United States Government Accountability Office

Report to Congressional Requesters

February 2016

NONEMERGENCY MEDICAL TRANSPORTATION

Updated Medicaid Guidance Could Help States

Accessible Version

GAO-16-238

February 2016

NONEMERGENCY MEDICAL TRANSPORTATION

Updated Medicaid Guidance Could Help States

GAO Highlights

Highlights of GAO-16-238, a report to congressional requesters

Why GAO Did This Study

Medicare and Medicaid provide NEMT services to eligible beneficiaries who need transportation to scheduled nonemergency care. CMS administers Medicare NEMT benefits and is responsible for overseeing Medicaid at the federal level. Spending on NEMT under these programs was $2.7 billion in 2013—$1.2 billion for Medicare and $1.5 billion for Medicaid. Increased demand for NEMT because of increased Medicaid enrollment has led states to seek ways to more efficiently operate NEMT.

GAO was asked to review NEMT under Medicare and Medicaid. This report examines 1) key features of NEMT services under Medicare and Medicaid and how these services are delivered; 2) steps CMS has taken to oversee NEMT under Medicare as well as Medicaid; and 3) the challenges that exist in providing NEMT under Medicaid and steps that selected state Medicaid agencies have taken to address those challenges.

GAO reviewed key documents and interviewed officials from CMS; 15 selected states that range in terms of Medicaid enrollment and geography; and stakeholders, including transportation brokers, health plans, and health care and transportation industry groups.

What GAO Recommends

GAO recommends that the Secretary of HHS direct CMS to assess current Medicaid NEMT guidance and update it as needed. HHS concurred with our recommendation and provided technical comments which we incorporated as appropriate.

View GAO-16-238. For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov, or Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

What GAO Found

The nonemergency medical transportation (NEMT) benefits offered by Medicare and Medicaid differ. Medicare provides NEMT via ambulance only when other means of transportation, such as a taxi or wheelchair van, would jeopardize the health of the beneficiary. Medicaid NEMT is generally available for beneficiaries who have no other means of transportation to medical services. States are responsible for the daily operations of their Medicaid programs and have discretion in how they deliver NEMT. Officials from 15 selected states reported using a variety of models to administer NEMT, including transportation brokers, which are entities that contract with states to administer NEMT services.

The Centers for Medicare & Medicaid Services (CMS), within the Department of Health and Human Services (HHS), oversees Medicare and Medicaid at the federal level, but this oversight varies by program. CMS generally uses regular program integrity activities—such as claims reviews—to oversee Medicare NEMT. Under Medicaid, CMS also uses regular oversight activities, and these include overseeing states' program integrity activities and periodically issuing guidance. However, some of CMS's guidance is outdated or may be of limited use because of legislative and other changes that affect Medicaid and states' NEMT programs. For example, a 1998 guidebook on NEMT contains outdated information on implementing NEMT transportation broker programs. Other more recent guidance is targeted for patients and providers rather than state Medicaid programs. However, these programs also benefit from updated guidance on strategies to ensure compliance with federal requirements while incorporating current practices to meet beneficiaries' needs. Guidance for state Medicaid programs is particularly important because NEMT is at high risk for fraud and abuse; some selected states and stakeholders GAO interviewed reported that updated guidance could be helpful. *Standards for Internal Control in the Federal Government* states that management should ensure adequate means of communicating with stakeholders. Effective communications can take many forms, including guidance. CMS officials reported that the agency is considering assessing whether additional NEMT guidance is needed, but has not set time frames for conducting this assessment.

GAO identified four types of challenges related to Medicaid NEMT and several steps taken by states to address some of these challenges. Challenges reported related to containing costs, maintaining program integrity, contracting with and overseeing vendors, and accessing NEMT. For example, states reported challenges containing NEMT costs due to increased NEMT utilization and reported implementing practices to help address these challenges. Such practices include setting fixed provider reimbursement fees that remained relatively constant in recent years. Officials from 7 of the 15 selected states and 6 stakeholders GAO interviewed reported that having information on how states administer NEMT and ways to address challenges could be helpful to states. Some of this information is available; for example, CMS reported collecting information on states' approaches through state Medicaid plans and posting this information on CMS's website. Other organizations, such as the Transit Cooperative Research Program, have or are in the process of collecting such information.

Contents

Tables

Abbreviations

CMS	Centers for Medicare & Medicaid Services
ESRD	end-stage renal disease
HHS	Department of Health and Human Services
MedPAC	Medicare Payment Advisory Commission
NEMT	nonemergency medical transportation
OIG	Office of Inspector General
PPACA	Patient Protection and Affordable Care Act
TCRP	Transit Cooperative Research Program

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

February 2, 2016

The Honorable Orrin G. Hatch
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Johnny Isakson
United States Senate

Transportation to medical care is essential for many Medicare and Medicaid beneficiaries. A number of federal programs, including Medicare and Medicaid, can provide funding for nonemergency medical transportation (NEMT) service.[1] The Centers for Medicare & Medicaid Services (CMS), within the Department of Health and Human Services (HHS), administers the Medicare program, including NEMT benefits. CMS also oversees the design and operation of state Medicaid programs and their administration of NEMT benefits, but the states are responsible for the day-to-day operations of their Medicaid programs, including NEMT benefits. While NEMT is an important benefit for some beneficiaries, NEMT expenditures are relatively small compared to overall Medicare and Medicaid spending.[2] In calendar year 2013, spending on NEMT under these programs exceeded $2.7 billion—$1.2 billion and $1.5 billion for

[1]We found that 42 programs across six federal departments—Agriculture, Education, Health and Human Services, Housing and Urban Development, Transportation, and Veterans Affairs—can provide funding for NEMT. See GAO, *Transportation Disadvantaged Populations: Nonemergency Medical Transportation Not Well Coordinated, and Additional Federal Leadership Needed*, GAO-15-110 (Washington, D.C.: Dec. 10, 2014).

[2]According to CMS's National Health Expenditure Data, Medicare and Medicaid expenditures in 2013 totaled more than one trillion dollars—about $586 billion for Medicare and $449 billion for Medicaid.

Medicare and Medicaid, respectively.[3] Medicare spending on NEMT has remained relatively stable, but Medicaid spending on NEMT has been steadily increasing since 2010, when it was 1 billion.[4] In an environment where Medicaid enrollment and spending on transportation are increasing, states are continually looking for more efficient ways to deliver trips to beneficiaries who need them, while at the same time maintaining program integrity.

You asked that we review NEMT services under Medicare and Medicaid. This report examines 1) key features of NEMT services under Medicare and Medicaid and how these services are administered; 2) steps CMS has taken to oversee NEMT under Medicare as well as Medicaid; and 3) the challenges that exist in providing NEMT under Medicaid, and steps that selected state Medicaid agencies have taken to address those challenges.

To identify key features of NEMT under Medicare and Medicaid, we reviewed applicable laws, regulations, and CMS guidance. To collect information on how NEMT is provided under Medicare, we interviewed CMS officials and stakeholders, including two patient advocacy organizations and one transportation industry group that are involved in coordinating transportation and reviewed reports by the Medicare Payment Advisory Commission (MedPAC) and HHS's Office of Inspector General (OIG).[5] To determine how NEMT is provided under Medicaid, the challenges faced by state Medicaid agencies, and steps that state Medicaid agencies and CMS are taking to address challenges, we reviewed HHS-OIG, state auditor, and Transit Cooperative Research Program (TCRP)

[3]We used Medicare NEMT paid claims data from the Part B National Summary Data File for calendar year 2013. Although this data does not include NEMT spending under Medicare Part A, CMS officials indicated that NEMT rarely occurs under Medicare Part A. Total Medicaid spending for NEMT is incomplete. States have the option to report NEMT as a medical assistance expense or an administrative expense. The amount reported includes spending by those states that have selected to report NEMT as a medical assistance expense, but does not include spending by states that chose to report NEMT as an administrative expense.

[4]Medicare Part B spending on NEMT was $1.24 billion in 2010, $1.26 billion in 2011, and $1.24 billion in 2012. Medicaid spending on NEMT was $1.01 billion in 2010, $1.15 billion in 2011, and $1.41 billion in 2012.

[5]MedPAC is an independent congressional agency established by the Balanced Budget Act of 1997 (Public Law 105-33) to advise the U.S. Congress on issues affecting the Medicare program.

reports.[6] We also reviewed other documents, such as state contracts and utilization and spending data, which were provided to us during interviews with officials from 15 state Medicaid agencies.[7] Additionally, we interviewed stakeholders, such as health care associations involved in Medicaid managed care, patient advocates, and a transportation industry group. We also visited 2 of the 15 selected states to obtain more in-depth information about challenges in providing NEMT, and interviewed officials with three health plans and two transportation brokers involved in providing NEMT.[8] Appendix I contains a more detailed discussion of our objectives, scope, and methodology.

We conducted this performance audit from January 2015 to January 2016 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.

Background

Medicare and Medicaid are the federal government's two largest healthcare programs as measured by expenditures.

- Medicare is a healthcare insurance program for seniors, certain individuals with disabilities, and those with end-stage renal disease (ESRD), with Medicare expenditures totaling $613.3 billion for 53.8

[6]TCRP is a cooperative effort between public and private entities, such as the Federal Transit Administration and the Transportation Research Board, which conducts research and provides information on transportation issues.

[7]We selected a non-probability sample of state Medicaid agencies based on a variety of considerations, including Medicaid enrollment, Medicaid spending, methods of delivering NEMT, and geographic diversity. Selected states include: Arizona, California, Colorado, Connecticut, District of Columbia, Georgia, Illinois, Louisiana, Maine, Michigan, Missouri, New York, Ohio, Tennessee, Washington, and Wyoming. Ohio did not respond to our inquiry. Results of our interviews are not generalizable.

[8]We also visited Colorado and Louisiana. We selected these two states because they use more than one model to provide NEMT, including using at least one broker, and have both rural and urban populations. While in those states, we interviewed the transportation brokers involved in providing NEMT. States may contract with transportation brokers to administer NEMT services. In general, brokers can be public or private individuals or entities. While in Colorado, we also interviewed officials from two counties that were responsible for providing NEMT.

million beneficiaries in 2014.[9] Under federal law, Medicare insurance includes hospital, medical, and prescription drug coverage. CMS administers the program, including safeguarding the program from loss due to fraud, waste, and abuse. Medicare is paid for through two trust funds held by the U.S. Treasury.[10]

- Medicaid is a joint federal-state health-financing program for low-income and medically needy individuals.[11] For 2014, estimated Medicaid spending totaled $499 billion for more than 65 million beneficiaries.[12] Medicaid operates within broad federal parameters, with states having flexibility in how they operate their programs and with CMS overseeing the design and operation of states' Medicaid programs. Medicaid is jointly financed by the federal government and the states, with the federal government matching most state Medicaid expenditures using a statutory formula—the Federal Medical Assistance Percentage rate—generally based on each state's per capita income relative to the national average.

Medicare and Medicaid, and their NEMT programs, are provided under both fee-for-service and managed care payment systems:

[9]See The Boards of Trustees, *2015 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds* (Washington, D.C.: July 22, 2015).

[10]The Social Security Act established the Federal Hospital Insurance and Supplementary Medical Insurance Trust Funds. These trust funds can generally only be used to cover the costs to operate and administer the Medicare program. The Federal Hospital Insurance Trust Fund is financed primarily by payroll taxes, income from interest earnings on Treasury securities, and a portion of income taxes collected on Social Security benefits. The Federal Supplementary Medical Insurance Trust Fund is financed primarily by monthly beneficiary premiums, income from the General Fund of the Treasury, and interest earnings on Treasury securities. See 42 U.S.C. §§ 1395 and 1395t.

[11]Individuals enrolled in Medicare may also qualify for Medicaid services, assuming they meet Medicaid income and asset requirements. These individuals are considered to be dually eligible for Medicare and Medicaid.

[12]Centers for Medicare & Medicaid Services, Office of the Actuary, 2014 Actuarial Report on the Financial Outlook for Medicaid (Baltimore, MD: 2013).

- Under fee-for-service, either CMS (for Medicare) or the state Medicaid agency enrolls NEMT providers.[13] Providers are paid on a per-service basis.[14]

- Under managed care, either CMS (for Medicare) or the state Medicaid agency contracts with health plans to provide covered health care services—which can include NEMT—in return for a fixed monthly payment per enrollee. Under Medicare managed care, private organizations offer health plans through the Medicare Advantage program.

GAO has designated both the Medicare and Medicaid programs as high risk because of concerns about the Medicare program's size, complexity, and susceptibility to mismanagement and improper payments, and because of our concerns about inadequate federal oversight over state Medicaid programs.[15] We have also reported concerns about program integrity in Medicaid managed care, specifically with regard to vulnerabilities in protecting against improper payments.[16]

Modes of Transportation, Program Eligibility, and other Key NEMT Features Are Different under Medicare and Medicaid

Although Medicare and Medicaid both offer NEMT services to their beneficiaries, based on the individual program requirements, certain key features of NEMT operate differently under the two programs, as described below (see table 1). These differences reflect fundamental differences between the two programs, Medicare being a healthcare insurance program administered at the federal level and Medicaid being a joint federal-state health financing program.

[13]Medicare providers are enrolled through contractors, known as Medicare Administrative Contractors. We discuss Medicare Administrative Contractors in more detail later in the report.

[14]CMS distinguishes between providers that are based in an institution, such as a hospital, and suppliers that are not based at an institution, such as a local fire department, public emergency medical services agency, or private for-profit company. For purposes of this report, we use the term "providers" when referring to all providers and suppliers.

[15]See GAO, *High-Risk Series: An Update,* GAO-15-290 (Washington, D.C: Feb. 11, 2015).

[16]See GAO, *Medicaid Program Integrity: Increased Oversight Needed to Ensure Integrity of Growing Managed Care Expenditures,* GAO-14-341 (Washington, D.C., May 19, 2014).

Table 1: Key Features of Nonemergency Medical Transportation (NEMT) under Medicare and Medicaid

	Medicare	Medicaid
Modes of transportation	Medicare beneficiaries receive ground ambulance transport services, which may include Basic Life Support, Advanced Life Support, or Specialty Care Transport.[a]	States may use a variety of modes including ambulances, wheelchair and standard vans, taxi and limousines, public transportation, volunteer drivers, and personal vehicles.[b]
Program eligibility	Medicare beneficiaries are eligible for NEMT when their medical condition at the time of transport for medical services is such that other means of transportation—such as a taxi, private car, wheelchair van, or other type of vehicle—would jeopardize his or her health.[c]	NEMT services are typically available to Medicaid beneficiaries when they have no other source of transportation to medical services.
Enrolling providers	Medicare Administrative Contractors enroll NEMT ambulance providers and Medicare Advantage Plans contract with ambulance providers to deliver NEMT.[d]	Each state determines its process and requirements for enrolling and verifying the credentials of NEMT providers.

Source: GAO analysis of information from CMS, HHS-OIG, and GAO reports. | GAO-16-238

[a]Basic Life Support services include basic, noninvasive interventions, such as administering oxygen. Advanced Life Support services involve invasive or specialty care, such as administering drugs intravenously. Specialty Care Transport involves ongoing care furnished by one or more professionals in an appropriate specialty, such as respiratory or cardiovascular care.

[b]States may pay beneficiaries and their family members or others mileage reimbursement for using private vehicles for trips to covered medical care when NEMT is claimed as an administrative expense and mileage reimbursement may also be available when, for example, reimbursement is issued by a vendor, such as a broker.

[c]Individuals enrolled in Medicare may also qualify for Medicaid, assuming they meet Medicaid eligibility requirements.

[d]Medicare Advantage Plans are a private health plan alternative to traditional Medicare.

Medicare Key Features

Under Medicare, NEMT services are allowed to be delivered via ambulance transport to scheduled nonemergency medical services for some beneficiaries. For example, Medicare NEMT may cover ambulance transportation for a beneficiary with ESRD for scheduled, repeated, and nonemergency transports to and from dialysis treatments, if transportation by ambulance is medically necessary. Similarly, Medicare may cover ambulance transportation upon discharge from an inpatient hospital for transport to a skilled nursing facility or to a beneficiary's home, when medically necessary. The beneficiary must have a written order from a doctor stating that ambulance transportation is necessary due to the beneficiary's medical condition, and the trip must be to or from the nearest medical facility. Ambulance providers may be compensated on a fee-for-service basis or under a managed care arrangement.

Medicaid Key Features

Under Medicaid, states must ensure NEMT for beneficiaries who have no other means of transportation to needed medical services—such as doctors' appointments and various types of therapies—and can provide NEMT in a variety of ways. States have discretion, consistent with federal

requirements, in how they deliver NEMT, including the mode of transportation used and the model used to provide NEMT.[17] For instance, state Medicaid officials we interviewed reported covering a variety of modes of transportation for NEMT trips, including buses, taxi cabs, and vans. States also reported paying beneficiaries and their family members or friends' mileage for using their personal vehicles to provide transportation to needed medical care.[18] While the modes of transportation used for NEMT across states were similar, state officials reported using a variety of models to administer NEMT, including paying for NEMT on a fee-for-service basis; contracting with managed care health plans to provide health care services, including NEMT, for a per-member, per-month fee; and contracting with transportation brokers to manage all or some aspects of NEMT on states' behalf.[19] Further, some of our 15 selected states use a mix of models for administering NEMT. See table 2 for examples of states' models for administering NEMT.

Table 2: Examples of Selected State Models for Administering Medicaid Nonemergency Medical Transportation (NEMT)

Model	Description

[17]Medicaid's NEMT regulation requires state Medicaid plans to ensure necessary transportation for beneficiaries to and from providers. See 42 C.F.R. § 431.53. These plans are agreements between a state and the federal government that describe how states will administer their Medicaid programs. States may choose to amend their Medicaid policies and operations described in their state plan using a state plan amendment. CMS reviews and approves state Medicaid plans and state plan amendments. While states may not exclude coverage of mandatory benefits such as NEMT under their state plans, they may place appropriate limits on a service based on such criteria as medical necessity or on utilization control procedures, see 42 C.F.R. § 440.230(d), or they may seek a waiver of the NEMT requirement in connection with a Medicaid demonstration project under section 1115 of the Social Security Act, see 42 U.S.C. § 1315(a). This provision authorizes the Secretary of HHS to waive certain federal Medicaid requirements for experimental, pilot, or demonstration projects that, in the Secretary's judgment, are likely to assist in promoting Medicaid objectives.

[18]States may pay beneficiaries and their family members or friends mileage reimbursement for using their private vehicles to provide transportation to needed medical care if the state provides NEMT as an administrative expense. Brokers that provide NEMT for states may also reimburse mileage for beneficiaries who use their personal vehicles.

[19]The Deficit Reduction Act of 2005 provided authorization for states to enter into agreements with transportation brokers to administer Medicaid NEMT under their state plans. In general, transportation brokers can be public or private entities and must be selected through a competitive bidding process. Pub. L. No. 109-171, § 6083, 120 Stat. 4, 120-121 (Feb. 8, 2006) and implementing regulations at 42 C.F.R. § 440.170(a)(4).

Model	Description
Fee-for-service	States may pay NEMT providers a fee for each trip. States may choose to handle their fee-for-service system centrally or delegate responsibility to local officials. For example: • Wyoming officials reported paying NEMT providers a fee for each trip provided to eligible beneficiaries. • Colorado officials reported delegating responsibility for NEMT to county-level authorities. Under this arrangement, counties pay providers for each trip and then submit claims to the state for reimbursement.
Managed care	States may contract with health plans to provide health care services, which can include NEMT, to beneficiaries for a set per-member, per-month fee. Under these arrangements the state delegates all NEMT responsibilities, including developing a provider network, providing services, and paying for services, to the health plan. In turn, the health plan may choose to subcontract with a transportation broker to administer NEMT for their members. For example: • Tennessee officials reported contracting with health plans to provide NEMT to beneficiaries, and contracts require health plans to subcontract with transportation brokers to administer NEMT. • Officials from Illinois reported contracting with health plans to provide NEMT to beneficiaries, and health plans use a variety of methods to manage the NEMT benefit, such as managing the benefit in-house or subcontracting with a broker.
Transportation broker	Some states contract with transportation brokers to provide NEMT for beneficiaries who are not in managed care. States' contracts with brokers vary in terms of payment, broker responsibilities, service areas, and populations covered. For example: • Georgia officials reported contracting with five brokers for a per-member, per-month fee to administer all aspects of NEMT, including developing the NEMT provider network, fielding beneficiary calls, making trip arrangements, and paying providers. • New York officials reported contracting with six regional brokers to perform overall fee-for-service NEMT management—including operating a call center and making trip arrangements—for a per-Medicaid enrollee, per-month fee. The state maintains responsibility for other tasks, such as enrolling and paying NEMT providers. • Michigan officials reported contracting with a broker to administer NEMT for beneficiaries residing in the Detroit area and who are not enrolled in a managed care health plan.
Mixed model	States may choose to use more than one model to administer NEMT across their states. For example: • Arizona officials reported contracting with managed care health plans to provide NEMT to their members for a capitated fee and also paying for NEMT on a fee-for-service basis for beneficiaries who are not enrolled in managed care health plans.

Source: Analysis of interviews conducted from May through June 2015 with officials from Medicaid agencies in 15 selected states. | GAO-16-238

CMS Oversight of NEMT Varies by Program, with CMS Using a Range of Activities to Oversee Medicaid NEMT

CMS oversight of NEMT under Medicare and Medicaid varies. CMS oversees Medicare NEMT using its regular oversights activities—such as claim reviews. Under Medicaid, CMS uses a range of regular oversight activities to oversee states' operations of their NEMT programs, including reviewing and approving state Medicaid plans and amendments; issuing guidance; conducting a range of program integrity activities, such as claims and state program integrity reviews; and offering technical assistance upon request. While CMS periodically issues NEMT guidance, some of this guidance is outdated or may be otherwise limited.

CMS Uses Regular Oversight Activities to Monitor NEMT

Medicare NEMT

CMS oversees Medicare NEMT through CMS's regular program integrity activities. These include conducting pre- and post-payment claim reviews by Medicare Administrative Contractors and calculating the Medicare improper payment rate through the Comprehensive Error Rate Testing program.[20] CMS initiated a 3-year Medicare prior authorization demonstration program in December 2014. This program is intended to help reduce improper payments for NEMT services. The program requires prior authorization of scheduled, repetitive nonemergency ambulance transports to test whether prior authorization helps reduce expenditures while maintaining or improving quality of care.[21] New Jersey, Pennsylvania, and South Carolina were selected to initially implement this program because of their high utilization of nonemergency ambulance transports under Medicare and improper payment rates.[22] Subsequently,

[20]The Comprehensive Error Rate Testing program is used to calculate the Medicare fee-for-service improper payment rate and pre- and post-payment claim reviews by Medicare contractors.

[21]A repetitive ambulance service is defined as medically necessary ambulance transportation that is furnished for three or more round-trips during a 10-day period; or at least one round-trip per week for at least 3 weeks. The Middle Class Tax Relief and Job Creation Act of 2012 directed MedPAC to study payments to ambulance providers and submit a report to Congress by June 15, 2013. Specifically, the law directed the Commission to examine temporary add-on payments for ambulance providers, which at the time were scheduled to expire at the end of 2012. Pub. L. No. 112-96, § 3007(e), 126 Stat. 156, 190 (Feb. 22, 2012). In June 2013, MedPAC reported that claims for nonemergency ambulance trips per fee-for-service beneficiary increased 9.9 percent from 2007 to 2011, and that more pronounced growth had occurred in ambulance transports to and from dialysis facilities. MedPAC also found that six states had higher than average spending on nonemergency ambulance transport per dialysis beneficiary than other states. According to CMS officials, New Jersey, Pennsylvania, and South Carolina ranked in the top three in terms of total Medicare expenditures for NEMT. Medicare Payment Advisory Commission, *Report to the Congress: Medicare and the Health Care Delivery System* (Washington, D.C.: June 14, 2013), 167.

[22]Certain stakeholders have raised concerns that patients with ESRD in the demonstration states have experienced problems accessing NEMT under Medicare. CMS officials said that access to the Medicare transportation benefit is an issue for some Medicare beneficiaries. However, the officials noted that Medicare only allows transportation that is medically necessary to avoid jeopardizing the beneficiary's health. According to CMS officials, the agency has increased education to beneficiaries as well as to medical and transportation providers and suppliers and also intends to expand educational efforts as the demonstration program is expanded.

CMS plans to expand the demonstration program to include Delaware, the District of Columbia, Maryland, North Carolina, West Virginia, and Virginia on January 1, 2016, as required by the Medicare Access and CHIP Reauthorization Act of 2015 and plans to expand the program to all states beginning January 1, 2017, if the Secretary of HHS and Chief Actuary determine certain conditions will occur under the expansion.[23]

Medicaid NEMT

Under Medicaid, states are responsible for the daily oversight of their NEMT programs and CMS oversees states' operations using a range of regular oversight activities. Within broad federal parameters, states determine their own processes for overseeing their Medicaid NEMT programs, including verifying beneficiary eligibility, establishing provider requirements, and preventing improper payments. To oversee states' operations of their NEMT programs, CMS conducts a range of oversight activities, including:

- CMS reviews and approves Medicaid plans and state plan amendments, which outline how states administer their Medicaid programs, including their NEMT programs.[24]
- CMS periodically issues guidance on NEMT requirements. CMS has issued several pieces of guidance, including a guidebook, letters to state Medicaid Directors, and a toolkit, on different aspects of NEMT.
- CMS conducts a range of program integrity activities. First, CMS calculates a national-level improper payment error rate through the Payment Error Rate Measurement program. Second, CMS also contracts with entities to, among other things, audit claims, identify overpayments, and educate providers and others on Medicaid

[23]The Secretary of Health and Human Services may expand the duration and the scope of the demonstration program if the Secretary determines that such an expansion is expected to reduce spending without reducing the quality of care or improve the quality of care without increasing spending, if the Chief Actuary certifies that such expansion would reduce (or would not result in any increase in) net program spending, and if the Secretary determines that such expansion would not deny or limit the coverage or provision of benefits for applicable individuals. Pub. L. No. 114-10, § 515(b), 129 Stat. 87, 174-175 (Apr. 16, 2015). See 42 U.S.C. §§ 1395m(l) and 1315a(c).

[24]CMS also reviews states' waiver applications. We discuss NEMT waivers in more detail in GAO, *Medicaid: Efforts to Exclude Nonemergency Transportation Not Widespread, but Raise Issues for Expanded Coverage,* GAO-16-221 (Washington, D.C.: Jan. 15, 2016).

program integrity issues.[25] Third, CMS conducts state program integrity reviews. For example, CMS conducts program integrity reviews of state Medicaid agencies—which are done to identify vulnerabilities in state operations that warrant improvements or corrections—and has provided assistance to states to address those vulnerabilities. Agency officials reported that these reviews have included an assessment of states' oversight of NEMT providers since fiscal year 2011. Further, CMS's ongoing program integrity reviews in three states include an assessment of risks and vulnerabilities in NEMT services.[26] CMS also conducts special audits and investigations of traditionally high-risk areas, including NEMT. For example, CMS reported collaborating with one state, New York, to conduct a special investigation of the state's NEMT program.[27]

- CMS provides technical assistance and clarifying guidance upon request. For example, officials from one selected state reported working with CMS to identify options for redesigning their NEMT program that would be consistent with regulations.

CMS Issues Guidance on Medicaid NEMT, but Some Guidance Is Outdated or May Be Otherwise Limited

Although CMS periodically issues NEMT guidance, some guidance is outdated or may be otherwise limited because legislative and other changes have affected Medicaid and states' NEMT programs. For example:

- CMS issued a guidebook in 1998 on designing and operating a cost-effective Medicaid NEMT program. This guidebook included information on factors and challenges that could be considered when designing and operating an NEMT program—describing the advantages and disadvantages of providing NEMT under a brokerage system, operating NEMT in a managed care environment, and strategies to identify and prevent NEMT fraud and abuse—and suggestions to address these concerns.[28] However, this guidebook

[25]See 42 U.S.C. § 1396u-6(b).

[26]Officials reported conducting these program integrity reviews in Delaware, North Carolina, and Vermont and anticipated issuing results of these reviews in 2016.

[27]Officials anticipated that audit results will be available in 2016.

[28]See Health Care Financing Administration and the National Association of State Medicaid Directors' Non-Emergency Transportation Technical Advisory Group, *Designing and Operating Cost-Effective Medicaid Non-Emergency Transportation Programs A Guidebook for State Medicaid Agencies,* (Washington, D.C.: Aug. 1998).

contains outdated information. For example, the guidebook describes limited cases when state Medicaid programs can use brokerages. However, the Deficit Reduction Act of 2005 changed the conditions under which states could use NEMT brokerages, which expanded the number of states that utilize NEMT brokers. The guidebook does not address these conditions as discussed further below.

- After the Deficit Reduction Act of 2005 was passed, CMS issued a letter to State Medicaid Directors in 2006 describing changes in the law, and final rules in 2009 for establishing NEMT brokerage programs under states Medicaid plans.[29] However, CMS has not assessed NEMT guidance to determine if updates are needed in light of recent changes. For example, since 2009, there have been changes to the Medicaid program such as expanding Medicaid as allowed under the Patient Protection and Affordable Care Act (PPACA), and states have made changes to their Medicaid programs.[30] These changes have increased Medicaid enrollment in some states resulting in more NEMT trips.

- More recently, CMS issued a NEMT program integrity tool kit in June 2014.[31] This toolkit includes educational materials summarizing the general scope of Medicaid-covered NEMT and key principles applicable to such coverage, such as trip eligibility and NEMT fraud and abuse definitions. However, these materials are targeted for patients and providers rather than state Medicaid programs. However, state Medicaid programs may also benefit from updated information on strategies to implement a program integrity program that could

[29]See Centers for Medicare & Medicaid Services, State Medicaid Director Letter, Mar. 31, 2006, SMDL #06-009, accessed Oct. 28, 2015, https://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SMD06009.pdf; and 42 C.F.R. § 440.170.

[30]Pub. L. No. 111-148, 124 Stat. 119 (Mar. 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (Mar. 30, 2010). PPACA allows states to expand Medicaid to cover previously ineligible categories, such as childless adults with incomes at or below 138 percent of the federal poverty level. As of September 2015, 29 states and the District of Columbia have expanded Medicaid.

[31]This toolkit was updated in September, 2015, See Centers for Medicare & Medicaid Services, *Program Integrity: Non Emergency Medical Transportation Toolkit,* (2014: Baltimore, MD), accessed Nov. 11, 2015, https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/nemt.html.

help to prevent NEMT fraud and abuse.

Updated guidance is important because it is a way to communicate an entity's objectives to help ensure its objectives are carried out. State Medicaid agencies rely on it when designing and administering their NEMT programs to help ensure compliance with federal requirements while incorporating current practices to meet beneficiaries' needs. According to CMS officials, some states do not always understand the NEMT benefit, in part, because NEMT guidance is not specific to the benefit. For example, states must generally follow overarching federal Medicaid requirements in providing NEMT under their state plans, such as requirements on granting beneficiaries the freedom to choose to obtain Medicaid services from any provider that is qualified and willing to provide services, unless states establish an NEMT transportation brokerage program.[32] Officials from two states reported that clarifying NEMT requirements would be helpful and three stakeholders (one transportation broker and two industry groups) reported that additional NEMT guidance would be helpful. For example, a transportation broker reported that additional guidance would help prevent states from implementing unnecessarily stringent requirements, which could restrict the supply of providers and limit access to NEMT. *Standards for Internal Control in the Federal Government* states that management should ensure that there are adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency's ability to achieve its goals.[33] Effective communication can take many forms such as through guidance, training, or publication of best practices. CMS officials reported that the agency is considering assessing whether additional NEMT guidance is needed, but has not established time frames for doing so.

[32]See 42 C.F.R. § 431.51.

[33]See GAO, *Standards for Internal Control in the Federal Government,* GAO/AIMD-00.21.3.1 (Washington, D.C.: Nov. 1999).

Selected States Have Taken Steps to Address Some Medicaid NEMT Challenges, and Information on State NEMT Practices Is Available

Through our work, we identified a range of challenges related to providing NEMT and steps taken by some states to address these challenges. Challenges and steps identified were related to

- containing costs,
- maintaining program integrity,
- contracting with and overseeing vendors, and
- accessing NEMT.

State officials reported that information on the approaches other states take for administering NEMT and strategies to address challenges could help them address ongoing challenges. CMS and other organizations, such as TCRP, have collected or are in the process of collecting such information.

Containing Costs

Officials from selected states and stakeholders reported challenges containing Medicaid NEMT costs due to increased utilization and certain trip factors. Officials from nine of our selected states reported that NEMT utilization increased from 2012 to 2014 and reported varying reasons for the increase in trips.[34] Reported reasons for increased NEMT utilization included:

- increased Medicaid enrollment caused by expanding Medicaid as allowed under the PPACA and by the economic downturn;
- program changes, such as covering NEMT to more types of health care services, such as dental or mental health care; and
- greater awareness of the benefit among beneficiaries.

Officials from nine states and three stakeholders (two counties and a transportation broker) reported that certain trip factors—such as traveling long distances, needing specialized vehicles, and reaching rural locations—made it difficult to contain costs. Further, officials from three

[34]Officials from 13 states provided us with data on NEMT utilization for 2012 and 2014.

states reported that these types of trips are sometimes more costly, because officials may negotiate higher provider reimbursement rates, thus making containing costs more difficult.

Officials from selected states reported implementing varying practices to contain NEMT costs, including using payment mechanisms, coordinating with stakeholders, and implementing policies.[35] See table 3 for examples of selected state practices that could address challenges containing NEMT costs.

Table 3: Examples of Selected State Practices That Could Address Challenges in Containing Nonemergency Medical Transportation (NEMT) Costs

State may use varying practices to lower NEMT costs, including using payment mechanisms, coordinating with stakeholders, and implementing policies. For example: • Tennessee officials reported including NEMT in its capitated payment to health plans to control NEMT costs. • Louisiana officials reported setting fixed provider reimbursement fees that have remained relatively constant in recent years. • Connecticut officials reported that the state department of transportation provided their broker with information on public transportation options and pick-up locations so the broker could provide transportation at the lowest cost that met beneficiaries' needs. • Wyoming officials reported working with beneficiaries undergoing certain types of treatment, such as chemotherapy and dialysis, to identify treatment centers closer to their homes. • Georgia officials reported that the state's geographic access standard limits travel to see a physician to 30 miles in urban areas, such as Atlanta.

Source: GAO analysis of interviews conducted from May through June 2015 with officials from 15 selected states. | GAO-16-238

[35]GAO previously reported that improved coordination can reduce transportation costs. See GAO-15-110.

Maintaining Program Integrity

Officials from CMS and selected states identified program integrity challenges related to improper payments for trips, including paid trips that did not meet program requirements.[36] According to CMS officials, state Medicaid officials reported that Medicaid claim reviews revealed that NEMT providers overbilled and documented trips poorly and that overpayments tended to occur more frequently in states that delegate NEMT responsibility to counties where officials may not be familiar with documentation requirements. Officials from six states also reported improper payments for NEMT, and three of these states attributed improper payments to challenges documenting trips. For example, in its Single Audit Act audit report for the year ending on June 30, 2015, the Louisiana Legislative Auditor identified payments totaling more than $850,000 for trips that did not meet established policies, including requirements for accurately documenting services.[37] Studies have also identified improper payments for Medicaid NEMT trips. For example, HHS-OIG conducted reviews of samples of Medicaid claims over a 1 or 2 year period from 2005 through 2011 in five states—California, Hawaii, Nebraska, New York, and Texas—and found that some paid NEMT trips did not meet federal and state requirements. HHS-OIG subsequently recommended that collectively, these states should refund the federal government about $63 million.[38]

CMS and state auditor reports, officials from selected states, and stakeholders also identified other program integrity challenges that could make NEMT vulnerable for fraud, waste, and abuse, including:

[36]We did not estimate the amount of improper payments for NEMT. However, we previously reported that overall improper payments for Medicaid services are a significant cost to the federal government, with the federal share estimated at $17.5 billion in fiscal year 2014. See GAO-15-290. NEMT represents a small component of Medicaid spending.

[37]See Louisiana Legislative Auditor, *State of Louisiana Single Audit Report For the Year Ended June 30, 2014*, Report ID No. 80140112 (Baton Rouge, LA: Mar. 3, 2015). See 31 U.S.C Chapter 75 for the audit requirements under the Single Audit Act.

[38]We reviewed 10 reports by HHS-OIG on Medicaid NEMT that were published from 2010 through March 2015. See, for example, Department of Health and Human Services, Office of Inspector General, *California Claimed Medicaid Reimbursement for Some Nonemergency Medical Transportation Services That Did Not Comply with Federal And State Requirements*, A-09-13-02033 (Washington, D.C.: Jan. 2015); and Department of Health and Human Services, Office of Inspector General, *Texas Did Not Always Comply With Federal And State Requirements for Claims Submitted for the Nonemergency Medical Transportation Program*, A-06-12-00053 (Washington, D.C.: Oct. 2014).

- *Enrolling providers:* In annual summary reports of comprehensive program integrity reviews, CMS identified one state that did not require and collect key information needed for effective oversight, such as criminal conviction information from NEMT providers, making the state vulnerable to enrolling problem providers in its NEMT program.[39] Further, officials from six states cited challenges obtaining certain information on NEMT providers that could reduce program risks. For example, officials from one state reported they cannot access information on criminal convictions in other states, making it harder to conduct thorough background checks that could reduce program risks.

- *Program inefficiencies:* State auditors in six states identified problems with states' implementation of NEMT programs that could lead to program inefficiencies.[40] For example, in 2012 the Washington State Auditor identified program risks in the state's Medicaid NEMT program, such as that the Medicaid agency did not require brokers to maintain consistent trip data and that the agency lacked written policies and procedures to ensure clear management and consistent processes. As a result, the state's six brokers reported inconsistent practices, which could lead to overbilling for trips. To address identified program risks, the state auditor recommended that the state, among other things, improve oversight, monitoring, and data analysis.[41]

[39]See Centers for Medicare & Medicaid Services, *Annual Summary Report of Comprehensive Program Integrity Reviews*, (Baltimore, MD: June 2012); and Centers for Medicare & Medicaid Services, *Annual Summary Report of Comprehensive Program Integrity Reviews*, (Baltimore, MD: June 2014). Federal law requires the Secretary of HHS to exclude individuals convicted of certain crimes, such as convictions relating to patient neglect or abuse and felony convictions related to health care fraud, from participation in federal health care programs, including Medicaid, generally for a minimum of 5 years. Federal law authorizes the Secretary to exclude individuals convicted of other crimes, such as misdemeanor convictions relating to health care fraud, generally for a minimum of 3 years. See 42 U.S.C. § 1320a-7(a), (b)(1)-(3), (c)(3)(B), (D).

[40]We contacted state auditors in all 50 states and the District of Columbia and received reports from auditors in seven states: Florida, Maryland, Michigan, Missouri, Washington, West Virginia, and Wisconsin.

[41]See Washington State Auditor, *Non-Emergency Medical Transportation—Management Letter,* (Olympia, WA: June 14, 2012). In response to the state auditor's findings, Washington officials reported taking steps to address risks and protect NEMT program integrity.

- *Verifying eligibility:* Officials from selected states reported several challenges verifying that trips fall within the scope of Medicaid-covered NEMT. First, officials from two states reported challenges verifying beneficiary eligibility for Medicaid or the need for NEMT services. For example, the Medicaid agency, broker, and county officials from one state reported challenges verifying Medicaid enrollment because the state updates its Medicaid enrollment database daily; thus, beneficiaries who were enrolled in Medicaid when trips were requested may not be enrolled on the days trips were provided. Second, officials from another state reported that it had challenges verifying that the beneficiary did not have other means of transportation. Third, officials from seven states reported challenges verifying that NEMT trips were to needed medical services. For instance, officials from two states reported challenges verifying the purpose of NEMT trips to certain pharmacies, including Target and Walmart, which carry non-medical products, such as food and clothing, in addition to drugs and medical supplies. In these cases, it was hard to determine whether NEMT was used appropriately, particularly when beneficiaries requested multiple NEMT trips to the pharmacy to pick up prescriptions that could potentially have been picked-up in a single trip.

Officials from all selected states reported taking at least one step to address these NEMT program integrity challenges. See table 4 for examples of selected state practices that could address challenges to maintaining NEMT program integrity.

Table 4: Examples of Selected State Practices That Could Address Challenges in Maintaining Nonemergency Medical Transportation (NEMT) Program Integrity

Step	Description of step
Reviewing claims	States review Medicaid claims for NEMT to monitor providers' billing patterns and to identify potential fraud.[a]
Suspending NEMT providers	States or their contracted vendors can suspend NEMT providers from the Medicaid program for not meeting program requirements or fraudulent activities. For example: • A Georgia official reported that its brokers will suspend providers from the Medicaid program when providers and vehicles do not meet state credentialing criteria. • Arizona officials reported suspending providers from the Medicaid program for credible allegations of fraud.

Step	Description of step
Including program integrity contract provisions	States include contract provisions requiring vendors, including health plans and transportation brokers, to implement program integrity efforts to prevent improper payments for paid NEMT trips. For example, Colorado's contract with a transportation broker requires the broker to verify that beneficiaries are eligible for Medicaid prior to and the day of providing NEMT trips and outlines NEMT eligibility criteria. Further, officials from all three transportation brokers we interviewed reported implementing steps to meet such requirements. For example: • Officials from one broker reported that they verify Medicaid eligibility twice—when they receive a request for NEMT and the day before NEMT is provided. • Officials with another broker told us that they sometimes call physicians' offices to verify that the beneficiary has a scheduled medical appointment.
Updating and clarifying requirements	States update and clarify guidance on NEMT billing documentation requirements. For example, California officials reported updating their provider manual to clarify NEMT billing and documentation requirements, and holding trainings to notify providers of current policies.
Reviewing protocols	States review vendor screening tools and protocols. For example, Tennessee officials reported reviewing and approving brokers' call centers' screening tools intended to prevent trips that are outside Medicaid-covered NEMT.[b]

Source: GAO analysis of interviews conducted from May through June 2015 with officials from 15 selected states and stakeholders. | GAO-16-238

[a]Federal laws authorize both state and federal entities to protect Medicaid from fraud, waste, and abuse. See, e.g., 42 U.S.C. §§ 1396a(a)(69) and 1396u-6. To meet requirements, state program integrity activities may include pre- and post-payment claim reviews to ensure appropriateness of payments and identify potentially fraudulent providers for further investigation.

[b]Tennessee officials reported that the state includes NEMT services in its contracts with health plans and requires health plans to contract with transportation brokers to manage the NEMT benefit.

Contracting with and Overseeing Vendors

Officials from four states cited challenges contracting with and overseeing vendors, such as health plans and transportation brokers, and officials from two of these states reported that challenges arose during periods of transition. For example, officials from one state reported that in the first year of contracting with multiple brokers, challenges with one broker's compliance with contractual requirements arose because the broker underestimated the resources needed to administer NEMT. State officials explained that under their prior method for delivering NEMT, they did not have complete information on trip volume or mode, making it difficult to determine the appropriate level of resources needed when requesting and evaluating vendors' contract proposals. Further, these state officials reported challenges developing metrics to monitor all brokers' compliance with certain contract requirements. For instance, brokers are required to furnish NEMT for all eligible trip requests, but officials in one state reported that about 1 percent of eligible trips requested by Medicaid beneficiaries are not provided. Without collecting complete information on NEMT trips under the state's previous system, identifying a reasonable proportion of missed trips under the state's new system to assess compliance with contract requirements has been difficult.

Officials from all selected states that contract with health plans or transportation brokers to provide NEMT reported conducting monitoring activities, such as performing annual audits and site visits, to address challenges with contracting and overseeing vendors. See table 5 for examples of selected state practices that could address challenges contracting with and overseeing vendors.

Table 5: Examples of Selected State Practices that Could Address Challenges in Contracting with and Overseeing Nonemergency Medical Transportation (NEMT) Vendors

Step	Description of step
Monitoring vendor compliance	States monitor vendors to ensure compliance with contract requirements. For example: • Tennessee officials reported monitoring brokers by conducting annual site visits and listening to some calls received by call-centers to ensure staff are screening callers appropriately.[a] • A District of Columbia official reported conducting random checks of its broker's NEMT documents, such as provider enrollment documents, to ensure it is maintaining appropriate records to comply with contract requirements.
Reviewing NEMT data	States require brokers and health plans to periodically submit NEMT data for review. For example: • Colorado's contract requires its broker to submit monthly reports that include data on the number of trips authorized and scheduled, number of trips denied, and number of no-shows. • Louisiana officials reported that health plans are required to submit data monthly on beneficiaries' grievances and actions taken to address them.
Taking actions to address identified issues	States take actions to address identified compliance issues. For example: • A Georgia official reported working with brokers to address compliance issues. • Louisiana officials reported asking one of its health plans to terminate its relationship with a particular broker because of performance issues, and the health plan complied with this request.

Source: GAO analysis of interviews conducted from May through June 2015 with officials from 15 selected states. | GAO-16-238

[a]Tennessee officials reported that the state includes NEMT services in its contracts with health plans and requires health plans to contract with transportation brokers to manage the NEMT benefit.

Accessing NEMT

State officials and stakeholders reported challenges ensuring access to NEMT when the demand for trips exceeded the supply of NEMT providers. Officials generally identified four factors that affected the supply of NEMT providers—geographic location, specialty providers, provider requirements, and beneficiary and provider no-shows. Specifically, officials from seven states and nine stakeholders reported a low supply of NEMT providers in rural areas, and officials from seven states and four stakeholders reported a low supply of specialty vehicles, such as stretcher or wheelchair vans. Officials from two states and three stakeholders reported that state transportation provider requirements may limit the number of or deter providers from entering the Medicaid provider pool. Lastly, officials from seven states and five stakeholders reported

that beneficiaries or providers sometimes did not show-up or were late for trips, thus tying-up NEMT resources.

Officials from selected states reported taking steps to address access challenges, including broadening the provider networks and reviewing state provider requirements. See table 6 for examples of selected state practices that could address NEMT access challenges.

Table 6: Examples of Selected State Practices that Could Address Challenges in Accessing Nonemergency Medical Transportation (NEMT)

Step	Description of step
Broadening NEMT provider network	States increase the supply of NEMT providers by: • paying mileage reimbursement to beneficiaries and beneficiaries' family members or friends who use personal vehicles to drive to needed medical services;[a] • using volunteer drivers; and • coordinating with a variety of local organizations. For example, officials from a rural county in Colorado reported coordinating with a local casino that ran a van to ensure access to NEMT for a beneficiary.
Reviewing state provider requirements	States review their provider requirements to ensure they do not restrict the number of providers able to enroll in the Medicaid program. For example, Colorado officials reported plans to review state provider requirements and potentially work with the legislature to address requirements that affect the Medicaid provider supply.
Using probation periods or suspensions	States use probation periods or suspensions to address patterns of no-shows. For example, • Missouri officials reported that providers can be terminated from the broker's NEMT provider network after multiple no-shows; and • Tennessee officials reported that brokers subcontracting with TennCare health plans use a probationary period to handle beneficiary no-shows.[b]
Coordinating with health plans	States and brokers work with health plans to address beneficiary no-shows. For example, officials from Colorado's transportation broker reported working with beneficiaries' health plans when they receive repeated reports of beneficiaries not showing-up for NEMT.

Source: GAO analysis of interviews conducted from May through June 2015 with officials from 15 selected states and stakeholders. | GAO-16-238

[a]According to the Centers for Medicare & Medicaid Services, states may pay beneficiaries and their family members or others mileage reimbursement for using their private vehicles for trips to covered medical care generally when NEMT is claimed as an administrative expense or when reimbursement is issued by vendor, such as a broker.

[b]TennCare is Tennessee's Medicaid program. State officials reported that the state includes NEMT services in its contracts with health plans and requires health plans to contract with transportation brokers to manage the NEMT benefit.

Information on Leading Practices

Officials from seven selected states and six stakeholders reported that having information on how other states administer NEMT and address challenges could help them address ongoing challenges. For example, officials from one state reported that they plan to make changes to the state's NEMT program to address ongoing challenges and that they have

spoken to officials from other states to learn about how they administer NEMT. In spite of these efforts, officials from this state reported that they could not identify any state NEMT programs that could accommodate all beneficiaries well and that information on current leading practices for developing a robust NEMT program would be helpful. An official from another state reported that having information on leading practices would help to identify approaches for improving NEMT program integrity.

Some information on approaches for administering NEMT and leading practices is available. CMS reported that it collects information on state approaches for administering NEMT through state Medicaid plans and state plan amendments and maintains this information on Medicaid.gov.[42] Further, CMS collects information on Medicaid programs and noteworthy program integrity practices, including those related to NEMT, as part of its program integrity reviews. Other organizations have or are in the process of collecting information on states' approaches to administer their Medicaid NEMT programs. For example, TCRP is conducting a study evaluating the effects of different options for providing Medicaid NEMT on access and coordination. As part of this work, TCRP officials reported collecting information from all 50 states and the District of Columbia on their approaches for administering NEMT.

Conclusions

For some Medicaid beneficiaries, NEMT is a critical service to ensure that they are able to travel to medical appointments. Although a small proportion of total Medicaid spending, increases in the number of Medicaid beneficiaries and other factors have led to increased demand and spending on Medicaid NEMT. States take different approaches to administering Medicaid NEMT and rely on CMS guidance when designing their NEMT programs to ensure compliance with federal requirements. While CMS periodically issues guidance on NEMT, current guidance may be out of date or otherwise limited. For example, CMS issued a NEMT guidebook in 1998, but this guidebook does not include current guidance on implementing a transportation brokerage program under a state Medicaid plan. Some selected states and stakeholders told us that clarifying NEMT guidance would be helpful. As described in *Standards for Internal Control in the Federal Government*, management should ensure

[42]Information on approaches for administering NEMT may not be available for every state because state plan amendments approved prior to the existence of Medicaid.gov are not available on the website.

adequate means of communicating with, and obtaining information from, external stakeholders. CMS officials reported that the agency is considering assessing whether additional NEMT guidance is needed, but has not set any timeframes for conducting that assessment.

Recommendations

To ensure states have appropriate and current guidance to assist them in designing and administering Medicaid NEMT, we recommend the Secretary of HHS direct CMS to assess current Medicaid NEMT guidance and update that guidance as needed.

Agency Comments

We provided a copy of the draft to HHS. HHS concurred with our recommendation and provided technical comments, which we incorporated as appropriate. HHS's comments are reprinted in appendix II.

As agreed with you offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the report date. At that time we will send copies of this report to interested congressional committees and the Secretary of Health and Human Services. We will also make copies available to others upon request. In addition, this report will be available at no charge on GAO's website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov or Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

Carolyn L. Yocom
Director
Health Care

Mark Goldstein
Director
Physical Infrastructure

Appendix I: Objectives, Scope, and Methodology

This report addresses non-emergency medical transportation (NEMT) under Medicare and Medicaid and examines: 1) the key features of NEMT services under Medicare and Medicaid and how services are administered; 2) steps that the Centers for Medicare & Medicaid (CMS) have taken to oversee NEMT under Medicare as well as Medicaid; and 3) the challenges that exist in providing NEMT under Medicaid and steps that selected state Medicaid agencies have taken to address those challenges.

To determine the key features of NEMT under Medicare and Medicaid and how services are administered, as well as to determine steps that CMS has taken to oversee NEMT under Medicare and Medicaid, we reviewed applicable laws, regulations, and CMS guidance. We also reviewed key reports, such as Medicare Payment Advisory Commission, Department of Health and Human Services-Office of Inspector General (HHS-OIG), and Transit Cooperative Research Program (TCRP) reports, and prior GAO reports.[1] Additionally, we conducted searches in bibliographic databases—including Medline, National Technical Information Service, WorldCat PAIS International, and Social Services Abstracts—to identify additional literature on NEMT under Medicare and Medicaid. We screened search results and identified studies for relevance to our research objectives and selected those that focused on delivery of NEMT services under Medicaid and Medicare. We interviewed CMS and HHS-OIG officials, as well as two patient advocates and a transportation industry group involved in coordinating transportation. In addition, for Medicaid, we interviewed officials from 15 selected state Medicaid agencies. We selected a non-probability sample of states based on a mix of considerations, including Medicaid enrollment and spending, the approaches states use to deliver NEMT, geographic distribution, and whether or not states have expanded Medicaid under the Patient Protection and Affordable Care Act (PPACA).[2] The selected states were: Arizona, California, Colorado, Connecticut, District of Columbia, Georgia, Illinois, Louisiana, Maine, Michigan, Missouri, New York, Ohio,

[1]TCRP is a cooperative effort between public and private entities, such as the Federal Transit Administration and the Transportation Research Board, which conducts research and provides information on transportation issues.

[2]Pub. L. No. 111-148, 124 Stat. 119 (Mar. 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (Mar. 30, 2010).

Tennessee, Washington, and Wyoming.[3] We also reviewed documents from states, such as contracts with health plans and organizations providing NEMT, and utilization and spending data.

To determine the challenges that exist in providing NEMT and steps that state Medicaid agencies are taking, we screened and identified studies from the sources identified above, and selected and reviewed studies that focused on challenges in providing NEMT under Medicaid, as well as HHS-OIG and state auditor reports. We also interviewed CMS and HHS-OIG officials, two patient advocates, and a transportation industry group that are involved in coordinating transportation, two healthcare industry associations that are knowledgeable about providing NEMT under Medicaid, including Medicaid managed care, and officials from the 15 selected state Medicaid agencies. In order to obtain more in-depth information about challenges, we visited two states—Louisiana and Colorado—to interview officials involved in providing NEMT. We selected these two states because they use more than one model to provide NEMT, including using at least one broker, and have both rural and urban populations. In Louisiana, we interviewed officials from two health plans that had contracts with the state for more than 1 year and serve more than 50 percent of the Medicaid beneficiaries enrolled in managed care, as well as the two transportation brokers that provide NEMT.[4] In Colorado, we interviewed the transportation broker Colorado uses for the Denver metropolitan area, a health care plan that serves Medicaid beneficiaries in Colorado and officials in two counties outside of the Denver metropolitan area that are responsible for providing NEMT to their residents.

[3]Ohio did not respond to our inquiry.

[4]States may contract with brokers to provide NEMT services for Medicaid beneficiaries to access medical care or services through a competitive bidding process. NEMT services may be provided under contract with public or private individuals or entities and transportation services can include, among other things, wheelchair vans, taxis, stretcher cars, or bus passes.

Appendix II: Comments from the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

JAN 20 2016

Carolyn Yocom
Director, Health Care
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Yocom:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "*Nonemergency Medical Transportation: Updated Medical Guidance Could Help States*" (GAO-16-238).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

Jim R. Esquea
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: NONEMERGENCY MEDICAL TRANSPORTAION: UPDATED MEDICAID GUIDANCE COULD HELP STATES (GAO-16-238)

The Department of Health and Human Services (HHS) appreciates the opportunity to review and comment on this draft report. HHS is strongly committed to eliminating fraud, waste, and abuse in the Medicare and Medicaid non-emergency medical transportation (NEMT) benefits and appropriately overseeing States in the administration of NEMT benefits.

Medicare beneficiaries are eligible for NEMT if such transportation is needed to obtain treatment or diagnose a health condition and the use of any other transportation method could endanger a beneficiary's health. For Medicaid, NEMT is an important benefit as it enables Medicaid beneficiaries with no other means of transportation to get to and from providers. Access to transportation can improve the medical outcomes of Medicaid beneficiaries and can help avoid costly ambulance trips or emergency room visits.

As mentioned in the GAO report, HHS uses different oversight strategies for NEMT benefits under Medicare and Medicaid to address the specific needs of each program. Under Medicare, HHS oversees NEMT through its regular program integrity activities, which include conducting pre- and post-payment claims reviews, determining a service-specific improper payment rate through the Comprehensive Error Rate Testing program, and operating a prior authorization program for repetitive, scheduled non-emergent ambulance transport in select states. Under Medicaid, HHS oversees states' operations of NEMT programs in a variety of ways, including review and approval of Medicaid State plans and amendments, claims review, technical assistance, and issuance of guidance materials.

For Medicaid, HHS provides technical assistance to states as they implement and improve their NEMT program. This technical assistance enables states to make informed decisions on their program goals and objectives. It is used by states during the state plan review process and on an ad hoc basis depending upon the state's unique needs. In June 2014, HHS issued an NEMT program integrity toolkit to educate patients and providers about the scope of the Medicaid NEMT benefit. The toolkit also identifies common NEMT fraud and abuse issues and helps beneficiaries report potential fraud and abuse. These materials were updated in September 2015 and can be accessed online.[1]

For Medicare NEMT benefits, HHS launched a prior authorization model for Medicare-covered repetitive, scheduled non-emergent ambulance transports in South Carolina, New Jersey, and Pennsylvania in December 2014. In accordance with requirements in the Medicare Access and CHIP Reauthorization Act of 2015, in January 2016, CMS expanded this model to Delaware, the District of Columbia, Maryland, North Carolina, Virginia, and West Virginia and will evaluate whether to expand the model nationwide. CMS is testing whether prior authorization helps reduce expenditures while maintaining or improving quality of care. CMS believes using a prior authorization process will help make sure services are provided in compliance with Medicare coverage, coding, and payment rules before services are rendered and claims are paid.

[1] https://www.cms.gov/medicare-medicaid-coordination/fraud-prevention/medicaid-integrity-education/downloads/nemt-booklet.pdf

1

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: NONEMERGENCY MEDICAL TRANSPORTAION: UPDATED MEDICAID GUIDANCE COULD HELP STATES (GAO-16-238)

GAO's recommendations and HHS' responses are below.

GAO Recommendation
To ensure states have appropriate and current guidance to assist them in designing and administering Medicaid NEMT, we recommend the Secretary of HHS direct CMS to assess current Medicaid NEMT guidance and update that guidance as needed.

HHS Response
HHS concurs with GAO's recommendation. HHS will examine current Medicaid NEMT guidance and publish or update additional guidance as necessary to assist states in designing and administering the Medicaid NEMT benefit.

HHS thanks GAO for their efforts on this issue and looks forward to working with GAO on this and other issues in the future.

2

Appendix III: GAO Contacts and Staff Acknowledgments

GAO Contact

Carolyn L. Yocom, (202) 512-7114, yocomc@gao.gov
Mark Goldstein, (202) 512-2834, goldsteinm@gao.gov

Staff Acknowledgments

In addition to the individuals named above, other key contributors to this report were Heather MacLeod, Assistant Director; Kristin Ekelund, Lynn Filla-Clark, Julie Flowers, Jacquelyn Hamilton, Bonnie Pignatiello Leer, Amy Rosewarne, and Betsey Ward-Jenks.

Appendix IV: Accessible Data

Agency Comment Letter

Text of Appendix II: Comments from the Department of Health and Human Services

Page 1

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation

Washington, DC 20201

JAN 20 2016

Carolyn Yocom

Director, Health Care

U.S. Government Accountability Office

441 G Street NW

Washington, DC 20548

Dear Ms. Yocom:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled , "Nonemergency Medical Transportation: Updated Medical Guidance Could Help States" (GA0-16-238).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

Jim R. Esquea

Assistant Secretary for Legislation

Attachment

Page 2

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: NONEMERGENCY MEDICAL TRANSPORTAION: UPDATED MEDICAID GUIDANCE COULD HELP STATES (GA0-16-238)

The Department of Health and Human Services (HHS) appreciates the opportunity to review and comment on this draft report. HHS is strongly committed to eliminating fraud, waste, and abuse in the Medicare and Medicaid non-emergency medical transportation (NEMT) benefits and appropriately overseeing States in the administration of NEMT benefits.

Medicare beneficiaries are eligible for NEMT if such transportation is needed to obtain treatment or diagnose a health condition and the use of any other transportation method could endanger a beneficiary's health. For Medicaid, NEMT is an important benefit as it enables Medicaid beneficiaries with no other means of transpo11ation to get to and from providers. Access to transportation can improve the medical outcomes of Medicaid beneficiaries and can help avoid costly ambulance trips or emergency room visits.

As mentioned in the GAO rep011, HHS uses different oversight strategies for NEMT benefits under Medicare and Medicaid to address the specific needs of each program. Under Medicare, HHS oversees NEMT through its regular program integrity activities, which include conducting pre- and post-payment claims reviews, determining a service-specific improper payment rate through the Comprehensive Error Rate Testing program, and operating a prior authorization program for repetitive, scheduled non-emergent ambulance transport in select states. Under Medicaid, HHS oversees states' operations of NEMT programs in a variety of ways, including review and approval of Medicaid State plans and amendments, claims review, technical assistance, and issuance of guidance materials.

For Medicaid, HHS provides technical assistance to states as they implement and improve their NEMT program. This technical assistance enables states to make informed decisions on their program goals and objectives. It is used by states during the state plan review process and

on an ad hoc basis depending upon the state's unique needs. In June 2014, HHS issued an NEMT program integrity toolkit to educate patients and providers about the scope of the Medicaid NEMT benefit. The toolkit also identifies common NEMT fraud and abuse issues and helps beneficiaries report potential fraud and abuse. These materials were updated in September 2015 and can be accessed online. [1]

For Medicare NEMT benefits, HHS launched a prior authorization model for Medicare-covered repetitive, scheduled non-emergent ambulance transports in South Carolina, New Jersey, and Pennsylvania in December 2014. In accordance with requirements in the Medicare Access and CHIP Reauthorization Act of 201 5, in January 20 16, CMS expanded this model to Delaware, the District of Columbia, Maryland, North Carolina, Virginia, and West Virginia and will evaluate whether to expand the model nationwide. CMS is testing whether prior authorization helps reduce expenditures while maintaining or improving quality of care. CMS believes using a prior authorization process will help make sure services are provided in compliance with Medicare coverage, coding, and payment rules before services are rendered and claims are paid.

Page 3

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: NONEMERGENCY MEDICAL TRANSPORTAION: UPDATED MEDICAID GUIDANCE COULD HELP STATES (GA0-16-238)

GAO's recommendations and HHS' responses are below.

GAO Recommendation

To ensure states have appropriate and current guidance to assist them in designing and administering Medicaid NEMT, we recommend the Secretary of HHS direct CMS to assess current Medicaid NEMT guidance and update that guidance as needed.

HHS Response

[1] https://www.cms.gov/medicare-medicaid-coordination/fraud-prevention/medicaid -integrity-education/downloads/nemt-book let.pdf

HHS concurs with GAO's recommendation. HHS will examine current Medicaid NEMT guidance and publish or update additional guidance as necessary to assist states in designing and administering the Medicaid NEMT benefit.

HHS thanks GAO for their efforts on this issue and looks forward to working with GAO on this and other issues in the future.