PROGRESS REPORT: NON-EMERGENCY MEDICAL TRANSPORTATION

LOUISIANA DEPARTMENT OF HEALTH

PERFORMANCE AUDIT SERVICES
DATA ANALYTICS UNIT
NOVEMBER 12, 2020

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 12, 2020

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our performance audit of the Medicaid Non-Emergency Medical Transportation (NEMT) program. The purpose of this audit was to evaluate whether the Louisiana Department of Health (LDH) has improved its oversight of the NEMT program since our December 2015 performance audit.

Our 2015 audit found LDH did not always provide sufficient oversight of the NEMT program. Specifically, the department did not routinely analyze NEMT claims for improper payments; it did not conduct onsite monitoring of non-ambulance providers; and it never monitored ambulance providers to ensure supporting documentation existed for their rides.

We made eight recommendations in the 2015 report to help LDH improve its oversight of the NEMT program, and the department agreed with all of our recommendations. In their response to that report, LDH officials said the issues cited would be addressed by moving NEMT into the state's Medicaid managed care model on December 1, 2015. This audit focused on whether those issues have been addressed.

In calendar years 2016 through 2018, 150,673 Medicaid recipients had more than 4.5 million NEMT encounters with a cost of approximately $151 million. An encounter is a distinct set of health care services provided to a Medicaid member enrolled with a managed care organization (MCO) on the date the services were delivered. The MCO pays the claim and then submits a record of it to LDH.

Overall, we found that LDH did not provide the MCOs with sufficient guidance to oversee the NEMT program and weakened or eliminated controls that previously existed in the program. More specifically, LDH did not update its transportation provider manual before the MCOs began overseeing the NEMT program, and it did not ensure the MCOs used consistent coding to identify NEMT services and providers in the encounter data. In addition, LDH stopped requiring documentation from medical providers to support the occurrence and need for

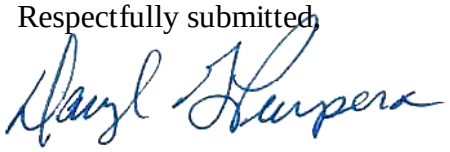
transportation, did not ensure the MCOs stored ride verification forms electronically as required by their contracts, and did not require the MCOs to review NEMT documentation to verify that their transportation brokers were enforcing program rules.

We also found that LDH did not routinely analyze NEMT encounter data to ensure that the MCOs complied with their contracts and identified potentially improper payments. As a result, we identified potential improper payments similar to those we found in our December 2015 audit. We found $4.3 million in rides for which there was no medical claim on the date of the service, $1.2 million in rides that potentially should have been identified as value-added services and excluded from the calculation of capitation rates, and $310,581 in rides that should have been paid for by nursing homes and hospice providers.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to LDH for its assistance during this audit.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

NEMT

Louisiana Legislative Auditor

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Progress Report: Non-Emergency Medical Transportation
Louisiana Department of Health

November 2020

Audit Control # 82190023

Introduction

We evaluated whether the Louisiana Department of Health (LDH) has improved its oversight of the Medicaid Non-Emergency Medical Transportation (NEMT) program since our December 2015 performance audit.[1] Our 2015 audit found that LDH did not always provide sufficient oversight of the NEMT program because it (1) did not routinely analyze NEMT claims to monitor the program for improper payments, (2) did not conduct on-site monitoring of non-ambulance providers, and (3) never monitored ambulance providers to ensure that supporting documentation existed for their rides. We made eight recommendations to improve LDH's oversight of the NEMT program, and LDH agreed with all of them. In its response, LDH stated that the issues cited in the report would be addressed by moving NEMT into the state's Medicaid managed care model (Healthy Louisiana, formerly Bayou Health) on December 1, 2015. This audit focused on whether these issues have been addressed.

NEMT is non-emergency transportation provided for Medicaid recipients to and from a Medicaid medical provider. The program provides transportation when all other reasonable means of free transportation have been explored and are unavailable.

In calendar years 2016 through 2018,[2] there were more than 4.5 million NEMT encounters[3] involving 150,673 recipients at a cost of approximately $151 million. Exhibit 1 shows the number of unique recipients, total encounters, and total costs of the NEMT program by calendar year administered by LDH's five managed care organizations (MCOs),[4] while Appendix D further details this information by type of service.

[1] https://lla.la.gov/PublicReports.nsf/91EDCC6FE5CCDA0986257F0F00589762/$FILE/0000B64C.pdf

[2] Complete calendar year 2019 data is not yet available because in Louisiana, Medicaid providers have one year to submit claims for payment.

[3] An encounter is a distinct set of healthcare services provided to a Medicaid member enrolled with an MCO on the date that the services were delivered. It is a claim paid for by the MCO then submitted to LDH.

[4] We did not include NEMT claims for Legacy Medicaid recipients still paid under the fee-for-service model in this audit's analysis or review of controls. There were 164,755 NEMT claims for Legacy Medicaid recipients with a cost of approximately $2.5 million in the Medicaid data in calendar years 2016 through 2018.

Exhibit 1
Recipients Served and Total Costs for NEMT Provided by MCOs
Calendar Years 2016 through 2018

Year	Unique Recipients*	Encounters**	Cost
2016***	61,126	1,169,620	$38,651,919
2017	80,667	1,486,735	53,588,507
2018	87,374	1,900,499	58,781,228
Total	**150,673**	**4,556,854**	**$151,021,654**

* Recipients may have rides in multiple years, so the number of unique recipients who received NEMT services for each year does not equal the total.
** The number of encounters is not the same as the number of rides, as more than one encounter can be submitted for the same ride (e.g., one charge for base rate and one for mileage) or a round trip may have only one encounter.
*** Medicaid was expanded in July 2016 to provide full Medicaid benefits to individuals from age 19 to 64 years old making income below 138% of the federal poverty level.
Source: Prepared by legislative auditor's staff using Medicaid data.

During our December 2015 audit, LDH directly administered the NEMT program for Medicaid recipients under the fee-for-service (FFS) model by enrolling transportation providers in Medicaid, paying transportation providers' claims, and contracting with a transportation broker to schedule rides. LDH now contracts with five MCOs[5] to perform these functions.[6] NEMT includes the following types of transportation:

- **Transportation by non-ambulance transportation providers, which includes public transportation, non-profit, for-profit, or friends and family providers (non-ambulance NEMT).** Each MCO contracts with a transportation broker to credential transportation providers, to schedule NEMT rides for recipients in accordance with program requirements, and to process and pay providers' claims. The MCOs paid the transportation brokers a per member per month (PMPM) fee based on the number of eligible recipients and/or utilization during the scope of our audit. Recipients call their MCO's transportation broker to give information about their medical appointment, and the transportation broker prior authorizes and schedules the trip. During the December 2015 audit, the base and mileage rates paid to transportation providers for each trip were set by an LDH fee schedule. However, the MCOs' transportation brokers now individually contract with each transportation provider, and the rates can differ for each provider and may be higher or lower than LDH's transportation fee schedule. In calendar year 2018, there were 1,835,591 non-ambulance NEMT encounters totaling $44,689,050.

- **Transportation by ambulance providers (ambulance NEMT).** An ambulance can be used for NEMT when it is medically necessary, without prior

[5] LDH contracted with AmeriHealth Caritas Louisiana, Inc.; Aetna Better Health, Inc.; Healthy Blue; Louisiana Healthcare Connections, Inc.; and UnitedHealthcare Community Plan of Louisiana, Inc. on February 1, 2015.
[6] Under the managed care model, MCOs are responsible for payment of provider claims for Medicaid services. LDH pays the MCOs a risk-based per member per month (PMPM) fee, essentially a premium, for eligible Medicaid recipients. PMPM fees are also referred to as capitation rate payments (capitation rates). FFS still covers NEMT services for a small population of Medicaid recipients who are not eligible for managed care.

authorization. During our December 2015 audit, these rides were scheduled directly through the ambulance company instead of a transportation broker. The base rate for the use of ambulances is $165.96, while mileage rates are $6.34 per mile; however, according to LDH, ambulance providers can negotiate higher or lower rates. During calendar year 2018 there were 62,589 non-emergency ambulance encounters totaling $13,839,067.

With the transition of the NEMT program to managed care, LDH's role has shifted from *administering* the program to *monitoring the MCOs' administration* of the program. LDH's oversight responsibilities include establishing guidance for the NEMT program, enforcing MCOs' compliance with contractual obligations, and analyzing the Medicaid data to identify trends indicating potential issues or improper payments.

The objective of this audit was:

To determine whether LDH has improved its oversight of the NEMT program since our December 2015 audit.

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains LDH's response to the report, and Appendix B details our scope and methodology. Appendix C contains a summary of the findings and recommendations made in our December 2015 audit report and whether each was implemented, partially implemented, or not implemented. Appendix D contains NEMT costs, encounters, and recipients by service type by calendar year; and Appendix E contains examples of how LDH's monitoring of the NEMT program is limited due to inconsistent encounter data.

Objective: To determine whether LDH has improved its oversight of the NEMT program since our December 2015 audit.

Overall, we found that LDH is still not providing sufficient oversight of the NEMT program. Specifically, we found the following:

- **LDH has not provided the MCOs with sufficient guidance to administer the NEMT program and has weakened or eliminated controls that previously existed in the program.** Specifically, LDH did not update the transportation provider manual before the MCOs began administering the program, and it did not ensure that the MCOs used consistent coding to identify NEMT services and providers in the encounter data. In addition, LDH no longer requires documentation from medical providers supporting the occurrence and need for transportation, it does not ensure that MCOs store ride verification forms electronically as required by their contracts, and it does not require that MCOs review NEMT documentation to verify that their transportation brokers are enforcing program rules.

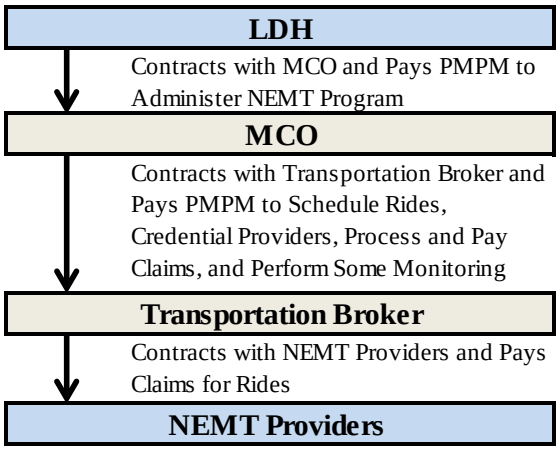
- **LDH is not routinely analyzing NEMT encounter data to ensure the MCOs are in compliance with their contracts and identifying potentially improper payments that violate NEMT program rules. As a result, we identified potential improper payments similar to those found during our December 2015 audit.** Specifically, we identified $4.3 million in rides where there was no medical claim on the date of the service, $1.2 million in rides that potentially should have been identified as value-added services and excluded from calculation of capitation rates, and $310,581 in rides that should have been paid by nursing facilities and hospice providers.

Our findings, along with recommendations to assist LDH in further strengthening its oversight of the MCO's administration of the NEMT program, are discussed in more detail on the following pages.

LDH has not provided the MCOs with sufficient guidance to administer the NEMT program and has weakened or eliminated controls that previously existed in the program.

As mentioned previously, LDH no longer has direct oversight of NEMT providers or transportation brokers. Instead, the five MCOs each contract separately with transportation brokers, who then contract with non-ambulance NEMT providers, as shown in Exhibit 2. Having updated Medicaid guidelines, requiring consistent coding of services, and mandating strong controls is important for LDH to ensure the program is properly administered by the MCOs. However, we identified multiple issues with LDH's oversight as discussed below.

Exhibit 2
Contractual Levels Separating LDH and NEMT Providers



Source: Prepared by legislative auditor's staff based on review of contracts and discussion with LDH.

LDH has not provided updated guidance to the MCOs on how to administer the program. Although Medicaid guidelines for the NEMT program are outlined in the Medical Transportation Provider Manual (manual), LDH did not update the manual to address changes as a result of the MCOs administering the program. Under their current contracts with LDH, the MCOs are allowed to establish their own policies for NEMT as long as these policies are in accordance with current Medicaid guidelines. However, LDH has not updated the manual since September 2015 to reflect current Medicaid guidelines, only parts of the manual apply to MCOs, and LDH has changed or implemented some rules through separate guidance. According to LDH, it began rewriting NEMT program rules relating to MCOs in October 2019, and it plans to publish them in a general MCO manual in January 2021.

LDH does not require that MCOs use consistent coding for NEMT services and providers in the encounter data, which makes it difficult to analyze trends and identify outlier providers. Medicaid encounters submitted by the MCOs do not use the same procedure codes to represent the same types of NEMT services, and provider names are not always included in the data. As a result, LDH cannot reliably use Medicaid data to analyze or identify important trends within the program. For example, LDH cannot calculate the total number of NEMT rides that occurred, calculate the breakdown of emergency and non-emergency ambulance services, or use the data to identify the specific providers who provided the NEMT services. These types of analyses are important for comparing the performance of MCOs, measuring the effects of program changes, and monitoring improper payments and patterns of noncompliance. Appendix E summarizes examples of how LDH's monitoring is limited by inconsistent data entry.

LDH no longer requires a medical provider's signature on ride verification forms for non-ambulance NEMT. In addition, LDH did not ensure that these forms were stored electronically as required by the MCO contracts. During our December 2015 audit, LDH required forms to be signed by the drivers, recipients, and medical providers to ensure that non-ambulance NEMT rides actually occurred. Once the MCOs began administering the NEMT program, LDH allowed them to create their own ride verification forms. However, none of the MCOs' transportation brokers require a medical provider's signature on the form. As a result, LDH and its contractors must now depend solely on driver[7] and recipient signatures to verify if rides occurred and if the recipient attended an appointment for a covered medical service. Requiring the medical provider's signature, as was done in the past, would help the MCOs and LDH ensure that payments are only made for NEMT rides that are provided in accordance with Medicaid regulations.

In addition, our December 2015 audit recommended that LDH require MCOs to use a uniform storage system or move to electronic ride verification forms for non-ambulance NEMT. Although LDH amended the MCO contracts in January 2018 to require MCOs to store all ride verification forms electronically, one transportation broker did not store them all electronically. Ensuring that all forms are stored electronically and giving LDH and MCOs access to the forms would improve their ability to monitor providers.

LDH no longer requires that the MCOs document that ambulance NEMT is medically necessary. According to the Medicaid State Plan, payment for ambulance NEMT shall only be made upon receipt of a completed form that describes the medical condition necessitating the use of ambulance services for non-emergency purposes. According to the provider manual, this form must include the signature of the licensed medical professional prescribing its necessity and the ambulance driver's signature upon the ride's completion. These forms are an important tool for ensuring that ambulance NEMT rides were medically necessary and that they occurred. However, LDH allowed MCOs to determine the type of documentation required when they began administering the program and issued an advisory in April 2018 stating that these forms are not mandatory. As a result, only two of the five MCOs currently require these forms. Monitoring ambulance NEMT rides and ensuring that these rides are medically necessary is important because these rides cost almost ten times more than non-ambulance NEMT rides.

In calendar years 2016 through 2018, the average cost of an ambulance NEMT encounter was $232, while the average cost of a non-ambulance NEMT encounter was $26.

LDH does not require that the MCOs conduct routine audits of NEMT documentation to ensure that the transportation occurred, was medically necessary, and was documented as required. The Medicaid State Plan requires LDH to conduct regular audits of NEMT documentation in order to ensure compliance with published rules and regulations. However, LDH still does not conduct routine audits of non-ambulance or ambulance NEMT documentation and has not required the MCOs to conduct routine audits as part of the program's administration. As a result, only three of the five MCOs stated that they perform periodic audits

[7] The driver signature field contained "No driver signature found" on all examples we received of electronic ride verification forms.

of non-ambulance NEMT to monitor whether their transportation brokers[8] ensure these forms are submitted and filled out correctly, and only one stated that it provides LDH with the audit results.

Recommendation 1: LDH should update the Medical Transportation Provider Manual or the MCO Manual to include all current Medicaid guidelines for the NEMT program.

Summary of Management's Response: LDH agrees with this recommendation and stated that it will include a new transportation manual within a comprehensive MCO manual that will be effective January 1, 2021.

Recommendation 2: LDH should establish comprehensive guidance for NEMT coding, implement edit checks that require valid NEMT encounter submissions, and require that specific provider names be used to improve its ability to monitor the NEMT program.

Summary of Management's Response: LDH agrees with this recommendation and stated that it has updated the NEMT fee schedule and now requires the MCOs to submit encounters in accordance with it. LDH further stated that it now requires MCOs to include the transportation provider's name in the encounter, and that it is implementing system edits to increase data accuracy and reporting by checking encounters for proper data submission.

Recommendation 3: LDH should consider requiring MCOs to require medical professional signatures on the ride verification form for non-ambulance NEMT, ensure that MCOs' transportation brokers comply with the contractual requirement to store ride verification forms electronically, and require transportation brokers to provide LDH and MCO staff access to the electronic forms.

Summary of Management's Response: LDH agrees with this recommendation and stated that it is currently developing a pilot project to add a barcode to recipients' Medicaid cards to be scanned to provide geocoding and times for the Medicaid recipients' pick-up and drop off locations.

Recommendation 4: LDH should require MCOs to implement a standard form to document medical necessity for ambulance NEMT that includes medical professional signatures and information on why the patient needed ambulance transport, similar to the form used by Medicare.

Summary of Management's Response: LDH agrees with this recommendation and stated that it has completed standardizing the form to require a medical professional signature and the condition necessitating the ambulance NEMT.

[8] Transportation brokers now require that non-ambulance NEMT providers submit ride verification forms with their claims, and the MCOs stated that their transportation brokers deny claims if the forms are missing or not completed correctly.

Recommendation 5: LDH should require that the MCOs audit NEMT documentation for both non-ambulance and ambulance NEMT; establish guidance on the frequency, amount, and content of these audits to ensure consistency; and require that MCOs submit all monitoring results to LDH.

Summary of Management's Response: LDH agrees with this recommendation and stated that reviews of NEMT provider documentation would be consistent with an existing MCO contractual requirement.

LDH is not routinely analyzing NEMT encounter data to ensure the MCOs are in compliance with their contracts and identifying potentially improper payments that violate NEMT program rules. As a result, we identified potential improper payments similar to those found during our December 2015 audit.

Our December 2015 audit found that LDH did not use data analytics on a continuous or routine basis to monitor all NEMT claims for potentially improper payments or to identify high-risk provider and recipient behavior. Since LDH is the only entity with access to Medicaid data across all five MCOs, LDH is uniquely positioned to perform routine analyses of all Medicaid data to identify potential NEMT improper payments and outlier providers or recipients. Conducting these types of analyses in conjunction with its other monitoring activities is important for LDH to ensure that the MCOs are in compliance with their contracts and identifying improper payments.

LDH currently uses Office of Motor Vehicles insurance and license data to identify issues with NEMT provider requirements, reviews whether rides' mileage exceeds geographical access requirements, and uses complaint data to identify individual instances of noncompliance or quality issues. However, LDH still does not perform or ensure that MCOs perform routine analysis of NEMT encounter data to identify improper payments due to violations of specific NEMT program rules. As a result, our review of encounter data from calendar years 2016 through 2018 identified potential improper payments similar to those found in our December 2015 audit, as described below.

We identified NEMT encounters with no medical service on the date of transportation during calendar years 2016 through 2018. Since the NEMT program provides non-emergency transportation for Medicaid recipients to and from a Medicaid provider, there should be a corresponding medical service on the day of the transportation. Not having a medical claim on the same day may indicate that transportation providers are billing for trips that did not occur, that recipients did not actually attend their appointments, or that medical providers did not correctly bill for their services.

We identified 190,299 NEMT encounters totaling $4,325,205 with no medical service on the date of transportation during calendar years 2016 through 2018, which may indicate that transportation did not occur. LDH stated that it used to conduct an analysis to identify rides without a medical claim on the date of transportation on a routine basis, but it stopped running this analysis due to the high number of false positives identified.[9] However, this analysis can be used to identify patterns of risky payments and behavior for further review. For example, we found that the two recipients with the most rides without a medical claim both received all of their potentially noncompliant rides from the same NEMT provider, as shown in Exhibit 3. This NEMT provider received a total of $78,369 for 5,521 encounters where there was no medical service identified on the same day, and these two recipients comprised 49.9% of the cost of these rides for the provider. Using this analysis in conjunction with results of other monitoring activities, such as routine reviews of complaints or documentation, could assist LDH in selecting providers and recipients with a high risk of noncompliance for review.

Exhibit 3
Example of Recipients' and Providers' Rides without a Medical Claim
Calendar Years 2016 through 2018

Recipient	Encounters	Cost
1	1,509	$24,118
2	1,017	14,952
Total	**2,526**	**$39,071***
Provider's Total	**5,521**	**$78,369**

* Total does not equal the sum of recipient 1 and 2 due to rounding.
Source: Prepared by legislative auditor's staff using Medicaid data.

We also identified NEMT encounters that only had pharmacy or value-added services on the date of transport. During our December 2015 audit, rides were never allowed to destinations prohibited by NEMT program rules, such as pharmacies. However, per their contracts, the MCO are allowed to provide services not covered by Medicaid, at their own expense. These services are called "value-added" services. However, when MCOs allow value-added NEMT rides, they are contractually required to identify the NEMT encounters as value-added services so that their costs are not included in the calculation of capitation rates paid monthly by LDH to the MCOs for each recipient. If MCOs do not ensure that value-added services are correctly identified in the encounter data, the cost of the Medicaid program could potentially be increased through inflated capitation rates, which are based in part on utilization.

[9] Our analysis considered reasons for false positives that could be accounted for using the data, such as the medical service being paid for by a third party, the medical service being denied or voided, or the transportation being provided during a surgical period spanning multiple days. See Appendix B for more details on our methodology.

We identified 35,117 NEMT encounters totaling $1,214,008 that only had pharmacy or value-added services on the date of transport, meaning they potentially[10] should have been identified as value-added services and excluded from the calculation of capitation rates. While all five MCOs offered value-added NEMT services during calendar years 2016 through 2018, only two MCOs actually submitted any value-added NEMT encounters during this period. In addition, as shown in Exhibit 4, we found that all five MCOs submitted NEMT encounters that were not identified as value-added services even though the recipient only had pharmacy services or other value-added services on the date of the ride. LDH should use the results of this analysis in conjunction with other monitoring activities to check whether MCOs are correctly identifying encounters for value-added services.

Exhibit 4
NEMT Encounters Potentially Not Identified as Value-Added Services by MCO
Calendar Years 2016 through 2018

MCO	Total Encounters	Total Cost
Aetna	1,326	$41,840
Amerihealth Caritas	6,557	209,339
Healthy Blue	4,240	102,618
Louisiana Healthcare Connections	18,626	731,876
United Healthcare	4,368	128,336
Total	**35,117**	**$1,214,008***

* Total does not equal the sum of the MCOs due to rounding.
Source: Prepared by legislative auditor's staff using Medicaid data.

In addition, we identified NEMT encounters that should have been paid by nursing facilities or hospice providers instead of the MCOs. According to LDH guidance, nursing facilities must pay for non-ambulance NEMT for their residents, as it is covered in the rate the nursing facility is paid for caring for the resident. However, we identified 10,621 encounters totaling $237,326 during calendar years 2016 through 2018 where non-ambulance NEMT for a nursing facility resident was paid by MCOs instead of the nursing facility. Similarly, LDH guidance to MCOs specifies that ambulance and non-ambulance transportation for recipients on hospice is the responsibility of the hospice provider. However, we identified 501 encounters totaling $73,254 where NEMT provided to recipients on hospice was paid by MCOs instead of hospice providers. LDH should establish processes to ensure that MCOs require nursing facility and hospice providers to pay for NEMT for Medicaid recipients they serve.

Recommendation 6: LDH and the MCOs should use routine data analytics to identify payments that potentially violate NEMT program rules, to identify providers or recipients with a high proportion of these violations, and to identify NEMT encounters that should be coded as value-added services.

Summary of Management's Response: LDH agrees with this recommendation and stated that it will supplement contractor oversight of the NEMT program with Program Integrity specific monitoring, reviews, and follow-up activities to include identifying more instances of fraud, waste, and abuse through predictive analytics and risk scoring.

[10] This analysis has the same potential for false positives as analysis of rides without a medical claim on the date of transportation. See Appendix B for more information on how we accounted for false positives when possible.

APPENDIX A: MANAGEMENT'S RESPONSE

John Bel Edwards
GOVERNOR

Dr. Courtney N. Phillips
SECRETARY

State of Louisiana

Louisiana Department of Health
Bureau of Health Services Financing

November 4, 2020

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Progress Report for Non-Emergency Medical Transportation

Dear Mr. Purpera:

Thank you for the opportunity to respond to the findings of your Progress Report for Non-Emergency Medical Transportation (NEMT). LDH acknowledges that we have room for improvement in this program. Reliable provision of transportation is a vital service, and we have been working toward greater stability for our members and providers. Over the past year, we have made several changes to upgrade this service inclusive of issuing penalties to managed care organizations (MCOs) for provider-related no-shows, working with the provider community to address concerns with insurance cost increases, and implementing a Medicaid Transportation Accountability Solution through LA Wallet that enables us to monitor the status of all drivers, to ensure the proper class of license, to ensure the validity of the license, and to identify moving violations. Additional enhancements to LA Wallet and updates to our provider manuals will allow us to continue to enhance our oversight of the NEMT program.

Finding 1: LDH has not provided the MCOs with sufficient guidance to administer the NEMT program and has weakened or eliminated controls that previously existed in the program.

Recommendation 1: *LDH should update the Medical Transportation Provider Manual or the MCO Manual to include all current Medicaid guidelines for the NEMT program.*

LDH Response: LDH agrees with this recommendation. In October 2019, prior to the initiation of the LLA audit, LDH began working on a new transportation manual. This new manual will strengthen program controls and tools for oversight as well as provide clear and standardized rules for participation in the transportation program. The new transportation manual will be included within a comprehensive MCO manual that will be effective January 1, 2021.

Recommendation 2: *LDH should establish comprehensive guidance for NEMT coding, implement edit checks that require valid NEMT encounter submissions, and require that specific provider names be used to improve its ability to monitor the NEMT program.*

LDH Response: LDH agrees with this recommendation. LDH has updated the NEMT fee schedule with an effective date of July 1, 2020, and requires the MCOs to submit encounters using the codes on the fee schedule. In conjunction with the updated fee schedule, LDH is implementing system edits that check encounters for the proper extension, claim type, and procedure code. The edits will increase data accuracy and reporting and will be implemented by January 1, 2021. Also, effective September 1, 2020, LDH requires MCOs to include the transportation provider's name as the billing and servicing provider if the provider has been assigned a National Provider Identifier (NPI) by the National Plan & Provider Enumeration System (NPPES).

Recommendation 3: *LDH should consider requiring MCOs to require medical professional signatures on the ride verification form for non-ambulance NEMT, ensure that MCOs' transportation brokers comply with the contractual requirement to store ride verification forms electronically, and require transportation brokers to provide LDH and MCO staff access to the electronic forms.*

LDH Response: LDH agrees with this recommendation. LDH has considered requiring MCOs to require medical professional signatures on the ride verification form. However, LDH is currently developing a pilot project within its Medicaid Transportation Accountability Solution with LA Wallet to place a barcode on the back of enrollee's Medicaid card. This barcode will be scanned at the pick-up and drop off location and will provide a set of geographic coordinates and time for the enrollee's trip. This will allow LDH to determine if the enrollee was transported to and picked up from a medical facility.

During the audit period, three of the four contracted brokers stored ride verification forms entirely electronically. The remaining broker utilized a combination of paper and electronic record storage. LDH is investigating if it is appropriate to send a Notice of Action to the MCO still contracted with this broker and will determine if there are grounds for assessing monetary penalties against the MCO.

Recommendation 4: *LDH should require MCOs to implement a standard form to document medical necessity for ambulance NEMT that includes medical professional signatures and information on why the patient needed ambulance transport, similar to the form used by Medicare.*

LDH Response: LDH agrees with this recommendation. LDH has completed standardizing the form based on the CMS form "Non-Emergency Ambulance Transportation / Physician Certification Statement." This form requires a medical professional signature and includes information on what condition necessitated non-emergency ambulance transportation. This new form will be effective January 1, 2021.

Recommendation 5: *LDH should require that the MCOs audits review NEMT documentation for both non-ambulance and ambulance NEMT; establish guidance on the frequency, amount, and content of these audits reviews to ensure consistency; and require that MCOs submit all monitoring results to LDH.*

LDH Response: LDH agrees that audits are an important part of program oversight. While the contracts do not contain specific language related to audits of NEMT provider documentation, there are provisions (15.2.6.11) that require the MCOs to have procedures to verify whether services that have been represented to have been delivered were received. Reviews of NEMT provider documentation would be consistent with this contractual requirement.

Finding 2: LDH is not routinely analyzing NEMT encounter data to ensure the MCOs are in compliance with their contracts and identifying potentially improper payments that violate NEMT program rules. As a result, we identified potential improper payments similar to those found during our December 2015 audit.

Recommendation 6: *LDH and the MCOs should use routine data analytics to identify payments that potentially violate NEMT program rules, to identify providers or recipients with a high proportion of these violations, and to identify NEMT encounters that should be coded as value-added services.*

LDH Response: LDH agrees that LDH and the MCOs should use data analytics to identify payments that potentially violate NEMT rules in order to identify providers and recipients with significant apparent violations and to identify encounters that should be coded as value-added services. While LDH does not *routinely* conduct the type of analysis conducted by LLA in this audit, LDH has engaged in multiple data analytics projects related to non-emergency medical transportation over the last several years.

For the last several months, LDH has been working on an algorithm similar to the one used by LLA to identify trips without a corresponding medical claim. Based on limited review, the initial analysis resulted in an excessive amount of false positives. LDH is continuing to scrub this data and refine the algorithm to reduce the incidence of false positives. However, there are many possible explanations for valid services that cannot be eliminated through data

analytics, including appointments canceled by the provider after the recipient arrived at the office or services that the provider did not bill for or could not bill for.

Because there are many possible explanations for valid services that appear in the types of data analytics conducted by the Legislative Auditors' staff, the services must be reviewed to determine if recovery is appropriate. LDH has generally found that NEMT audits have a low amount of dollars identified, with the majority of cases yielding recoveries of less than $1,000. SURS opened 140 NEMT provider cases between 2008 and 2013 with an average recovery of $712.63.

In 2016, LDH conducted an analysis of recipients receiving hospice services who also had charges billed to Medicaid for outside ambulance services similar to another analysis conducted by LLA in this audit. As with the analysis of transportation claims without corresponding claims for medical services, this type of analytics produces many false positives and requires record review to determine if the services were billed appropriately. Cases were opened on six providers on the results of this analysis.

LDH is also working on algorithms to identify transportation claims occurring during an inpatient stay, multiple transports on the same date of service, and transports for long distances. None of these algorithms can definitively identify claims that should not have been paid without conducting a record review. However, the results of these algorithms can be combined together and analyzed in conjunction with complaints received to identify the riskiest providers. In FY 2019, DXC and LDH worked together to formulate an audit plan for data mining activities, including the frequency and types of runs performed on a regular basis utilizing risk factors. LDH and DXC meet every other week to discuss the findings in each audit plan.

Program Integrity is also working with other partners in the detection of fraud waste and abuse in the Medicaid Program. In May 2020, the Healthcare Fraud Prevention Partner (HFPP) published report 19.3 Suspect Ambulance billing, which identified ambulance providers with billings with excessive mileage and trips without corresponding medical services.

Program Integrity is considering other analyses including analyzing the MCOs transportation vendors' extracts in conjunction with encounter data to identify encounters that should have been coded as value-added services, out of policy transports and date of service mismatches. Medicaid will also supplement contractor oversight of NEMTs with Program Integrity specific monitoring, reviews, and follow-up activities to include identifying more instances of fraud, waste and abuse through predictive analytics and risk scoring.

Michael Boutte, Medicaid Deputy Director, serves as the lead on this matter. If you have any questions or concerns, please contact Mr. Boutte by email at Michael.Boutte@la.gov or by telephone at (225) 342-0327.

Sincerely,

Dr. Courtney N. Phillips

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our audit of the Louisiana Department of Health (LDH). We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered calendar years 2016 through 2018, but also examined current Managed Care Organizations' (MCO) practices for administering the Non-Emergency Medical Transportation (NEMT) program to account for changes over time. Our audit objective was:

To determine whether LDH has improved its oversight of the NEMT program since our December 2015 audit.

The scope of our audit was less than that required by *Government Auditing Standards.* We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. To answer our objective, we reviewed internal controls relevant to the audit objective and performed the following audit steps:

- Researched relevant federal and state laws, regulations, and Medicaid guidance related to the administration of the NEMT program.
- Interviewed LDH staff and obtained LDH, MCO, and transportation broker policies and procedures to gain an understanding of LDH's oversight and MCOs' administration of the NEMT program.
- Sent a questionnaire to all five MCOs to obtain information on MCO and transportation broker policies and procedures for administering the NEMT program from January 2016 through July 2020.
- Obtained contracts between LDH and the MCOs and between MCOs and their transportation brokers to evaluate LDH and contractor responsibilities and requirements.
- Obtained examples of the five MCOs' and/or their transportation brokers' ride verification forms for non-ambulance NEMT and medical necessity forms for ambulance NEMT to evaluate changes from controls used during the December 2015 audit.
- Obtained MCO Fraud, Waste, and Abuse (FWA) reports submitted for calendar years 2016 through 2018, as well as results of reviews performed by LDH's Program Integrity section of MCO FWA reports submitted for two quarters of calendar year 2018, to evaluate monitoring activities performed by MCOs and their contractors.

- Obtained a list of transportation provider audits performed by LDH's Program Integrity section during calendar years 2016 through 2018 to determine whether LDH began recouping payments when providers were found to be noncompliant. We analyzed the number of audits that resulted in recoupment, but we did not analyze whether each audit found the provider to be noncompliant.

- Obtained a list of LDH actions taken for MCO noncompliance from LDH's website to evaluate actions taken due to insufficient MCO oversight of the NEMT program since January 2016.

- Obtained LDH's monthly transportation trend report to evaluate LDH's methodology for identifying non-ambulance and ambulance NEMT claims and encounters in the Medicaid data. Although LDH initially stated that LLA should use this methodology to obtain our population of NEMT encounters[11] for analysis, we worked with LDH to develop a different methodology for two reasons:

    - LDH's trend report pulls transportation encounters using the claim type[12] field; however, this field does not separate non-ambulance, ambulance, and ancillary NEMT encounters and is entered inconsistently for ambulance encounters. To account for this issue identified by LLA, LDH recommended using procedure codes to identify NEMT encounters. Using this methodology, we were able to obtain reliable populations of non-ambulance and ancillary NEMT encounters.

    - Procedure codes do not clearly distinguish emergency and non-emergency ambulance encounters. Although 93,855 encounters had procedure codes which could only be used for ambulance NEMT services, we found that 429,246 encounters had procedure codes that could be used for both emergency and non-emergency transportation. We also found that other fields that should distinguish emergency and non-emergency ambulance encounters (claim type, type of service, and claim category of service) were not entered consistently. Due to these issues identified by LLA, LDH stated that LLA should determine if there was another emergency or non-emergency ambulance encounter with the same first 11 digits of the individual claim number and modifier on the same day. This allowed us to identify 60,369 encounters as non-emergency ambulance services and 353,894 as emergency ambulance services. However, there were 188 encounters for $40,494 that matched both emergency and non-emergency ambulance services on the same date and 14,795 encounters for $3,364,664 that did not match with either, showing that this methodology does not fully compensate for inconsistency in other claim information. Although we were able to identify a reliable population of ambulance NEMT encounters for testing potential violation of program rules, we

[11] Apart from calculating the number of FFS NEMT claims, we did not evaluate claims in our analysis.
[12] The claim type field is populated based on the type of form used to submit the claim.

could not analyze trends in ambulance NEMT overall because LDH's recommended methodology could not identify all ambulance NEMT encounters.

- Due to the increase in the number of Medicaid recipients after Medicaid was expanded in July 2016 and differences in the types of coverage included in analysis for this and the December 2015 audit, trends and totals presented in this report should not be directly compared to those in the December 2015 audit.

- Analyzed Medicaid NEMT encounters to test for potential violations of NEMT program rules. When testing for these potential violations, we accounted for the following issues with the data, including potential false positive results:

    - **Identifying unique providers:** Transportation brokers separately enroll the same NEMT providers, resulting in differences in identifying numbers (such as NPI), spelling of provider names, and assigned provider type and specialty codes for the same provider. In order to group together encounters for the same provider in our analysis, we (1) used CMS NPI information to identify encounters with blank or invalid NPIs, and (2) created a field that either retained the valid NPI from the original encounter or replaced blank or invalid NPIs with the NPI used for that provider name on other records. We also used provider address information from the data and CMS to confirm that these were the same providers. However, we were not able to account for 1,391,667 (30.6%) of the 4,552,007 non-ambulance NEMT encounters for calendar years 2016 through 2018 that only listed the transportation broker's identifying information as the provider, meaning that the service provider could not be identified for these encounters.

    - **Rides without a medical service on the transportation date:** Our analysis accounted for potential false positives (i.e. an NEMT encounter that did not have a corresponding medical service in the Medicaid data on the transportation date for a legitimate reason) in several different ways:

        - We removed the following types of NEMT encounters from the analysis: (1) NEMT encounters for ancillary services, as lodging or meals may not occur on the same date as medical service; (2) NEMT encounters that were "span trips," i.e. where the Service From Date was different than the Service To Date; (3) NEMT encounters for recipients who had any FFS claims, Medicare coverage, or third party insurance coverage at any point in scope, as the data may not include medical services paid by other insurance; (4) NEMT encounters for recipients who had a dialysis service at any point in scope, as dialysis services can be billed on a capitated basis; (5) NEMT encounters for recipients who had a diabetes diagnosis at any point in scope, as providers may not bill for blood sugar checks; (6) NEMT encounters for recipients in a

nursing facility or with hospice services at any point in scope, to avoid cross-over with other analysis findings; and (7) NEMT encounters with modifiers showing origin or destination of dialysis treatment or nursing facilities for the same reasons noted above.

- We joined NEMT encounters with paid, adjusted, denied, and voided medical claims and encounters (i.e., all claims and encounters other than transportation, pharmacy, value-added services, and PMPM payments) so that a ride would not be included in our results even if the medical service on that day was denied or voided.

- We considered an NEMT encounter to have a medical service on the same day if the ride occurred on or between a medical service's Service From Date and Service To Date. In addition, for surgical procedure codes, we considered the NEMT encounter to have a medical service on the same day if it occurred at any point during the global surgical period. We used the CMS National Physician Fee Schedule to identify surgical procedure codes and their associated global surgical period, which is the period before and after a surgery in which additional services related to the surgery may be provided, but whose payment is included in the surgery.

- Our analysis did not account for potential false positives that could not be identified in the data, such as the appointment being rescheduled, the recipient being confused about the appointment date, the ride being to a dental service that occurred across multiple dates but was only billed once, rides to the provider for visits that did not result in a billable service (e.g., pick up eyeglasses without adjustment), the recipient paying to receive services from a provider not enrolled in Medicaid, the ride being for a parent to travel to pick up a child after discharge from a facility on a different day, or providers not billing for services due to low compensation amount (e.g., blood pressure checks), the recipient exceeding treatment limits, expiration of timely filing, or any other reason.

- **Rides with only pharmacy and/or value-added services on the transportation date:** This analysis was performed in conjunction with the analysis of rides without a medical service on the transportation date, so all of the same exclusions and remaining potential false positives noted above also apply to this analysis. To perform this analysis, we analyzed whether rides without any other type of medical service on the date of transportation had a paid, adjusted, denied, or voided pharmacy and/or value-added service on the date of transportation. We identified value-added services as those marked as value-added services by the MCO in the data.

APPENDIX C: SUMMARY OF DECEMBER 2015 PERFORMANCE AUDIT RECOMMENDATIONS AND LDH'S PROGRESS IN IMPLEMENTATION

Finding 1: LDH does not routinely analyze all NEMT claims data to monitor the program for potentially improper payments.	
Recommendation	**Status**
1. LDH and the MCOs should use data analytics to monitor providers to identify potentially improper payments and identify high-risk providers or recipients.	**Partially Implemented.** LDH has begun using data analytics to monitor NEMT trends and provider requirements. However, LDH still does not routinely analyze all NEMT encounter data to test for violations of NEMT program rules, and we identified instances of the same types of potential improper payments found in our December 2015 audit.
2. If it is cost-effective, LDH should recoup payments that it finds were paid in violation of program rules.	**Fully Implemented.** LDH began recouping payments from providers it identified as noncompliant. Of the 61 transportation provider audits that LDH conducted in calendar years 2016 through 2018, 17 (27.9%) resulted in recoupments totaling $157,776. We did not evaluate whether LDH recouped funds in every instance that they found noncompliance.
Finding 2: LDH has not conducted any on-site monitoring of non-ambulance NEMT providers since January 2014. Even when LDH did conduct monitoring, it did not recoup payments from noncompliant providers.	
Recommendation	**Status**
3. LDH should determine if it can recoup payments from providers it identified as noncompliant during its monitoring reviews.	**Fully Implemented.** See status related to recommendation two above.
4. LDH should ensure that MCOs conduct sufficient monitoring of providers, which could include using data analytics to create targeted samples.	**Not Implemented.** MCOs' transportation brokers began requiring non-ambulance NEMT providers to submit ride verification forms with their claims for payment, and transportation brokers deny providers' claims if documentation is missing or completed incorrectly. However, LDH has not established requirements for MCOs to audit these forms to monitor transportation brokers' proper enforcement of controls. As a result, only three MCOs perform periodic audits of these forms, and only one submits the results of audits to LDH. In addition, the transportation brokers' ride verification forms do not collect all information previously required on the LDH form.

5. LDH should require MCOs to utilize a uniform storage system for MT-3 forms or move to an electronic MT-3 form.	**Partially implemented.** MCOs' transportation brokers have replaced MT-3 forms with their own ride verification forms. LDH updated the MCO contracts in 2018 to require that the MCOs or their transportation brokers store all ride documentation electronically; however, it has not enforced this requirement. Although MCOs' transportation brokers now store ride verification forms instead of forms only being stored by transportation providers, one transportation broker did not store them all electronically. Neither LDH nor the MCOs has remote access to the electronic forms, so they still only receive forms on request.
Finding 3: Although ambulance transportation accounted for $45.8 million, or 55% of payments in NEMT from calendar years 2011 to 2014, LDH has never monitored ambulance providers to determine if support exists for the rides they provided to Medicaid recipients	
Recommendation	**Status**
6. Similar to non-ambulance NEMT, LDH should ensure that MCOs require prior authorization numbers for NEMT ambulance rides.	**Not Implemented.** Although the Medicaid State Plan has stated that ambulance NEMT rides are not prior authorized since March 2015, LDH allowed MCOs to determine whether to require prior authorization for ambulance NEMT rides when they began administering the NEMT program in December 2015. However, LDH issued an advisory in April 2018 stating that the Medicaid State Plan prohibits prior authorization for ambulance NEMT.
7. LDH should ensure that the MCOs develop a process to monitor NEMT ambulance providers to determine whether they have the required Certification of Ambulance Transportation (CAT) Forms.	**Not Implemented.** LDH does not currently require MCOs to direct ambulance providers to complete CAT or equivalent medical necessity forms, or require MCOs to audit these forms.
8. LDH should consider amending or changing the Certification of Ambulance Transportation (CAT) form to include more information on why the patient needed ambulance transport, similar to the Medicare form. For example, the form could include whether the patient is bed-ridden or has a condition, such as the need for cardiac monitoring, which requires an ambulance.	**Not Implemented.** The Medicaid State plan has stated that ambulance NEMT is paid only upon receipt of a completed CAT form since March 2015. However, LDH allowed MCOs to determine what documentation to require for ambulance NEMT rides when they began administering the NEMT program in December 2015. In April 2018, LDH issued Health Plan Advisory 18-5 confirming that collection of these forms is not mandatory. Currently, only two MCOs require some version of this form to be completed, and neither includes more information than the CAT form on why the patient needed ambulance transport.

APPENDIX D: NEMT COSTS, ENCOUNTERS, AND RECIPIENTS BY SERVICE TYPE FOR CALENDAR YEARS 2016 THROUGH 2018

Service Type	Measure	2016	2017	2018	Overall
Non-Ambulance NEMT	Unique Recipients*	54,116	70,478	75,535	126,992
	Total Cost	$29,453,890	$40,674,168	$44,689,050	$114,817,107**
	Number Encounters	1,126,646	1,435,546	1,835,591	4,397,783
Ambulance NEMT***	Unique Recipients*	9,185	14,691	17,080	35,949
	Total Cost	$9,100,910	$12,802,519	$13,839,067	$35,742,495**
	Number Encounters	42,168	49,467	62,589	154,224
Ancillary NEMT Services (Lodging, Meals, Etc.)	Unique Recipients*	64	121	198	306
	Total Cost	$97,119	$111,820	$253,112	$462,052**
	Number Encounters	806	1,722	2,319	4,847
Totals Overall	**Unique Recipients***	**61,126**	**80,667**	**87,374**	**150,673**
	Total Cost	**$38,651,919**	**$53,588,507**	**$58,781,228****	**$151,021,654**
	Number Encounters	**1,169,620**	**1,486,735**	**1,900,499**	**4,556,854**

* Recipients may have rides in multiple years, so the number of unique recipients who received NEMT services for each year does not equal the total number of unique recipients who received NEMT services.
** Totals do not equal the sum due to rounding.
***Totals for ambulance NEMT encounters are understated due to data reliability issues explained in Appendix B.
Source: Prepared by legislative auditor's staff using Medicaid data.

APPENDIX E: EXAMPLES OF LIMITATIONS TO LDH MONITORING DUE TO INCONSISTENT NEMT ENCOUNTER DATA

LDH Limitation	Cause	Effect
Cannot calculate total number of NEMT rides	**MCOs inconsistently submit one or multiple encounters for a single ride.** LDH allows MCOs to decide which procedure codes to use for non-ambulance NEMT services. For one ride, MCOs may submit one encounter with a fixed rate or separate encounters for base rate and mileage depending on rates established in each provider's contract. According to LDH, providers should always bill each leg of a ride separately; however, we also found potential instances of only one encounter for a round trip.	Since LDH cannot identify unique rides in the data, LDH cannot monitor trends such as the average total cost per ride or identify individual rides with outlier rates charged.
Cannot clearly distinguish emergency from non-emergency ambulance services	**Some procedure codes can be used for both emergency and non-emergency ambulance transportation even though they are subject to different program rules, and we found that other claim information that should distinguish these services (claim type, type of service, and claim category of service) is not entered consistently.** As a result, for encounters with procedure codes that can be used for emergency or non-emergency ambulance services, LDH directed us to include or exclude these encounters in our NEMT analysis based on whether they occurred on the same day as another non-emergency or emergency ambulance encounter with common identifying information, respectively. However, some encounters matched with both or did not match with any emergency or non-emergency ambulance encounters on the same day, showing that this methodology does not fully compensate for inconsistency in other claim information.*	The inability to separate these services limits LDH's ability to analyze ambulance NEMT encounters overall. For example, LDH's monthly transportation trend report identifies encounters with two procedure codes that can be used for emergency or non-emergency ambulance services as ambulance NEMT, causing it to include 341,248 encounters totaling more than $28 million as non-emergency ambulance services in calendar years 2016 through 2018 that we excluded from NEMT analysis based on the methodology that LDH recommended to compensate for issues with inconsistent data entry. As a result, LDH's trend reports are inaccurate for both emergency and non-emergency ambulance services. In addition, LDH cannot use the data to compare the outcomes of different MCO policies, such as requiring prior authorization or medical necessity forms.
Cannot identify outlier providers	**Transportation brokers separately enroll the same NEMT providers, resulting in differences in identifying numbers, spelling of provider names, and assigned provider type and specialty codes for the same provider.**** In addition, 1,391,667 (30.6%) of the 4,552,007 non-ambulance NEMT encounters for calendar years 2016 through 2018 only listed the transportation broker's identifying information as the provider.	Inconsistent provider information increases the difficulty of analyzing all encounters for one unique provider or a specific subset of providers. In addition, LDH cannot use the data to identify the specific provider who provided the NEMT service for almost one-third of non-ambulance NEMT encounters, as these encounters list the transportation broker as the provider instead of the actual provider.

* Although we could not obtain a complete population of all ambulance NEMT encounters and therefore could not analyze trends for these services overall, we were able to identify a reliable subset of these encounters sufficient to perform testing of specific program rules. See Appendix B for more details on our methodology.

** According to LDH, these issues will be resolved once LDH establishes a central provider registry, as transportation providers will then enroll as Medicaid providers. However, LDH does not have a timeline for when this will happen. LDH was required to have the registry in place by January 1, 2018 according to CMS.

Source: Prepared by legislative auditor's staff based on analysis of Medicaid data and discussions with LDH staff.