way should develop internal controls to ensure that claims are not submitted for hospitalized members or those who have not received medical services. At a minimum, these controls should ensure that Rite Way's billing department confirms with each driver that each member was in fact transported before billing MassHealth for the transportation.

OVERVIEW OF AUDITED ENTITY

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services (EOHHS) is responsible for the administration of the state's Medicaid program, known as MassHealth. For the two-year period January 1, 2013 through December 31, 2014, MassHealth paid approximately \$39.5 million for wheelchair-van transportation for 49,745 members, as detailed below.

Amount Paid for Wheelchair-Van Transportation

Calendar Year	Paid Amount	Members Served	Number of Claims
2013	\$ 17,082,814	30,524	719,637
2014	22,458,316	32,845	1,019,642
Total	<u>\$ 39,541,130</u>	<u>63,369*</u>	<u>1,739,279</u>

* Of these 63,369 members, the unduplicated member count is 49,745.

Medicaid

Medicaid is a joint federal-state program created by Congress in 1965 as Title XIX of the Social Security Act. At the federal level, the Centers for Medicare and Medicaid Services (CMS), within the federal Department of Health and Human Services, administer the Medicare program and work with the state governments to administer their Medicaid programs.

Each state administers its Medicaid program in accordance with its CMS-approved state plan. States have considerable flexibility in designing and operating their Medicaid programs, but must comply with applicable federal requirements established by Title XIX, Section 1902, of the Social Security Act.

Wheelchair-Van Transportation

MassHealth provides wheelchair-van transportation when it is medically necessary for MassHealth members. This transportation is provided for members who have certain medical conditions, such as those who use wheelchairs; must be carried up or down stairs; or have severe mobility handicaps that prevent them from using public, dial-a-ride (e.g., the Worcester Regional Transit Authority's paratransit service for the elderly and disabled), or taxi transportation. According to the MassHealth Transportation Manual, the transportation must be requested for the member by an authorized individual, such as the member's physician, nurse, or nurse practitioner, in order for MassHealth to pay for it. It must be authorized by a Prescription for Transportation (PT-1) form if the member resides in a community-based

setting¹ or a Medical Necessity Form (MNF) if the member is in an institutionalized setting.² Both forms must include the date of service; authorizing signature; authorization period (the period when a member can receive transportation, which cannot exceed one year for a PT-1 form or 30 days for an MNF without a review of medical records); the nature of the member's condition that warrants this type of transportation rather than a less-costly form of transportation; and a description of the member's specific medical condition. Less-costly sources of transportation include, in order of increased expense, family members or friends, public transportation, dial-a-ride services, and taxis.

Wheelchair-Van Service Providers

During the audit period, 81 fee-for-service service providers were contracted with EOHHS to provide wheelchair-van transportation to MassHealth members. MassHealth regulations require contracted providers of wheelchair-van services to maintain documentation to support claims for the services, including the member's point of origin and destination, procedure code, mileage, condition of the patient, services provided, name of the driver, and evidence that the driver has had annual Criminal Offender Record Information checks. The service provider is also required to verify the member's enrollment status and coverage type.

1. Community-based settings include members' homes and group homes.
2. Institutionalized settings include nursing facilities and other facilities for long-term care.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of wheelchair-van services provided to MassHealth members by Rite Way LLC (Rite Way) for the period January 1, 2013 through December 31, 2014.

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.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did Rite Way bill MassHealth only for wheelchair-van services that were medically necessary, properly authorized, and paid in accordance with state regulations and MassHealth policies?	No; see Finding 1
2. Did Rite Way establish policies and procedures to ensure that Criminal Offender Record Information (CORI) checks were consistently performed and documented for all wheelchair-van drivers?	Yes

To achieve our audit objectives, we reviewed applicable state and federal laws, rules, and regulations; MassHealth Provider Bulletins and Transmittal Letters; MassHealth’s Claims Operations Internal Control Plan; and the MassHealth Transportation Manual. We also reviewed prior MassHealth audits conducted by OSA, the federal Department of Health and Human Services, and other independent auditors.

In order to perform this audit, we requested, and received when available, the following documentation from Rite Way:

- employee manual
- training documentation
- policies and procedures for processing claims and CORI checks

- daily billing rosters identifying service dates, member and driver names, and claim amounts
- original Prescription for Transportation (PT-1) forms and Medical Necessity Forms (MNFs) documenting the medical necessity of wheelchair-van transportation
- a list of the members provided with wheelchair-van transportation during the audit period and whether they were ambulatory

We obtained all MassHealth's claims for wheelchair-van transportation (totaling \$39,541,130) for the two-year audit period from the Executive Office of Health and Human Services' (EOHHS's) Medicaid Management Information System (MMIS). These paid claims included, at a minimum, the member's unique MassHealth identification number, the procedure code and description, the provider type, the date of service, the claim type, the primary diagnosis code and description, the place of service, the unit of service, the amount billed, and the date of payment. We performed data analytics on these claims to identify (1) the frequency and cost of services performed by providers of wheelchair-van transportation and (2) service trends and billing anomalies indicating potential fraud, waste, and abuse. Our data analytics identified high transportation costs associated with certain providers. From the MMIS claim data, we identified the top 10 providers of wheelchair-van transportation. Based on the results of this analysis, we selected Rite Way for an audit because the amount paid to this provider during our audit period (\$17,255,584) totaled almost nine times the payments made to the next-highest-paid provider and constituted 63% of the total payments made to the top 10 providers.

We performed internal control testing to determine whether scheduled wheelchair-van transportation that had been canceled or otherwise not taken had been billed to, and paid for by, MassHealth. Specifically, we randomly selected nine weeks of billing rosters and judgmentally selected 2 cities from each, for a total of 18 cities. We then determined through MMIS whether claims had been made for members whose transportation to a location in these cities had been canceled or otherwise not taken.

We then performed an on-site record review at Rite Way to examine supporting documentation for its claims paid by MassHealth. We reviewed a statistical sample of 60 member files to determine whether paid claims were properly authorized and supported by PT-1 forms or MNFs. We expanded our testing to determine whether a valid PT-1 form or MNF had been properly completed for any wheelchair-van transportation performed by Rite Way during our audit period. Additionally, we determined whether members had medical necessity for wheelchair-van transportation and documents supporting their eligibility for that transportation; whether the mileage noted in the billing rosters for each claim was consistent with the mileage billed in the claim; whether each driver had the required Rite Way driver

training certification; and whether each driver had initial and annual CORI checks. We also reviewed maintenance records on vehicles to determine whether the vehicles were maintained regularly.

Also, we visited two medical-service providers (Habit OPCO and Spectrum Health Systems Inc.) and reviewed documentation at each provider's methadone clinic to determine whether payments made to Rite Way for wheelchair-van transportation to these two clinics were proper. We also downloaded a list of all claims paid during the audit period for members who had a hospital stay of four or more days, in order to determine whether Rite Way was improperly paid for wheelchair-van transportation from any person's residence to a treatment program during a time when the person was an inpatient at a hospital.

We assessed the reliability of the MassHealth data in MMIS. As part of this assessment, we reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the data. Based on the analysis conducted, we determined that the data were sufficiently reliable for the purposes of this report.

Because of the significance of our audit findings and the fact that, throughout our audit, Rite Way officials asserted that many of the questionable activities we identified were done with MassHealth's full knowledge and consent, we provided a draft copy of this report to MassHealth for its review and comments, which are included in this report along with Rite Way's.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Rite Way submitted, and was paid for, more than \$17 million in improper claims for wheelchair-van transportation.

During our audit, Rite Way was unable to substantiate the medical necessity of any of the wheelchair-van transportation it provided to members. Specifically, Rite Way

- was missing Prescription for Transportation (PT-1) forms or Medical Necessity Forms (MNFs) for all claims;
- submitted claims for wheelchair-van transportation for ambulatory members;
- billed for wheelchair-van transportation from members' homes for dates when they were hospitalized; and
- billed for transportation on dates when members did not obtain medical services.

As a result, we question all \$17,258,633 of the payments made to Rite Way for wheelchair-van transportation during our audit period. The funds used to make these improper payments could have been used to provide medically necessary services for eligible MassHealth members.

a. Rite Way was missing PT-1 forms or MNFs for all claims.

Our statistical sample test of 60 claims revealed that all required PT-1 forms or MNFs were missing. Further testing showed that Rite Way had not completed any PT-1 forms or MNFs for the \$17,258,633 it received from MassHealth in payments for wheelchair-van transportation. Without completed PT-1 forms or MNFs, Rite Way risks providing this transportation to ineligible members (which did occur, as discussed in Finding 1b).

Authoritative Guidance

According to Section 407.421(C) of MassHealth's Transportation Manual, a completed PT-1 form is required in order for MassHealth to pay for a member's wheelchair-van transportation in a community-based setting. MassHealth requires the member's healthcare provider to specify on the PT-1 form the disability that prevents him/her from using other, less-costly, forms of transportation.

According to Section 407.421(D) of MassHealth's Transportation Manual, a completed MNF is required in order for MassHealth to pay for a member's wheelchair-van transportation in an institutionalized setting. MassHealth requires the member's healthcare provider to detail on the MNF

the medical necessity of this form of transportation. This section also states that “transportation providers are responsible for completeness of Medical Necessity Forms” and must keep a record copy of each form for six years after the date of service.

Moreover, according to Section 407.411(E), if the member's healthcare provider does not document the medical necessity of a wheelchair van, then the member must take public transportation or a taxi or rely on a family member or friend for transportation.

Reasons for Noncompliance

Rite Way senior management stated that MassHealth had told Rite Way personnel they did not have to complete PT-1 forms for wheelchair-van transportation. However, they could not provide us with any documentation that MassHealth had authorized Rite Way not to use this required form. In addition, Rite Way officials stated that they were unaware of the MNF requirement for some wheelchair-van transportation.

b. Rite Way submitted, and was paid for, claims for wheelchair-van transportation for ambulatory members.

Of the more than \$17 million in improper wheelchair-van claims submitted by Rite Way, \$16,416,705 was paid for ambulatory MassHealth members. Because Rite Way did not maintain valid PT-1 forms or MNFs, we could not use those forms to determine whether members were ambulatory. Instead, we obtained this information by reviewing the provider's contact form³ for each member in our sample. These contact forms showed that none of the 60 members in our sample required a wheelchair. Because of this high error rate, we expanded our testing in this area and found that for the 3,985 members who were associated with 634,702 claims for wheelchair-van transportation, 95% of the payments were for ambulatory members.

Further, the majority of the purported transportation was to methadone clinics. However, our on-site interviews with methadone clinic officials determined that Rite Way rarely sent patients there via wheelchair vans and that the majority of members transported were ambulatory.

3. The contact form is a proprietary document that Rite Way uses to record a member's name, address, phone number, MassHealth identification number, and Social Security number, as well as whether the member is ambulatory.

Authoritative Guidance

Section 407.471(A) of MassHealth's Transportation Manual states that non-emergency wheelchair-van transportation may be provided only to the following members:

1. *those who use wheelchairs;*
2. *those who need to be carried up or down stairs (because they are unable to walk up or down stairs or cannot walk without the assistance of two persons); and*
3. *those whose severe mobility handicaps prevent them from using public, dial-a-ride, or taxi transportation.*

Section 407.411(E) of the manual states that ambulatory members must use "public or personal transportation resources, including family or friends, whenever possible." When that is not possible, an ambulatory member must use public transportation if it is regularly scheduled and "accessible and suitable to the member's medical condition and circumstances as determined by the MassHealth agency." This section of the manual states that MassHealth pays for private transportation, such as taxis, only when such public transportation is unavailable.

Reasons for Noncompliance

Rite Way stated that MassHealth authorized it to charge all of its transportation to the wheelchair procedure codes A0130⁴ and S0215,⁵ but it could not provide documentation to support this assertion.

c. Rite Way submitted, and was paid for, claims for transportation from members' homes for dates when they were hospitalized.

During our audit period, Rite Way improperly submitted \$27,497 of claims to MassHealth for wheelchair-van transportation for hospitalized members. We identified 393 claims for transporting members from their residences to a methadone clinic and back while they were inpatients at hospitals. In most instances, members had scheduled wheelchair-van transportation for their daily methadone clinic visits before they were hospitalized. Although the transportation never occurred, Rite Way billed MassHealth for it.

4. This code represents non-emergency wheelchair-van transportation.
5. This code represents mileage for non-emergency transportation.

We brought this matter to the attention of Rite Way officials, who gave us documentation indicating that much of this transportation had occurred, even though the members were hospitalized at the time of the purported transportation and therefore it could not have happened.

Authoritative Guidance

Section 450.235(A) of MassHealth's Transportation Manual defines "services that were not actually provided" as overpayments.

Reasons for Inappropriate Payments

Rite Way's lack of adequate internal controls caused it to bill MassHealth for wheelchair-van transportation that did not occur. Specifically, Rite Way's billing method is as follows:

- A daily trip sheet of members who will be transported is generated and assigned to a driver.
- The driver calls the billing department whenever a member(s) is not present for the transportation. If the driver does not call, the billing department assumes that all members were transported.
- The billing department manually generates a billing roster identifying each member as present or absent for his/her transportation.

Our review of this process indicated that drivers did not make calls regarding canceled trips or the billing department did not make the appropriate entries in the billing roster. For example, a driver noted on one trip sheet that the member was "in the hospital" and the transportation that day should be "canceled and not billed," but Rite Way still billed MassHealth for the transportation.

d. Rite Way submitted, and was paid for, claims for transportation to sites where members did not receive medical services.

Contrary to state regulations, Rite Way improperly received \$6,466 for wheelchair-van transportation to methadone clinics where members had not received any medical services. We performed audit testing at the Habit OPCO methadone clinic and found that 18 (15.4%) of the selected 117 claims did not result from a member having methadone treatment on the date of the transportation.⁶ Our expanded testing of 499 claims identified an additional 80 claims (16%) where methadone treatment

6. Habit OPCO maintains logs of each member who has received treatment on each day. We calculated these totals by comparing the number of visits logged for a given member in a given week to the number of transportation claims filed for that member in the same week.

was not provided to the member on the date of the transportation. We performed similar testing of 143 claims at Spectrum Health Systems, Inc. and found that methadone treatment was not provided on the date of the transportation for 50 (35%) of the paid claims.⁷

Authoritative Guidance

Section 407.431(A) of MassHealth's Transportation Manual states,

*Members may obtain direct reimbursement from the MassHealth agency in accordance with 130 [Code of Massachusetts Regulations] 407.431(B) for public transportation expenses that the member incurred **when traveling to services covered by MassHealth.** [emphasis added]*

Reasons for Improper Payments

As discussed in Finding 1c, Rite Way files claims for all transportation that has been scheduled, without requiring drivers to document that the services were actually performed for each member. Any error or omission on the part of the driver or the billing department can cause an improper claim.

Recommendations

1. Rite Way should repay MassHealth the \$16,416,705 it received in improper payments for wheelchair-van transportation for ambulatory members. With regard to the remaining \$841,928, for which the only issue was a missing PT-1 form or MNF, Rite Way should work with MassHealth to determine whether it should be repaid.
2. Rite Way should not bill for any wheelchair transportation for ambulatory members.
3. Rite Way should maintain required PT-1 forms or MNFs for all members who need wheelchair-van transportation.
4. Rite Way should develop internal controls to ensure that claims are not submitted for hospitalized members or those who have not received medical services. At a minimum, these controls should ensure that Rite Way's billing department confirms with each driver that each member was in fact transported before billing MassHealth for the transportation.

Rite Way's Response

The Draft Report identifies Rite Way, LLC ("Rite Way") as a Wheelchair-van transportation service and is presented as an audit of claims for Wheelchair-van services.

7. Spectrum Health Systems, Inc. maintains logs of each member who has received treatment on each day. We calculated these totals by comparing the number of visits logged for a given member in a given week to the number of transportation claims filed for that member in the same week.

In 2010, Rite Way entered into a transportation services contract with the Commonwealth of Massachusetts. The contract has recently been revalidated. Under that arrangement, Rite Way was authorized as a Dial-A-Ride and Wheelchair-van transportation provider. . . . Rite Way's services are almost entirely consistent with Dial-A Ride services. Notwithstanding that, the State instructed Rite Way to use billing code "A0130" (A code believed to be for Wheelchair van-services) in its submissions for compensation. In fact, the State created and maintains Rite Way's electronic portal to enter billing information, but only allowed Rite Way to use the A0130 code (as opposed to a code for Dial-A-Ride). Rite Way even received training on the billing portal from MassHealth. The Commonwealth's decision to direct Rite Way to submit payment information under A0130, even with knowledge that most of Rite Way's riders were ambulatory and attending methadone clinics, does not diminish the fact that Rite Way provides services, and does so promptly pursuant to its contractual arrangement with the Commonwealth.

All of Rite Way's services were provided at the direction of MassHealth, which confirmed that Rite Way is not required to collect PT-1 forms for its transportation services. Rite Way has meticulously complied with requirements that transportation services be only provided to patients who were 0.75 miles or farther from their destinations. This is regularly confirmed by Rite Way's use of GPS and mileage calculation programs such as MapQuest.

Whether patients transported by Rite Way actually received methadone treatment is not dispositive of Rite Way's entitlement to compensation. Its responsibility was to provide MassHealth's patients with transportation services to and from clinics. A Rite Way driver, or any other transportation service, would not know if a presenting patient is ineligible for methadone treatment services on a particular day, and it is possible that a patient could be turned away.

The Draft Report recommends that Rite Way develop internal controls to ensure that claims are not submitted for hospitalized patients. In fact, Rite Way upgraded its reporting system and driver protocols in April 2014, long before the release of the Auditor's Draft Report. This new upgraded system electronically provides for real-time reports on occasions when scheduled transportation services are not provided. Drivers are trained in the use of in-field tablets that allow accurate and timely reporting of these and other events. Drivers are also trained in fraud and abuse prevention and every transportation service is electronically confirmed by the driver's certification, resulting in a generated bill for services. In effect, Rite Aid's actions have anticipated and satisfied the Auditor's recommendation.

Recommendations by the Auditor as to billing practices, procedures and coding for a non-broker, non-RTA subcontractor which contracts directly with the Commonwealth for methadone treatment transportation should be directed to the Executive Office of Health and Human Services, not at the transportation company. Other than on rare occasions of human error, Rite Way has not charged for services it did not provide or engaged in any fraudulent or improper activity. It simply provides a service to the State which the State requested, as confirmed by contractual arrangements.

MassHealth's Response

Rite Way is a fee-for-service (FFS) wheelchair-van transportation provider. Pursuant to MassHealth regulations, such providers may only bill MassHealth for medically necessary wheelchair-van services provided to members residing in institutionalized settings ("FFS Services"). FFS Services'

medical necessity is documented on medical necessity forms, instead of PT-1 forms, and FFS Services for wheelchair-vans are billed to MassHealth using procedure codes A0130 and S0215. Rite Way was not authorized to bill MassHealth for other services, like trips for members not residing in institutionalized settings or transportation for ambulatory members ("RTA Services"), which may only be provided by regional transit authorities (RTAs) that have contracted with MassHealth. RTA Services' medical necessity is documented on PT-1 forms and they are billed to MassHealth using separate procedure codes. [MassHealth has investigated alleged misconduct on Rite Way's part, including] offering cash and referral bonuses to induce MassHealth members to use Rite Way, instead of RTAs, to provide RTA Services for which Rite Way could not properly bill MassHealth.

[The Office of the State Auditor] was correct in finding that a provider of RTA Services must maintain PT-1 forms and bill using codes appropriate to ambulatory members. Rite Way's assertion that MassHealth instructed Rite Way not to maintain PT-1 forms and to bill only using certain procedure codes is misleading, because Rite Way was not authorized to bill for RTA Services at all. MassHealth did not authorize Rite Way to disregard the PT-1 form requirement or to bill MassHealth using only codes A0130 and S0215 for RTA Services. Rite Way was authorized by contract to provide FFS Services only. As stated above, FFS Services are not authorized by PT-1 forms, and are billed using only procedure codes A0130 and S0215. . . .

MassHealth became aware that Rite Way was engaging in potentially fraudulent activity, and on November 4, 2013, referred the allegations to the Attorney General Office's Medicaid Fraud Division. In accordance with the federal rules outlining good cause reasons not to suspend payments, MassHealth continued normal business operations with Rite Way at the request of the Medicaid Fraud Division so that the investigation could proceed without Rite Way having knowledge of the investigation. . . .

On August 13, 2015 MassHealth received a letter from the Medicaid Fraud Division (MFD) stating that it no longer has "good cause not to suspend payments" to Rite Way LLC. Subsequently, the MassHealth Review Team convened to examine the data and information that had been assembled and to develop a recommendation as to whether MassHealth may have an applicable good cause exception under 42 CFR 455.23 (e) to not suspend payments, or to suspend payments only in part, and whether MassHealth may want to exercise an applicable good cause exception. Ultimately, it was determined that there is not an applicable good cause exception for not proceeding with suspension of payment to Rite Way and on 8/27/15 the agency implemented a payment suspension.

Auditor's Reply

At no time during our audit was Rite Way able to provide us with documentation supporting its assertion that MassHealth was aware that most of Rite Way's riders were ambulatory and had instructed it to bill these services as if the members required wheelchair-van transportation. MassHealth's response also refutes Rite Way's assertion that MassHealth had full knowledge of, and consented to, Rite Way's improper billings.

In its response, Rite Way indicates that it provided services in accordance with its contractual agreement with the Commonwealth. This is not true. Rite Way's contractual agreement required it "to comply with all state and federal statutes, rules, and regulations applicable to the Provider's participation with MassHealth." However, contrary to state regulations, Rite Way did not maintain completed forms for all wheelchair-van transportation, and it did not provide these services only to non-ambulatory members.

Rite Way indicates that drivers would not know whether a patient was ineligible for methadone treatment on a particular day. This is not true. Had Rite Way maintained completed forms for all members, as required by state regulations and by its contract, it would have been able to ascertain the exact dates for which these members were authorized to receive wheelchair-van transportation for medical services.

In its response, Rite Way states that as of April 2014, its drivers had received extensive training and it had implemented new technology to ensure that transportation claims were no longer submitted for hospitalized patients. However, of the 393 instances in which Rite Way billed for wheelchair-van transportation for hospitalized members, 174 (44%) occurred after April 2014. This indicates that the controls and training Rite Way said it had instituted did not adequately address our recommendations to prevent improper billings for hospitalized members.

In addition, while our audit work focused on the fact that Rite Way improperly submitted claims for wheelchair-van transportation for ambulatory members and did not maintain appropriate records, MassHealth's response highlights an additional dimension to this issue. Specifically, Rite Way was not under contract with MassHealth to provide dial-a-ride services to members residing in community settings, including trips to and from methadone clinics. These services were only to be provided by regional transit authorities. Therefore, Rite Way's billing practices represent both a contractual violation (providing transportation for members in community settings) and potential fraudulent activity (billing for wheelchair-van transportation for ambulatory members). We believe that MassHealth's decision to suspend payments to Rite Way as of August 27, 2015 was appropriate under the circumstances. Further, we recommend that MassHealth develop a system edit to prevent payments for wheelchair-van services provided by fee-for-service transportation providers for members who reside in community settings and are currently served by RTAs.

Finally, we recommend that MassHealth consider sending the Office of the State Auditor the list of providers that MassHealth sends to the Attorney General's Office's Medicaid Fraud Division for

investigation. This will enable our office to coordinate audit activities with the Attorney General's Office, which should result in more timely determinations of suspected provider fraud, waste, and abuse.