



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

Making government work better

Official Audit Report – Issued February 12, 2016

Office of Medicaid (MassHealth)— Claims for Wheelchair-Van Services Submitted by Cataldo Ambulance Service, Inc.

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





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Making government work better

February 12, 2016

Mr. Robert Cataldo, Owner/President
Cataldo Ambulance Service, Inc.
177 Washington Street
Somerville, MA 02143

Dear Mr. Cataldo:

I am pleased to provide this performance audit of claims for wheelchair-van services submitted to the Office of Medicaid (MassHealth) by Cataldo Ambulance Service, Inc. 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 Cataldo Ambulance Service, Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Dennis Cataldo, Vice President, Operations, Cataldo Ambulance Service, Inc.
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
LPN	licensed practical nurse
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 1.9 million eligible low- and moderate-income individuals, couples, and families annually. In fiscal year 2015, MassHealth paid healthcare providers more than \$13.6 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represent approximately 38% of the Commonwealth’s total annual budget.

The Office of the State Auditor (OSA) has conducted an audit of claims for wheelchair-van services provided to MassHealth members by Cataldo Ambulance Service, Inc. for the period January 1, 2013 through December 31, 2014. The purpose of this audit was to determine whether Cataldo 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 for a provider 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, Cataldo 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 1 Page 8	Cataldo did not maintain properly completed Medical Necessity Forms (MNFs). This affected services that totaled as much as \$942,326.
Recommendations Page 9	<ol style="list-style-type: none">1. Cataldo should ensure that it maintains properly completed MNFs to support its wheelchair-van transportation claims. At a minimum, Cataldo should ensure that its Compliance Unit verifies appropriate signatures and titles that meet MNF requirements.2. Cataldo should periodically review the relevant criteria regarding MNFs and update its policies and procedures to reflect any changes.

Finding 2 Page 9	Cataldo did not consistently complete Criminal Offender Record Information (CORI) checks for wheelchair-van drivers.
Recommendations Page 10	<ol style="list-style-type: none">1. Cataldo should continue to perform initial as well as annual CORI checks for all of its wheelchair-van drivers.2. Cataldo should establish a formal written policy that requires annual CORI checks for all wheelchair-van-drivers, education of its staff about this policy, and implementation of controls to ensure that it is adhered to.3. Cataldo should periodically review the relevant criteria regarding CORI checks and update its policies and procedures to reflect any changes.

Although Cataldo did not maintain properly completed MNFs for some of its MassHealth members, through our audit testing we were able to determine that for each transportation claim we reviewed, there was a corresponding medical claim for the member on the same date of service. This confirmed to OSA that the transportation, although not properly authorized, was actually provided.

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 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 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 Medical Necessity Form (MNF) if the member is in an institutionalized setting.¹ The MNF must include the date of service; authorizing signature; authorization period (the period when a member can receive transportation, which cannot exceed 30 days 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. Institutionalized settings include nursing facilities and other facilities for long-term care.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 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 Cataldo Ambulance Service, Inc. 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 Cataldo 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 Cataldo establish policies and procedures to ensure that Criminal Offender Record Information (CORI) checks were consistently performed and documented for all wheelchair-van drivers?	No; see Finding 2

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 Cataldo:

- policies and procedures for processing claims and CORI checks
- billing trip reports for each claim identifying service dates, member and driver names, and claim amounts

- original Medical Necessity Forms (MNFs) documenting the medical necessity of wheelchair-van transportation

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' 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 Cataldo for an audit because the amount paid to this provider during our audit period (\$1,171,382) placed it in the top 10 wheelchair-van providers in the Commonwealth.

We performed internal control testing to determine whether scheduled wheelchair-van transportation had the appropriate documentation. Specifically, we requested from Cataldo a list and description of noncompliance claim issues identified and resolved by its Compliance Unit.² Because Cataldo did not have the list readily available for our review, we could not perform our planned testing of this relevant internal control. However, we still achieved our audit objectives by increasing the number of claims tested at Cataldo to reflect the highest level of risk.

We then performed an on-site record review at Cataldo to examine supporting documentation for its claims paid by MassHealth. We reviewed a statistical sample of files of 60 members who received transportation during our audit period to determine whether paid claims were properly authorized and supported by MNFs. We also determined whether members had medical necessity for wheelchair-van transportation and documents supporting their eligibility for that transportation, as well as whether each driver had initial and annual CORI checks.

2. The Compliance Unit, which is a unit within the Billing Department, reviews trip information sent by drivers to the Dispatch Center for adequacy, including properly authorized MNFs.

Also, for each wheelchair-van claim reviewed, we determined whether the member had a corresponding medical procedure on or around the same date of service that would indicate that the transportation was necessary.

We assessed the reliability of the MassHealth data in MMIS. As part of this assessment, we reviewed existing system control information, tested selected system controls, and interviewed knowledgeable agency officials about the data. In addition, we performed validity and integrity tests on all claim data, including (1) testing for missing data; (2) scanning for duplicate records; (3) testing for values outside a designated range; and (4) looking for dates outside designated time periods. Based on the analysis conducted, we determined that the data were sufficiently reliable for the purposes of this report.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. Cataldo Ambulance Service, Inc. did not maintain properly completed Medical Necessity Forms for up to \$942,326 of services.

Cataldo Ambulance Service, Inc. did not maintain properly completed Medical Necessity Forms (MNFs) for members receiving wheelchair-van services. The Office of the State Auditor (OSA) estimates that during our audit period, Cataldo received up to \$942,326 in payments from MassHealth for wheelchair-van services that lacked properly completed MNFs.

Our sample testing of 60 wheelchair-van claims identified 49 (82%) that lacked properly completed MNFs. The specific problems identified were (1) MNFs signed by unauthorized individuals, (2) illegible signatures, and (3) missing titles of signatories (such as physicians, physician assistants, or nurse practitioners). Using generally acceptable statistical sampling projection techniques, we determined with a 95% confidence level that as many as 61,190 (84.7%) of the total 72,243 claims paid were not supported by properly completed MNFs. Based on an average of \$15.40 per claim, we project that Cataldo received \$942,326 in payments from MassHealth during the audit period for services that lacked proper MNF documentation. Without this documentation, Cataldo risks providing this transportation to ineligible members.

Authoritative Guidance

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 that they must keep a record copy of each form for six years after the date of service.

Reasons for Noncompliance

Cataldo acknowledged that it must maintain a properly completed MNF to support each member transportation claim. However, Cataldo officials stated that it was sometimes difficult to retrieve the required signatures if facilities were busy while patients were being prepared for transportation. They also told us they were under the impression that a "responsible person" (which they interpreted as a licensed practical nurse [LPN], discharge planner, or similar staff member) was an adequate title to

authorize MNFs. However, neither an LPN nor a discharge planner is noted in the state regulations as an approved title for MNFs.

Recommendations

1. Cataldo should ensure that it maintains properly completed MNFs to support its wheelchair-van transportation claims. At a minimum, Cataldo should ensure that its Compliance Unit verifies appropriate signatures and titles that meet MNF requirements.
2. Cataldo should periodically review the relevant criteria regarding MNFs and update its policies and procedures to reflect any changes.

Auditee's Response

We make no representation that the information you provide is factual however, we have in the past been audited by MassHealth for similar compliance criteria. At no time in the past, did MassHealth or any other auditing agency, identify a non-compliant condition based on the conditions you state, specifically the lack of a signatory's title.

MassHealth's Response

MassHealth agrees with [OSA]'s recommendation that Cataldo should maintain properly completed MNFs. MassHealth intends, within six months of [OSA]'s final report, to conduct a review of Cataldo's MNFs to ensure that they are in compliance with MassHealth's regulations and if not, will take the appropriate action.

Auditor's Reply

Regardless of what prior MassHealth audits may have concluded, our audit identified deficiencies in some MNFs for members who received wheelchair-van services. We performed an assessment of MNFs, including determining who had signed the form authorizing the transport by virtue of his/her title. If the title is left blank, there is no way to readily determine whether the signature is from an authorized individual. Consequently, we urge Cataldo to implement our recommendations.

2. Cataldo did not consistently complete Criminal Offender Record Information checks for wheelchair-van drivers.

Although Cataldo documented that it performed Criminal Offender Record Information (CORI) checks on employees before they were hired, it did not consistently complete annual CORI checks for its wheelchair-van drivers. Our sample of 60 claims involved 36 drivers. We determined that 32 drivers, associated with 48 claims, did not have a valid CORI check within one year prior to the wheelchair transport. The 4 drivers associated with the remaining 12 claims did have a valid CORI check within one year prior to the

wheelchair transport. As a result of the missing CORI checks, Cataldo cannot be certain that employees with disqualifying criminal records do not have access to vulnerable MassHealth members, including those who are elderly, underage, and/or disabled.

Authoritative Guidance

MassHealth's transportation providers must comply with Section 407.405(B) of Title 130 of the Code of Massachusetts Regulations, which states,

The provider must ensure that drivers and attendants, before any contact with a MassHealth member, provide written references and undergo a Criminal Offender Record Information (CORI) check. The CORI must be in compliance with guidelines that the Executive Office of Health and Human Services may issue. The CORI must remain on file at the transportation provider's place of business and must be conducted annually thereafter.

Reasons for Lack of CORI Checks

Cataldo officials told us that they were not aware of the state regulations requiring an annual CORI check for wheelchair-van drivers until late 2014. It should be noted that our prior audit report (2014-1374-3M1, *Office of Medicaid [MassHealth]—Review of Non-Emergency Ambulance Transportation*) resulted in the Massachusetts Ambulance Association sending out an alert to all its members explaining the annual CORI requirement.³ After this alert, Cataldo began conducting annual CORI checks for each wheelchair-van driver. In addition, Cataldo stated that it now includes the required annual CORI check in each wheelchair-van driver's annual performance review.

Recommendations

1. Cataldo should continue to perform initial as well as annual CORI checks for all of its wheelchair-van drivers.
2. Cataldo should establish a formal written policy that requires annual CORI checks for all wheelchair-van-drivers, education of its staff about this policy, and implementation of controls to ensure that it is adhered to.
3. Cataldo should periodically review the relevant criteria regarding CORI checks and update its policies and procedures to reflect any changes.

3. During our audit, we confirmed that Cataldo had begun CORI checks, performing checks for 10 drivers out of the 36 we reviewed.

Auditee's Response

Cataldo officials stated that this finding was accurate.

MassHealth's Response

MassHealth agrees with [OSA]'s recommendation[s]. . . . MassHealth intends, within 6 months of [OSA]'s final report, to conduct an on-site visit to ensure that Cataldo has established a formal written policy that requires annual CORI checks for all wheelchair-van drivers, to review Cataldo's procedures, and to verify that CORI checks are being performed in accordance with Cataldo's policy and MassHealth regulations.