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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 10, 2007

Richard F. Daines, MD
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Report 2007-F-19

Dear Dr. Daines:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by the Department of Health officials to implement the recommendations contained in our audit report, *Duplicate Medicaid Payments to Fulton County Ambulance* (Report 2006-S-30).

Background, Scope and Objective

The Department of Health (Department) administers the State's medical assistance program (Medicaid), which was established under Title XIX of the federal Social Security Act to provide needy people with medical assistance. In New York State, this program is funded jointly by the federal, State and local governments. Its management information and claims processing functions are handled through the State's eMedNY system, which the Department implemented on March 24, 2005.

The Department's Medicaid Transportation Manual (Manual) covers the billing procedures for ambulance-related services. According to the Manual, an ambulance company should not bill Medicaid for both basic life support services and advanced life support services when an advanced life support service is provided. The provision of advanced life support services includes the delivery of basic life support services. As such, when an ambulance is sent to the scene and it provides advanced life support services, only that service should be billed to Medicaid. Further, when an ambulance company provides advanced life support assistance to another ambulance provider that is only capable of providing basic life support services, the assisting company is allowed to bill for advanced life support services at a reduced fee since they are not using their own vehicle. The Department has developed a separate billing code for such advanced life support assist services. However, if the local Social Services office does not establish a rate for this advanced life support assist code, the local ambulance providers cannot bill for these services. In addition, when

an ambulance provider transports a patient from one hospital to another, the transporting ambulance provider cannot bill for advanced life support services unless it actually provides specific services designated as advanced life support services. For example, if the discharging hospital establishes a patient's intravenous tube (IV) and the transporting ambulance provider does nothing but monitor the IV during the transport, the transporting ambulance provider cannot bill for advanced life support services. In this instance, the transporting ambulance provider is entitled to reimbursement for basic life support services only.

Our initial audit report, which was issued on July 19, 2006, audited Medicaid claims paid to Fulton County Ambulance for the five year period ended January 15, 2006. Our objective was to determine if Fulton County Ambulance billed basic life support services, advanced life support services and advanced life support assist services according to the billing policy set forth in the Department's Manual. Our initial audit found the provider inappropriately billed for both basic life support services and advanced life support services when services were rendered. The objective of our follow-up, which was conducted in accordance with generally accepted government auditing standards, was to assess as of September 20, 2007, the extent of implementation of the three recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

We found that Department officials have implemented two of the three recommendations from our initial audit report, and are in the process of implementing the third recommendation.

Follow-up Observations

Recommendation 1

Recover the \$122,307 overpayments we identified.

Status - Implemented

Agency Action - The Department, through the Office of the Medicaid Inspector General (Office) issued a draft report to Fulton County Ambulance requesting repayment of our audit finding. The Office is in the process of issuing the report as a final report, upon which time the collection process will begin.

Recommendation 2

Instruct Fulton County Ambulance on the proper way to bill basic life support, advanced life support and advanced life support assist transportation services.

Status - Implemented

Agency Action - A letter from the Department, dated August 3, 2006, was sent to Fulton County Ambulance addressing the incorrect billing practices found at the provider, as well as the proper way to bill basic and advanced life support services.

Recommendation 3

Determine if edits could be designed and added to eMedNY to prevent these types of overpayments from occurring.

Status - Partially implemented

Agency Action - An edit was designed and implemented on August 1, 2006. However, the edit was inappropriately denying valid claims, so it was turned off in December 2006. Currently, refined criteria needs to be developed for an edit to properly prevent these types of overpayments from occurring.

Major contributors to this report were Andrea Inman, Wendy Matson and Daniel Towle.

We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Sheila Emminger
Audit Manager

cc: Lisa Ng, Division of the Budget
Stephen Abbott, Department of Health
Steve Sossei, OSC State Government Accountability