



September 2022

MEDICAID

Efforts to Address Fraud in Nonemergency Medical Transportation

GAO Highlights

Highlights of [GAO-22-105447](#), a report to congressional committees

Why GAO Did This Study

The Centers for Medicare & Medicaid Services (CMS) oversees the design and operation of state Medicaid programs, including nonemergency medical transportation. This Medicaid benefit is essential to ensuring beneficiaries' access to necessary health care. CMS has identified it as a program area at risk for fraud.

Congress included a provision in the Consolidated Appropriations Act, 2021 for GAO to examine Medicaid nonemergency medical transportation. This report describes (1) states' approaches to administer this benefit; (2) outcomes and findings of related fraud investigations and program audits; and (3) strategies selected states used to address related fraud.

GAO reviewed relevant federal statutes, regulations, and guidance, as well as documentation across 50 states and the District of Columbia to determine their approaches to administering this benefit. GAO also reviewed related fraud investigations and program audits conducted by Medicaid Fraud Control Units, the Department of Health and Human Services' Office of Inspector General, and state audit organizations.

In eight states, GAO interviewed Medicaid officials. In seven of these states, GAO also interviewed officials from Medicaid Fraud Control Units and contractors that administered the benefit, such as brokers or managed care organizations. The eight states were selected based on variation in benefit approaches and geography.

View [GAO-22-105447](#). For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov.

September 2022

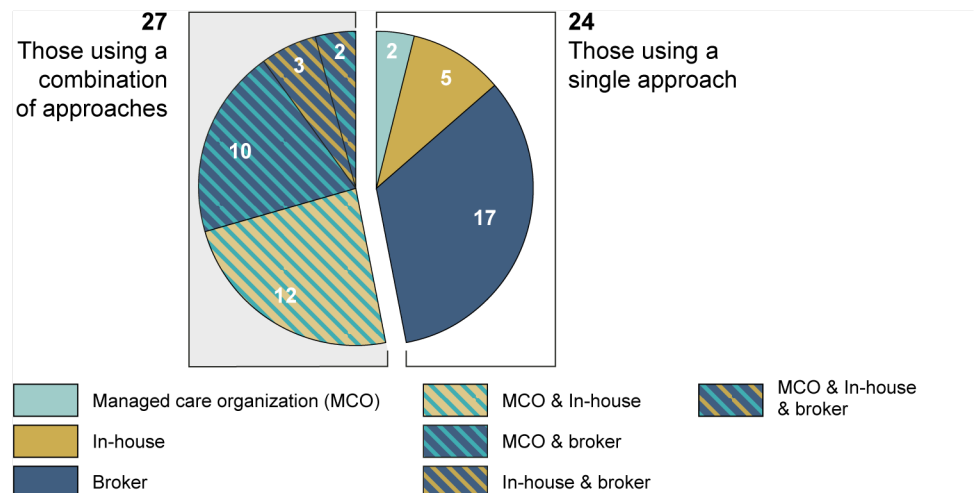
MEDICAID

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What GAO Found

State Medicaid programs are required to provide nonemergency medical transportation to beneficiaries who are unable to provide their own transportation to medical appointments. Within broad federal guidelines, states have flexibility in how they administer this benefit; GAO found that states used three broad approaches to do so. These approaches included administering the benefit directly (in-house), contracting with third-party transportation brokers, or contracting with managed care organizations. Most states used a combination of these approaches.

Approaches to Administer Medicaid Nonemergency Medical Transportation in 50 States and the District of Columbia, December 2021



Source: GAO analysis of Medicaid nonemergency medical transportation in 50 states and the District of Columbia. | GAO-22-105447

Federal and state agencies have identified fraud and non-compliance with requirements related to Medicaid nonemergency medical transportation. From fiscal years 2015 to 2020, state Medicaid Fraud Control Unit investigations resulted in nearly 200 criminal convictions, civil settlements, and judgments against transportation providers in 25 states. Officials in three selected states said that credible allegations of fraud included providers billing for trips that were not provided or providing trips with unauthorized drivers or vehicles.

State officials and their contractors in seven selected states identified a variety of strategies to address fraud, including the following:

- **Provider and vehicle screening**, such as enrolling providers and monitoring driver and vehicle credentials.
- **Pre-trip approval**, such as verifying eligibility prior to scheduling a trip.
- **Post-trip validation**, such as validating that trips occurred through trip logs, GPS data, and claims reviews.

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Figure 1: Approaches to Administer Medicaid Nonemergency Medical Transportation (NEMT) in 50 States and the District of Columbia, December 2021

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Abbreviations

CMS	Centers for Medicare & Medicaid Services
FFS	fee-for-service
HHS	Department of Health and Human Services
HHS-OIG	Department of Health and Human Services' Office of Inspector General
MCO	managed care organization
MFCU	Medicaid Fraud Control Unit
NEMT	nonemergency medical transportation
UPIC	Unified Program Integrity Contractor

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September 28, 2022

The Honorable Ron Wyden
Chairman
The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Cathy McMorris Rodgers
Republican Leader
Committee on Energy and Commerce
House of Representatives

A lack of transportation can be a barrier to accessing health care. A recent study found that across the United States in 2017, 5.8 million individuals delayed medical care because they did not have transportation.¹ States are required to provide Medicaid’s nonemergency medical transportation (NEMT) benefit to beneficiaries who are unable to provide their own transportation to medical appointments.² As such, NEMT is essential to helping millions of low income and disabled beneficiaries access vital health care services.

Both the federal government and states share responsibility for ensuring Medicaid beneficiaries’ access to quality services, including NEMT, and for ensuring the integrity of the program. The Centers for Medicare & Medicaid Services (CMS), within the Department of Health and Human Services (HHS), monitors states’ compliance with federal Medicaid requirements, including efforts to identify fraudulent or improper payments. Since 2003, we have identified Medicaid as a high-risk program due to a number of concerns, including improper payments and

¹See M.K. Wolfe, N.C. McDonald, and G.M. Holmes, “Transportation Barriers to Health Care in the United States: Findings from the National Health Interview Survey, 1997–2017,” *American Journal of Public Health*, vol. 110, no. 6 (2020).

²Medicaid is a federal-state health financing program for certain low-income and medically needy individuals.

the need for more accurate and complete data.³ Specific to Medicaid NEMT, we previously reported that CMS guidance to states on administering the benefit was outdated or may be of limited use, because of legislative and other changes.⁴ The Consolidated Appropriations Act, 2021 required CMS to review and update existing NEMT guidance, and mandated several other NEMT program integrity requirements.⁵ For example, the act included provisions to ensure NEMT providers meet certain minimum standards, such as having a valid driver's license. It also required CMS to hold listening sessions to gather information from stakeholders about leading practices to improve NEMT.⁶

Further, the act included a provision for us to examine Medicaid coverage of NEMT, including states' efforts to prevent and detect NEMT-related fraud and incidents of such fraud that have been identified.⁷ This report describes

1. approaches states have used to administer Medicaid NEMT;
2. outcomes and findings of Medicaid NEMT fraud investigations and program audits; and
3. strategies selected states have used to address fraud in Medicaid NEMT.

For all three objectives, we reviewed relevant federal laws, regulations, and CMS guidance, as well as interviewed and reviewed written responses from CMS officials on the agency's administration and oversight of Medicaid NEMT. We also interviewed five organizations that

³See GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

⁴See GAO, *Nonemergency Medical Transportation: Updated Medicaid Guidance Could Help States*, [GAO-16-238](#) (Washington, D.C.: Feb. 2, 2016).

⁵Pub. L. No. 116-260, div. CC, title II, § 209(b), 134 Stat. 1182, 2987 (2020).

⁶In March and April 2022, CMS held four public sessions on topics such as program integrity, documentation and data requirements, and provider enrollment requirements, among others. For more information, see Centers for Medicare & Medicaid Services, "Assurance of Transportation" (Baltimore, Md.), accessed July 7, 2022, <https://www.medicaid.gov/medicaid/benefits/assurance-of-transportation/index.html>.

⁷For Medicaid program integrity purposes, fraud is defined as "an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person." 42 C.F.R. § 455.2 (2021). The definition also includes any act that constitutes fraud under applicable federal or state law.

represent a range of perspectives on NEMT, including beneficiary advocates and transportation providers.

To describe the approaches states have used to administer Medicaid NEMT, we reviewed state Medicaid program documentation—including any applicable state plans, beneficiary handbooks, provider manuals, and contracts with brokers and managed care organizations (MCO)—from all 50 states and the District of Columbia.⁸ For more in-depth information on states' NEMT approaches, we interviewed Medicaid officials from a non-generalizable sample of eight states: Alabama, Colorado, Louisiana, New York, Ohio, Oklahoma, Washington, and Wisconsin. We selected these states based on variation in their geography, approach to administering NEMT, and the number of recent NEMT fraud cases. Seven of the selected states contracted with other entities, such as brokers and MCOs, to administer NEMT. We also interviewed officials from nine such entities.⁹

To describe the outcomes and findings of Medicaid NEMT fraud investigations and program audits, we obtained data from HHS's Office of Inspector General's (HHS-OIG) Annual Statistical Report, which includes information on fraud cases related to NEMT providers reported by states' Medicaid Fraud Control Units (MFCU). We analyzed data on the number of criminal convictions, civil settlements, and judgments against NEMT providers reported by 53 MFCUs from fiscal years 2015 through 2020.¹⁰ To assess the reliability of these data, we reviewed information about the data provided by relevant HHS-OIG officials and performed checks to identify missing or incorrect data. Based on these steps, we determined that the data were sufficiently reliable for the purposes of our reporting

⁸This report describes the Medicaid NEMT requirements and approaches as they apply to all states and the District of Columbia, which we refer to collectively as "states" in this report.

⁹These contractors included five brokers, two MCOs, and one transportation manager. In addition, one state delegated NEMT administration to its counties, and we interviewed officials from one such county. For the purposes of this report, we also refer to this county as a contractor. The contractors we interviewed generally administered NEMT to the largest share of Medicaid beneficiaries in these seven selected states.

¹⁰MFCUs—which generally operate within the state attorney general's office—are responsible for, among other things, investigating and prosecuting Medicaid provider fraud, including for NEMT. In fiscal year 2020, there were 53 MFCUs: one in each of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Data from this 6-year period were the most recent, comparable data available at the time we conducted our analysis.

objective. To supplement our understanding of MFCU operations and NEMT fraud cases, we interviewed or obtained written responses from MFCU officials in seven selected states and reviewed fraud allegations in three selected states that had investigations resulting in criminal convictions, or civil judgments or settlements during this time period.¹¹ We also reviewed seven HHS-OIG and four state audit organization program audits on Medicaid NEMT issued from 2017 through 2021.¹²

To describe strategies selected states have used to address fraud in Medicaid NEMT, we reviewed selected states' documentation, including their NEMT policies and procedures, contracts with any NEMT administrators, and provider manuals. We also relied on our interviews with Medicaid officials from all eight selected states; MFCU officials from seven selected states; and officials from nine entities that administered NEMT, in full or in part, for seven selected states.

We conducted this performance audit from September 2021 to September 2022 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.

¹¹The Colorado MFCU did not respond to our requests for an interview or provide written responses.

¹²The HHS-OIG audits we examined include all those that resulted in reports issued between 2017 and 2021, the most recent 5-year period at the time we conducted our review. We contacted the state audit organization in all 50 states and the District of Columbia through the National Association of State Auditors, Comptrollers, and Treasurers to identify any NEMT-related audits conducted during this time period; four states provided reports related to such audits. The 11 HHS-OIG and state auditor reports we reviewed examined NEMT benefits in 10 states: Colorado, Connecticut, Indiana, Louisiana, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, and Oklahoma.

Background

Administering NEMT

States have flexibility, within broad federal guidelines, in how they design, administer, and oversee their Medicaid programs, including NEMT.¹³ As such, states may vary the administration of NEMT to account for geography, transportation infrastructure, and the Medicaid population being served. The benefit typically covers the most appropriate, least costly mode of transportation to and from Medicaid-eligible health care services for Medicaid beneficiaries.

- **Eligibility.** NEMT is available to beneficiaries with no other means of accessing services; for example, beneficiaries who are unable to provide their own transportation due to age, disability, or low income. Additionally, an eligible trip must be to necessary Medicaid-approved health care, such as a doctor's appointment, or—depending on the state—trips to the pharmacy.
- **Modes of transportation.** States may cover various modes of transportation, such as public transportation, taxis, mileage reimbursement for use of personal vehicles (including those of friends and family), transportation network companies (such as Uber or Lyft), and wheelchair vans.

As with other Medicaid services, the NEMT benefit can be provided under both fee-for-service (FFS)—in which the state Medicaid agency pays providers on a per-service basis—and managed care—in which the state Medicaid agency pays MCOs a periodic payment per beneficiary to provide Medicaid benefits. In addition, states can administer NEMT directly (referred to as in-house), or contract with a broker or MCO to administer the benefit.

- **In-house.** State manages the benefit directly and generally pays for rides on a FFS basis. In some instances, a state may delegate certain

¹³While 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 may adopt utilization control procedures. See 42 C.F.R. § 440.230(d) (2021). They may also 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.

aspects of administering the benefit, for example, to local government agencies.

- Broker. State contracts with a third-party transportation broker to administer NEMT. While broker functions may vary across states, brokers generally act as a single point of contact for the beneficiary and arrange transportation.¹⁴
- Managed care organizations. State contracts with MCOs to administer comprehensive Medicaid benefits, including NEMT. In turn, the MCO may contract with a broker to arrange NEMT for beneficiaries.

In fiscal year 2018, NEMT represented upwards of \$2.6 billion of the approximately \$629 billion in Medicaid spending.¹⁵ This spending estimate does not include spending on NEMT provided through MCOs, because payments for NEMT services are not separately reported from other services. In fiscal year 2018, managed care represented about half of all Medicaid spending and enrolled about 70 percent of all beneficiaries.¹⁶

NEMT Oversight

CMS uses a range of regular oversight activities to oversee states' operations of their Medicaid programs, including NEMT, such as reviewing state plans, conducting State Program Integrity Reviews, measuring improper payments, issuing guidance, and providing technical assistance to states upon request. For example:

- State plans. Each state must have a plan that describes how it will administer its Medicaid program, including the design and administration of NEMT. A state that makes material changes to any Medicaid policy must amend their state plan and submit updated sections to CMS for approval.¹⁷ CMS officials said that as of June 2022, 46 states had submitted plan amendments describing how they will meet the NEMT provider and driver requirements established under the Consolidated Appropriations Act, 2021. Of these, the agency had approved the amendments submitted by 45 states.

¹⁴For the purposes of this report, brokers include transportation brokers with whom states contract and NEMT Prepaid Ambulatory Health Plans. See 42 C.F.R. §§ 438.9(a), 440.170(a)(4) (2021).

¹⁵See Medicaid and CHIP Payment and Access Commission, *Chapter 5: Mandated Report on Non-Emergency Medical Transportation* (Washington, D.C.: June 2021).

¹⁶This reflects enrollment in comprehensive managed care as of July 1, 2018.

¹⁷42 C.F.R. § 430.12(c) (2021).

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- **State Program Integrity Reviews.** CMS conducts State Program Integrity Reviews of high-risk areas by assessing the effectiveness of program integrity efforts to identify vulnerabilities and areas of non-compliance in state operations, as well as to assist states in strengthening program integrity operations. According to CMS officials, the agency last conducted State Program Integrity Reviews of NEMT in 2015 in three states (Delaware, North Carolina, and Vermont). Through these audits, CMS identified opportunities to improve NEMT oversight in North Carolina and Vermont. For example, CMS recommended that North Carolina develop policies and procedures to better monitor NEMT providers.¹⁸ In June 2022, CMS indicated it was working on reviews of NEMT in North Carolina and South Dakota.

In addition to its direct oversight activities, CMS provides states access to the agency's Unified Program Integrity Contractors (UPIC). CMS contracts with UPICs to perform certain program integrity functions for Medicaid. For instance, UPICs provide states with analytic and audit support and assistance, and work collaboratively with states to determine areas of audit, including NEMT. Between fiscal years 2018 and 2021, nine states requested UPIC assistance to investigate certain NEMT providers; these investigations resulted in the identification of nearly \$1 million in overpayments.

Beyond state-specific efforts, CMS has outlined plans to undertake an assessment of the fraud risk across Medicaid to help inform its approach to managing fraud risk.¹⁹ As part of this effort, CMS has prioritized risk assessments for program areas the agency has identified as high-risk areas, including NEMT. According to CMS officials, their risk assessment of NEMT aims to comprehensively identify relevant vulnerabilities, assess the risk levels of these vulnerabilities, and identify strategies to mitigate these risks, among other things. As of June 2022, CMS officials indicated that the NEMT risk assessment was in progress.

¹⁸CMS made no recommendations related to NEMT administration in Delaware.

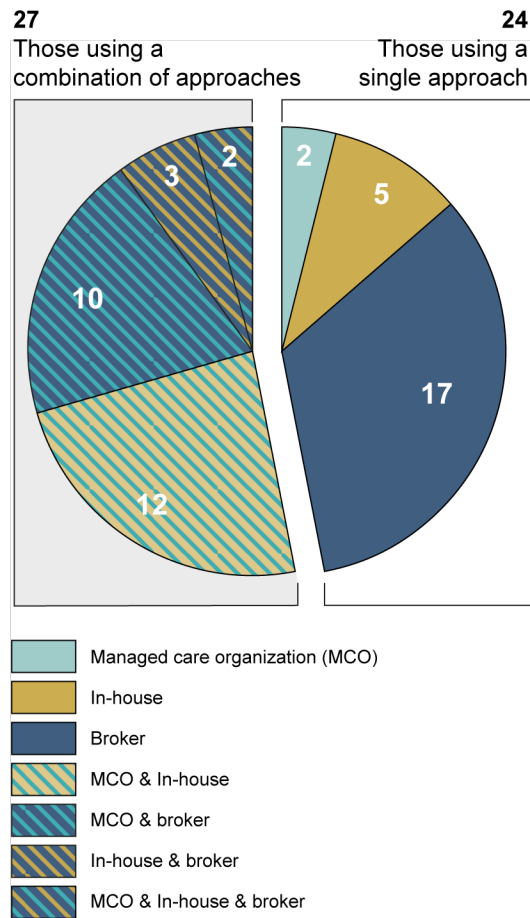
¹⁹In December 2017, we found that CMS had not conducted a fraud risk assessment for Medicaid, and had not designed and implemented a risk-based antifraud strategy. We recommended that CMS conduct a fraud risk assessment for Medicaid. A fraud risk assessment allows managers to fully consider fraud risks to their programs, analyze their likelihood and impact, and prioritize risks. As of March 2022, CMS outlined an approach to conducting a Medicaid fraud risk assessment. For more information, see GAO, *Medicare and Medicaid: CMS Needs to Fully Align Its Antifraud Efforts with the Fraud Risk Framework*, [GAO-18-88](#) (Washington, D.C.: Dec. 5, 2017).

Most States Used Multiple Approaches to Administer Medicaid Nonemergency Medical Transportation

Our review of program documentation shows that states have adopted various approaches to administer Medicaid NEMT to their beneficiaries. These approaches included administering the benefit in-house, contracting with a broker, contracting with an MCO, or through a combination of these approaches.²⁰ Most states contracted with brokers and MCOs to administer all or a portion of NEMT, while five states administered the benefit solely in-house. Overall, 26 states and the District of Columbia used a combination of approaches to administer NEMT, while 24 states used a single approach to do so. (See fig. 1.)

²⁰In some cases, states using an in-house approach may delegate aspects of administering NEMT—for example, prior authorization activities—to other entities, such as local government agencies.

Figure 1: Approaches to Administer Medicaid Nonemergency Medical Transportation (NEMT) in 50 States and the District of Columbia, December 2021



Source: GAO analysis of Medicaid nonemergency medical transportation in 50 states and the District of Columbia. | GAO-22-105447

Note: Figure totals 51, which includes the NEMT approaches used by 50 states and the District of Columbia. These approaches included administering the benefit directly (in-house), contracting with a broker, contracting with an MCO, or a combination of these approaches.

Selected states also varied in how they administered NEMT. The eight selected states provided examples of the different ways they administered NEMT.

- **Broker.** Officials from five of the selected states told us that the state contracted with brokers to administer NEMT to varying degrees. For example, three states relied exclusively on brokers to administer the benefit. Two of these states—Oklahoma and Wisconsin—used a single, statewide broker, while Washington contracted with six

regional brokers in separate geographic regions. The two remaining states—Colorado and Louisiana—used a broker to administer NEMT to specified populations, either based on a beneficiary’s county of residence or enrollment in FFS Medicaid, respectively. The five selected states also varied in how they paid brokers for their services. Oklahoma paid its broker through a capitated arrangement—under which the broker assumed the full financial risk associated with administering NEMT and paying NEMT providers. In contrast, Colorado, Louisiana, Washington, and Wisconsin contracted with their brokers on an administrative-services only basis—under which the state paid brokers a fee to administer NEMT, but assumed the full financial risk associated with the benefit.

- In-house. Officials from the four selected states that administered at least a portion of NEMT in-house shared how their in-house administration of NEMT varied. For example, officials from Alabama noted that the Medicaid agency exclusively used an in-house approach and directly managed all aspects of NEMT. By contrast, officials from three other selected states—Colorado, New York, and Ohio—said that their states combined their in-house administration with the broker or MCO approaches. In addition, two of these states—New York and Ohio—contracted or delegated certain aspects of their in-house administration. For example, Ohio’s Medicaid agency directly managed wheelchair van benefits for FFS beneficiaries and delegated the administration of other NEMT services to its 88 counties. In addition, while New York directly managed payments to NEMT providers, it contracted with transportation managers to arrange transportation. (See table 1.)

Table 1: Summary of Selected States’ Approaches to Administering Medicaid Nonemergency Medical Transportation (NEMT), December 2021

State	Approach		Entity responsible for arranging transportation	Share of beneficiaries (percentage)
Alabama	Single	In-house	The state Medicaid agency authorized transportation, and beneficiaries arranged transportation directly with NEMT providers.	100
Colorado	Combination	In-house	Beneficiaries residing in 55 rural counties arranged transportation directly with NEMT providers.	37
		Broker	One broker arranged transportation for beneficiaries residing in nine metro counties.	63
Louisiana	Combination	Broker	One broker arranged transportation for fee-for-service (FFS) beneficiaries.	15
		MCO	Five managed care organizations (MCO) contracted with five different brokers to arrange transportation for their members.	85

State	Approach	Entity responsible for arranging transportation		Share of beneficiaries (percentage)
New York	Combination	In-house	Two regional transportation managers arranged transportation for beneficiaries in FFS and most MCO plans.	97
		MCO	Twenty-eight long-term care MCOs arranged transportation for their members.	3
Ohio	Combination	In-house	The state Medicaid agency arranged wheelchair van transportation for FFS beneficiaries. The state's 88 counties arranged for less acute modes of transportation for all FFS beneficiaries and for MCO members whose trips were within 30 miles.	11 ^a
		MCO	Six MCOs contracted with brokers to arrange transportation for all MCO members requiring wheelchair vans and transportation using less acute modes for trips more than 30 miles.	89
Oklahoma	Single	Broker	One statewide broker arranged transportation.	100
Washington	Single	Broker	Six regional brokers arranged transportation for beneficiaries in specified geographic areas.	100
Wisconsin	Single	Broker	One statewide broker arranged transportation.	100

Source: GAO analysis of state NEMT documentation and interviews with state officials. | GAO-22-105447

^aBeneficiaries in FFS Medicaid. In addition to the 11 percent of beneficiaries in FFS Medicaid, some MCO members may also receive NEMT through counties.

Officials in the selected states provided examples of how this flexibility helped them tailor their administration of NEMT to meet the differing circumstances across their states:

- Colorado officials noted that the state's combination approach, which includes a broker approach in urban counties and an in-house approach in rural counties, has allowed them to respond to specific regional needs. In particular, these officials said the state's in-house approach in rural counties has allowed beneficiaries in more remote areas of the state to maintain existing provider-beneficiary relationships.
- Ohio officials said the state's combination approach, which relies largely on individual counties and MCOs to administer NEMT, has allowed them to account for differences in transportation resources across the state. For example, urban counties generally have more transportation options—such as public transportation—than rural counties, and MCOs have used transportation network companies to provide NEMT to beneficiaries.
- Washington officials said the state's use of regional brokers has allowed them to ensure continuity of services to beneficiaries, particularly in instances of inclement weather. Specifically, the officials

noted that the brokers were familiar with environmental and seasonal conditions that can affect road conditions in their respective regions. This enabled the brokers to schedule trips to account for road closures that may occur due to events such as fires or local weather conditions.

- Wisconsin officials said the state's use of a single, statewide broker who manages and administers NEMT in a uniform manner across the state has improved the consistency of beneficiaries' NEMT experiences.

Investigations and Program Audits Identified Instances of Fraud or Non-Compliance with Nonemergency Medical Transportation Requirements

Transportation Fraud Investigations Resulted in Criminal Convictions, and Civil Settlements and Judgments in 25 States

From fiscal years 2015 through 2020, state MFCU fraud-related investigations of NEMT providers resulted in 132 criminal convictions, and 57 civil settlements and judgments in 25 states. These cases represented about 2 percent (189 of the total 11,276) of all Medicaid provider fraud-related MFCU investigations with these outcomes during this time period.²¹ The majority (71 percent) of these NEMT cases were concentrated in five states—Indiana, Louisiana, Minnesota, New York, and Ohio. (See table 2 for information on the distribution of MFCU investigations among the 25 states, and app. I for more information on these states.)

²¹Subsequent to the completion of our analysis, the HHS-OIG issued MFCU data for fiscal year 2021, which were consistent with data from the previous years we analyzed. Specifically, in fiscal year 2021, NEMT represented about 2 percent (24 of the total 1,483) of all fraud-related investigations that resulted in criminal convictions, or civil settlements and judgments. Fraud-related investigations related to personal care services were the most common.

Table 2: Distribution of Medicaid Fraud Control Unit (MFCU) Investigations of Nonemergency Medical Transportation (NEMT) Providers Resulting in Criminal Convictions or Civil Settlements and Judgements, Fiscal Years 2015 through 2020

Distribution of investigations	Number of MFCUs	Number of NEMT investigations	NEMT investigations as a share of all MFCU investigations (percentage)
11+ investigations	5	135	71
1 to 10 investigations	20	54	29
0 investigations	28	0	0
Total	53	189	100

Source: GAO analysis of data from the Department of Health and Human Services' Office of the Inspector General (HHS-OIG). | GAO-22-105447

Note: Our analysis included fraud-related investigations of NEMT providers that resulted in criminal convictions, or civil settlements and judgments among 53 MFCUs (the 50 U.S. states, District of Columbia, Puerto Rico, and U.S. Virgin Islands). No MFCU operated in Puerto Rico and the U.S. Virgin Islands from 2015 through 2018 or in North Dakota from 2015 through 2019.

Because of how MFCUs initiate investigations, the distribution of fraud cases cannot be used to assess the extent to which fraud occurs in NEMT. In general, MFCUs initiate investigations based on (1) referrals from external sources, such as the public or other federal and state agencies; or (2) a process of screening and analyzing data called data mining. Thus, the lack of findings from the other 28 MFCUs does not necessarily reflect the absence of fraud, but rather the absence of identified allegations in those states through referrals or data mining.

MFCU officials in three selected states provided additional information about the nature of NEMT fraud-related allegations that resulted in criminal convictions, or civil settlements and judgments in their states. For example, allegations included instances in which NEMT providers did the following:

- Billed Medicaid for services not provided, such as billing for trips to facilities that were closed or on days when the beneficiary did not have a medical appointment.
- Billed Medicaid for ineligible beneficiaries, such as beneficiaries who were hospitalized or deceased.
- Overbilled for services to receive excess payment, such as overcharging for tolls or billing a single trip with multiple beneficiaries as several individual trips.

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- Used unauthorized drivers or vehicles, such as drivers with suspended licenses or vehicles that were not appropriately certified or inspected.
 - Falsified supporting documentation for services, such as asking individuals to sign for trips that were not provided.

Program Audits Identified Non-Compliance with Certain Transportation Benefit Requirements in 10 States

HHS-OIG and state audit organizations have also assessed states' administration of Medicaid NEMT through program audits, and we reviewed such audits issued between 2017 and 2021. These audits identified non-compliance with certain federal and state NEMT requirements in 10 states.²² Specifically, seven HHS-OIG program audits found that, depending on the state, between 15 and 86 percent of claims were not compliant with benefit requirements, resulting in about \$20 million of improperly paid federal funds. Non-compliance issues included instances in which there was a lack of documentation to support the following:

- A service was provided. For example, one state's documentation did not include trip information, such as the date of service, or pick up and drop off locations. Another state's NEMT providers did not maintain copies of service records after they changed locations or no longer participated in Medicaid.
- Properly credentialed drivers and vehicles. For example, one state could not provide documentation of driver qualifications, such as driver's licenses. Another state could not provide documentation of vehicle inspections, registration, or timely maintenance records.

The HHS-OIG and state program audits recommended states improve their oversight and monitoring of NEMT; for example, by ensuring that NEMT providers maintain proper documentation of services provided, as well as of driver and vehicle credentialing. HHS-OIG also recommended the return of improperly paid federal funds. Although non-compliance is not necessarily indicative of fraud, addressing these recommendations could help reduce the potential for NEMT fraud and improve program integrity.

²²The 10 states were Colorado, Connecticut, Indiana, Louisiana, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, and Oklahoma. At least seven of these 10 states had MFCU investigations that resulted in NEMT fraud-related criminal convictions or civil settlements and judgments in fiscal years 2015 through 2020.

Selected States Cited Oversight Strategies in Four Areas to Address Fraud in Nonemergency Medical Transportation

In all eight selected states, state officials or their contractors provided information about various strategies to address NEMT fraud and often cited the importance of data and technology in improving such efforts. The strategies identified by the state officials and contractors generally fell within four areas:

- NEMT provider and vehicle screening. All selected states had initial enrollment and ongoing screening efforts they or their contractors conducted to ensure NEMT providers and vehicles met program requirements, according to officials we interviewed. Strategies included documenting that provider and vehicle credentials met state requirements and inspecting vehicles to ensure they are safe to transport beneficiaries. Officials in four states noted that the state had categorized NEMT providers as a high-risk provider type, meaning the states conducted a site visit and a fingerprint-based criminal background check of each provider prior to enrollment.²³ In addition, when asked about challenges to provider screening, state officials or contractors in four states cited NEMT provider turnover or the lack of standardization of provider credentials.
- Pre-trip approval. In all selected states, state officials or their contractors shared processes they had in place to verify beneficiary eligibility, ensure that the purpose of the trip was covered, and determine the appropriate mode of transportation prior to authorizing or scheduling a trip. For certain trips—such as long distance trips, or trips requiring a wheelchair van or support from an attendant—states or their contractors verified the necessity of the trip or mode of transportation with a health care provider, obtained through fax, phone, or an online portal. Contractors in two states cited challenges they faced obtaining necessary information and approvals from health care providers. Another contractor noted it had dedicated resources to educate health care providers about their role in arranging NEMT services.
- Post-trip validation. All selected states had strategies that state officials or their contractors said they used to validate that (1) the trip was for a Medicaid-covered service—for instance, by matching the

²³States are required to verify all providers' licenses and their eligibility to participate in Medicaid. 42 C.F.R. §§ 455.410, .412 (2021). Additionally, states must assign a categorical risk level for all providers, including those providing NEMT, and conduct designated screening activities based on that risk level. 42 C.F.R. § 455.450 (2021). For providers deemed to be high-risk, states must conduct additional efforts, such as site visits and fingerprint-based criminal background checks. 42 C.F.R. § 455.450(c) (2021).

date of an NEMT trip to a medical claim; that (2) trips occurred as authorized—for instance, by reviewing trip logs; or (3) both. In six selected states, states or their contractors used GPS tracking applications to compare trip logs with time-stamped GPS data. According to two contractors, GPS data are more reliable than self-reported trip logs and could be used to improve trip validation efforts by automating the validation of trips.²⁴

- Contractor requirements. Officials from the seven selected states that contracted the administration of NEMT to other entities said they used their contracts with these entities to improve oversight and to address any fraud related to NEMT. According to these officials, their states included provisions in the contracts to specify oversight requirements and responsibilities, which in some cases were linked to performance standards with incentives or penalties. In four states, officials noted that they recently updated the contracts to improve oversight by adding new data or reporting requirements. For example, Ohio officials said that they added quarterly reporting requirements on NEMT to its MCO contracts, and officials in Louisiana and New York said they mandated the use of GPS tracking for all trips.

Table 3 provides examples of selected states’ strategies to address NEMT fraud across the four oversight areas.

Table 3: Oversight Areas and Examples of Selected States’ Strategies to Address Fraud in Medicaid Nonemergency Medical Transportation (NEMT)

Oversight area and strategies	Examples	
NEMT provider and vehicle screening		
Document provider credentials	One broker verified provider documentation, like driver’s licenses, upon enrollment and randomly performs spot checks for at least 10 providers each week.	One state used an automated system to conduct continuous, real-time validation of providers’ driver’s licenses.
Inspect vehicles	One state did not conduct any vehicle inspections.	One broker conducted annual vehicle inspections and randomly inspected about 50 percent of its NEMT provider network throughout the year.
Pre-trip approval		
Check beneficiary eligibility	One broker manually determined beneficiary eligibility, because the state’s eligibility reports were not compatible with its trip management system.	One broker automatically identified ineligible beneficiaries using state data, which was integrated into its trip management system.

²⁴Contractors in three of these states noted that the majority of their NEMT providers had adopted GPS applications.

Oversight area and strategies	Examples	
Verify medical necessity	One broker required health care providers to submit a form by mail or fax to verify the need for specialized medical vehicle transportation.	One transportation manager used an online portal to enable health care providers to verify the level of transportation needed.
Post-trip validation		
Verify trip purpose	One broker contacted health care providers to confirm the beneficiary attended their medical appointment for a random sample of 10 percent of all NEMT trips.	One state did not pay a NEMT claim until it identified an associated medical claim.
Confirm trip occurred	One broker manually reviewed the trip logs from all NEMT providers to verify they included a patient signature prior to paying them.	One broker analyzed data to identify any variances between the scheduled pick-up and drop-off addresses and the GPS data gathered during the trip.
Contractor requirements		
Use standards and penalties	One state's managed care organization contract included general program integrity requirements, but none specific to NEMT.	One state's broker contract included specific performance standards for NEMT providers and associated penalties for each instance of noncompliance.
Ensure contractor compliance	One state's broker contract required an annual independent compliance audit, which assessed compliance with NEMT provider and eligibility requirements.	One state had on-site office space at the local broker office and shadowed broker activities on a regular basis.
Monitor trip data	One state compiled trip data submitted by all brokers, which it used to conduct regular monitoring and ad hoc reviews.	One state had direct access to the transportation managers' trip management systems and monitored trip data in real time.

Source: NEMT documentation and interviews with state officials and contractors in eight selected states. | GAO-22-105447

Agency Comments

We provided a draft of this report to HHS for comment. HHS provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Health and Human Services, and other interested parties. In addition, the 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 me at (202) 512-7114 or at yocomc@gao.gov. Contact points for our Office of Congressional Relations and Office of Public Affairs can be

found on the last page of this report. Other major contributors to this report are listed in appendix II.

A handwritten signature in black ink, appearing to read "Carolyn L. Yocom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Carolyn L. Yocom
Director, Health Care

Appendix I: Information on Nonemergency Medical Transportation Fraud-Related Investigations, Fiscal Years 2015 - 2020

Table 4: Number of Medicaid Fraud Control Unit (MFCU) Investigations of Nonemergency Medical Transportation (NEMT) Providers Resulting in Criminal Convictions or Civil Settlements and Judgments, by State, Fiscal Years 2015–2020

State	Number of investigations of NEMT providers (n=189)	Cumulative total of investigations (percentage)
New York	56	29.6
Ohio	36	48.7
Indiana	18	58.2
Minnesota	14	65.6
Louisiana	11	71.4
Illinois	8	75.7
Kentucky	8	79.9
Massachusetts	7	83.6
Georgia	6	86.8
South Carolina	4	88.9
Arizona	3	90.5
California	3	92.1
Florida	2	93.1
Tennessee	2	94.2
Colorado	1	94.7
Delaware	1	95.2
Hawaii	1	95.8
Idaho	1	96.3
Maine	1	96.8
Michigan	1	97.4
Missouri	1	97.9
New Hampshire	1	98.4
Oklahoma	1	98.9
South Dakota	1	99.5
Virginia	1	100.0

Source: GAO analysis of data from the Department of Health and Human Services Office of the Inspector General (HHS-OIG). | GAO-22-105447

Note: Our analysis included fraud-related investigations of NEMT providers that resulted in criminal convictions or civil settlements and judgments among 53 MFCUs (the 50 U.S. states, District of Columbia, Puerto Rico, and U.S. Virgin Islands). No MFCU operated in Puerto Rico and the U.S. Virgin Islands from 2015 through 2018 or in North Dakota from 2015 through 2019.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Susan Anthony (Assistant Director), Kelly Krinn (Analyst-in-Charge), Drew Long, Sean Miskell, Melissa Trinh-Duong Ostergard, Monica Scott, and Jennifer Whitworth made key contributions to this report.

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