

Inspections Report

Ambulance Claims Oversight

Community First Health Plans



**Inspector
General**

Texas Health
and Human Services

August 30, 2023

Revised: August 31, 2023
OIG Report No. INS-23-012



Ambulance Claims Oversight

Community First Health Plans

Results in Brief

Why OIG Conducted This Inspection

In 2021, the OIG Audit and Inspections Division audited ground emergency ambulance services and found an ambulance provider submitted non-medically necessary claims with the required modifier and the claims were paid by some MCOs as medically necessary.

Summary of Review

The inspection objective was to determine whether Community First Health Plans has processes and controls to ensure non-medically necessary ambulance claims are denied in compliance with applicable requirements.

The inspection scope covered the period from September 1, 2021, through August 31, 2022.

Management Response

OIG Inspections presented preliminary inspection results, issues, and recommendations to Community First in a draft report dated August 21, 2023. Community First agreed with the inspection recommendations and indicated it had already taken corrective actions. Community First's complete management response is included in the report.

For more information, contact:

OIGInspectionsReports@hhs.texas.gov

Key Results

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Inspections) conducted an inspection of Medicaid ambulance services claims paid by Community First Health Plans (Community First), a Texas Medicaid managed care organization (MCO) contracted to provide Medicaid and Children's Health Insurance Program (CHIP) services to members.

The inspection reviewed Community First's non-medically necessary ambulance claims, indicated by a GY modifier during the inspection scope. Ambulance transport claims with a GY modifier are manually reviewed by claims processing staff. Claims staff have a job aid for reference, but it does not address how to process non-medically necessary ambulance transport claims. Community First's claims processing staff did not consistently deny the claims, as required. Consequently, Community First paid Texas Medicaid funds for 33 non-medically necessary ambulance transport claims.

Recommendations

Community First should:

- Retrospectively review and recover all identified Texas Medicaid payments made to providers for claims with GY modifier.
- Revise the job aid and train the staff to correctly process ambulance transport non-medically necessary claims.

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Inspection Overview

Overall Results

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Inspections) conducted an inspection of Medicaid ambulance services claims received by Community First Health Plans, Inc. (Community First), a Texas Medicaid managed care organization (MCO) contracted to provide Medicaid and Children's Health Insurance Program (CHIP) services to members.

The inspection tested 185 of Community First's non-medically necessary ambulance claims, indicated by a GY modifier, during the inspection scope.

Community First has a claim processing system that identifies claims with a GY modifier and puts these claims in a pend status for claims staff review. Community First's claims processing staff did not consistently deny the claims as required. Consequently, Community First paid for non-medically necessary ambulance claims that contained a GY modifier.

OIG Inspections offered recommendations to Community First, which, if implemented, will help Community First's ambulance claim payments comply with applicable requirements.

This report is considered written education in accordance with Texas Administrative Code.¹ Inspection findings identified in this report (a) may be referred to the Texas Health and Human Services Commission (HHSC) for potential pursuit of enforcement remedies or (b) may be subject to OIG administrative enforcement measures,² including administrative penalties.³

OIG Inspections presented preliminary inspection results, issues, and recommendations to Community First in a draft report dated August 21, 2023. Community First agreed with the inspection recommendations and indicated it had already taken corrective actions. Community First's complete management response is included in Appendix B.

¹ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

² 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

³ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

OIG Inspections thanks management and staff at Community First for their cooperation and assistance during this inspection.

Objective

The inspection objective was to determine whether Community First has processes and controls to ensure non-medically necessary ambulance claims are denied in compliance with applicable requirements.

Scope

The inspection scope covered the period from September 1, 2021, through August 31, 2022.

Background

Texas Medicaid ambulance services include both nonemergency and emergency transports. An emergency transport service is a Medicaid benefit when the member has an emergency medical or behavioral health condition. A nonemergency ambulance transport is a Medicaid benefit for members to or from scheduled medical appointments or licensed treatment facilities, or to the member's home after discharge from a hospital when the member has a medical condition for which the use of an ambulance is the only means of transportation. Community First network providers must use the GY modifier when submitting a claim for a non-medically necessary transport.⁴ Ambulance transportation must be medically necessary for the patient's condition at the time of transport to be eligible for payment under Medicaid.⁵

During the scope of the inspection, Community First received \$862 million in Texas Medicaid funds and served an average of 166,436 Texas Medicaid members each month.

What Prompted This Inspection

In 2021, the OIG Audit and Inspections Division audited ground emergency ambulance services and found an ambulance provider submitted non-medically necessary claims with the required modifier and the claims were paid by some

⁴ Texas Medicaid Provider Procedures Manual, Vol. 2, "Ambulance Services Handbook" § 2.2.5.7 (Sept. 2021 through Aug. 2022).

⁵ Texas Medicaid Provider Procedures Manual, Vol. 2, "Ambulance Services Handbook" § 2.2 (Sept. 2021 through Aug. 2022).

MCOs as medically necessary. The link to the audit report can be found in Appendix C.

Detailed Results

OIG Inspections reviewed 185 of Community First's non-medically necessary transport claims with a GY modifier for service dates from September 1, 2021, through August 31, 2022, to determine whether they complied with Texas Medicaid requirements.

OIG Inspections confirmed with Community First that Community First expects its providers to use the GY modifier to submit claims when the provider is aware no medical necessity for the transport existed as required by the Texas Medicaid Provider Procedures Manual (TMPPM) Ambulance Services Handbook. Ambulance transport claims received by Community First with a GY modifier should not be paid with Medicaid funds.

The following sections of this report provide additional detail about the findings of noncompliance observed by OIG Inspections.

Observation: Community First Paid 33 Non-Medically Necessary Transport Claims

Community First paid 33 of the 185 non-medically necessary transport claims reviewed (18 percent) in error.

Community First's claims processing system identifies the GY modifier and places the claim in a "pend" status for further review by claims processing staff. The Community First claims processing staff have a job aid with instructions on how to pay emergency transport claims, but it contains no instructions for processing non-medically necessary claims. Community First asserted the claims processing staff paid the 33 non-medically necessary transport claims in error.

Payments for non-medically necessary transport claims containing a GY modifier may result in overpayments to ambulance transport providers.

Recommendation

Community First should:

- Retrospectively review and recover all identified payments made to providers for ambulance transport claims with GY modifier.
- Revise the job aid and train the staff to correctly process ambulance transport non-medically necessary claims.

Community First agreed with the inspection recommendations and indicated it had already taken corrective actions. Community First's complete management response is included in Appendix B.

OIG Inspections Comment

OIG Inspections did not conduct follow-up testing to verify Community First's assertion that it completed the corrective actions.

Appendix A: Methodology, Standards, and Criteria

Detailed Methodology

To achieve its objective, OIG Inspections collected information through (a) discussions with OIG Fraud Analytics and Data Operations staff (b) discussions and interviews with Community First staff and (c) a review of:

- Statutes, regulations, policies, and procedures that address the objective.
- Encounter and paid claims data.

To select an MCO for inspection, OIG Inspections considered the following criteria:

- MCOs' responses to an OIG Inspections questionnaire.
- Number of ambulance encounters with a GY modifier.

OIG Fraud Analytics and Data Operations staff identified 18,168 ambulance encounters during the scope of the inspection for Community First. Of those, four ambulance providers submitted the 488 ambulance encounters with a GY modifier. OIG Inspections focused on the encounters submitted by the provider with 480 of the 488 encounters. The 480 encounters resulted in a total of 185 claims for testing.⁶ Of those, 33 claims had a paid status.

Standards

OIG Inspections conducts inspections of Texas HHS programs, systems, and functions. Inspections are designed to be expeditious, targeted examinations into specific programmatic areas to identify systemic trends of fraud, waste, or abuse. Inspection reports present factual data accurately, fairly, and objectively, and present findings, conclusions, and recommendations in a persuasive manner to strengthen program effectiveness and efficiency. OIG Inspections conducted the inspection in accordance with *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

⁶ A claim can contain one or more encounters for each procedure code performed on the date of service.

Criteria

OIG Inspections used the following criteria to evaluate the information provided:

- Texas Medicaid Provider Procedures Manual, Vol. 2, "Ambulance Services Handbook" §§ 2.2 and 2.2.5.7 (2021 through 2022)

Appendix B: Management Response

COMMUNITY FIRST
HEALTH PLANS
Non-Medically Necessary Ambulance Claims
Report Response to the
Office of the Inspector General

Overall Results

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Inspections) conducted an inspection to determine whether Community First Health Plans, Inc. (Community First) has processes and controls to ensure non-medically necessary ambulance claims are denied in compliance with applicable requirements. The inspection scope covered the period from September 1, 2021, through August 31, 2022.

Observation 1: Community First Paid 33 Non-Medically Necessary Transport Claims

Community First paid 33 of the 185 non-medically necessary transport claims reviewed (18 percent) in error. Community First's claims processing system identified the GY modifier and placed the claim in a "pend" status for further review by claims processing staff. The Community First claims processing staff have a job aid with instructions on how to pay emergency transport claims, but it contains no instructions for processing non-medically necessary claims. Community First stated the claims processing staff paid the 33 non-medically necessary transport claims in error.

Recommendation 1

Community First should retrospectively review and recover all identified payments made to providers for ambulance transport claims with GY modifier.

Community First Health Plans Management Response

Community First acknowledges that payments for non-medically necessary transport claims containing a GY modifier may result in overpayments to ambulance transport providers. Community First immediately took action to review the claims identified by the OIG and initiated payment recovery.

Action Plan

- A. **Review and Recoup Payment for Ambulance Claims with the GY Modifier.**
 - 1. Review ambulance claims with a GY modifier, to include those claims identified by the OIG. Department: Claims. Status: Completed.
 - 2. Process recoupment of claims for non-medically necessary transport, as identified by the OIG. Department: Claims. Status: Completed 06/13/2023.

- B. **Claims Configuration to Automate Denial of Ambulance Claims with a GY Modifier.**
 - 1. Configure a claim edit to deny ambulance claims with a GY modifier. Department: Configuration. Status: Completed.
 - 2. Test adjudication of non-medically necessary claims. Look for denial of claims from providers who bill with a GY modifier. Department: Configuration. Status: Completed.

3. Test adjudication of non-medically necessary claims. Look for denial of claims from providers who bill with a GY modifier. Department: Claims. Status: Completed.
4. Move the new claims edit into the live environment. Department: Configuration. Status: Completed 05/18/2023.
5. Evaluate accuracy of the implementation of the new claims edit, through review of claims processed. Look for denial of claims from ambulance providers who bill with a GY modifier. Department: Claims. Status: Completed. As recently as 08/24/2023, staff monitoring indicates that non-medically necessary claims with a GY modifier are denied for the Medicaid program.

C. Audit for improper adjudication of non-medically necessary transportation.

1. Under the Enterprise Risk Management program, assess appropriate adjudication of non-medically necessary claims. The Director of Audit Services will conduct routine review of ambulance claims, monitoring for denial of ambulance claims with a GY modifier. Department: Risk Management/Special Investigation Unit. Target date: Quarter 4 2023.

Responsible Managers

Ruth Spriggs, Claims Director
 Chryseis Hecox-Hudson, Claims Manager
 Tess Villarreal-McLain, Configuration & Data Integrity Director
 Lisa De Leon, Business Risk Management Sr. Manager
 Helen Spaustat, Director of Audit Services

Target Implementation Date

June 30, 2023. Completed.
 Risk Management audit of this claim type to begin Quarter 4 2023.

Recommendation 2

Community First should revise the job aid and train the staff to correctly process ambulance transport non-medically necessary claims.

Community First Health Plans Management Response

The job aid for ambulance transportation was updated to include information regarding non-medically necessary transportation. After the claim edit was put into production, staff education was completed, including dissemination of the revised job aid. Staff education raises awareness regarding non-medically necessary ambulance transport and provides an opportunity for staff to identify and report waste.

Action Plan

A. Revise the job aid for non-medically necessary claims.

1. Review coding for ambulance transportation, as per TMHP. Department: Claims. Status: Completed.

2. Revise the job aid for ambulance transportation, to include claims regarding non-medically necessary transportation. Department: Claims. Status: Completed.

B. Staff training regarding non-medically necessary transportation and the GY modifier.

1. Conduct staff training regarding ambulance claims, noting non-medically necessary transportation and the GY modifier. Department: Claims. Status: Completed during team meetings. Job aid provided electronically.

Responsible Managers

Ruth Spriggs, Claims Director
Chryseis Hecox-Hudson, Claims Manager

Target Implementation Date

June 30, 2023. Completed

Appendix C: Related Reports

- Inspection of Ambulance Claims Oversight: Driscoll Health Plan, [INS-23-011](#), August 29, 2023
- Inspection of Ambulance Claims Oversight: Molina Healthcare of Texas, Inc., [INS-23-009](#), June 1, 2023
- Audit of Acadian Ambulance Services, [AUD-21-015](#), July 28, 2021

Appendix D: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

For more information on ambulance services:

“TMPPM Ambulance Services Handbook,” HHSC,
https://www.tmhp.com/sites/default/files/file-library/resources/provider-manuals/tmpm/pdf-chapters/2023/2023-03-march/2_Ambulance_Services.pdf (accessed March 22, 2023)

For more information on Community First Health Plans:

Homepage, Community First Health Plans,
<https://communityfirsthealthplans.com/> (accessed June 20, 2023)

Appendix E: Report Team and Distribution

Report Team

OIG staff members who contributed to this inspection report include:

- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Bruce Andrews, CPA, CISA, Director of Inspections
- James Aldridge, CFE, Manager of Inspections
- Marco Diaz, Lead Inspector
- Kenin Weeks, Senior Inspector
- Tiana Clayton, Senior Inspector
- Mo Brantley, Senior Audit Operations Analyst

Report Distribution

Health and Human Services

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Chief Audit Executive
- Emily Zalkovsky, Chief Medicaid and CHIP Services Officer, Medicaid and CHIP Services
- Shannon Kelley, Deputy Executive Commissioner for Managed Care
- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services

Community First Health Plans

- Theresa Scepanski, President and Chief Executive Officer
- Susan Lomba, Chief Compliance and Quality Officer
- Ruth Spriggs, Claims Director
- Terry Fehlhaber, Executive Director, Information Systems
- Chryseis Hecox-Hudson, Claims Manager
- Tess Villarreal-McLain, Configuration and Data Integrity Director
- Pam Mata, Senior Compliance Manager
- Anna Khalaf, Senior Compliance Manager
- Jeanny Gomez, Senior Compliance Manager
- Lisa De Leon, Business Risk Management Senior Manager
- Helen Spaustat, Director of Audit Services

Appendix F: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Diane Salisbury, Chief of Data Reviews
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

To Obtain Copies of OIG Reports

- OIG website: ReportTexasFraud.com

To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

To Contact OIG

- Email: oig.generalinquiries@hhs.texas.gov
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000