GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE DEPARTMENT OF HEALTH TAXICAB VOUCHER PROGRAM FOR MEDICAID RECIPIENTS

AUSTIN A. ANDERSEN

INTERIM INSPECTOR GENERAL

OIG 04-1-04HC **December 13, 2004**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

December 13, 2004

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Acting Director, Department of Health
825 North Capitol Street, N.E., Suite 4400
Washington, D.C. 20002

Natwar M. Gandhi
Chief Financial Officer
1350 Pennsylvania Avenue, Suite 203
Washington, D.C. 20004

Dear Dr. Pane and Dr. Gandhi:

Enclosed is the final report summarizing the results of the Office of the Inspector General's *Audit of the Department of Health Taxicab Voucher Program for Medicaid Recipients* (OIG 04-1-04HC).

Our report contains seven recommendations for necessary action to correct the described deficiencies. We received responses from the Office of the Chief Financial Officer (OCFO) and Department of Health (DOH) on November 24, 2004, and December 2, 2004, respectively. The OCFO partially disagreed with one of our recommendations. However, the OCFO proposed alternative actions which correct the noted deficiency, and therefore, satisfies the intent of our recommendation. We consider actions taken and/or planned by both OCFO and DOH to be responsive to the recommendations. The full text of OCFO's and DOH's responses is included at Exhibits E and F.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at 202-727-2540.

Sincerely,

Austin A. Andersen
Interim Inspector General

AAA/ws

cc: See Distribution List

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AUDIT OF THE DEPARTMENT OF HEALTH TAXICAB VOUCHER PROGRAM FOR MEDICAID RECIPIENTS

ACRONYMS

OIG	Office of Inspector General
DOH	Department of Health
MAA	Medical Assistance Administration
MAA OPO	Medical Assistance Administration, Office of Program Operations
DOH OCFO	Department of Health, Office of the Chief Financial Officer
LOU	Letter of Understanding
SOAR	System of Accounting and Reporting

AUDIT OF THE DEPARTMENT OF HEALTH TAXICAB VOUCHER PROGRAM FOR MEDICAID RECIPIENTS

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EXECUTIVE DIGEST

OVERVIEW

The Office of the Inspector General (OIG), District of Columbia, has completed an audit of the District of Columbia Department of Health (DOH) Taxicab Voucher Program for Medicaid Recipients (the Program). The Program is jointly administered by the DOH, Medical Assistance Administration, Office of Program Operations (MAA OPO) and the DOH, Office of the Chief Financial Officer (DOH OCFO). The objective of the Program is to provide transportation assistance to recipients with serious medical conditions, which qualify the recipient to use a taxicab (rather than other types of public transportation) when receiving medical treatment. Recipients qualify for transportation assistance by filing a Transportation Request and Medical Necessity Certification form (Medical Necessity form) at the medical facility. The Medical Necessity form must be completed and approved by a physician.

An Authorization for Use of Taxicab (taxicab voucher) is issued to the recipients at any of the 41 medical facilities that are located throughout the District. An imprest fund is used to reimburse taxicab drivers for services rendered to recipients. Records obtained during the audit indicate taxicab voucher reimbursements totaled $649,935 and $785,934, respectively, for fiscal years (FYs) 2002 and 2003.

This audit is the first in a series of audits that will evaluate the District's management of the Medicaid Program. Upcoming audits will include a review and evaluation of selected Medicaid waivers, the Medicaid billing process, Medicaid transportation, Medicaid documentation, Medicaid records management, Medicaid third-party liability, and the Medicaid Management Information System. The objectives of this audit were to determine whether DOH: 1) established adequate operating policies and procedures; 2) complied with applicable laws, rules and regulations, policies and procedures while administering the Program; 3) properly approved and documented taxicab fare reimbursements; and 4) implemented adequate internal controls to safeguard imprest funds against fraud, waste, and abuse.

CONCLUSIONS

The audit disclosed that DOH OCFO did not fully comply with all existing rules and regulations and policies and procedures governing the use of District imprest funds. DOH OCFO also did not establish and implement effective internal policies and procedures or develop the necessary management and internal controls to adequately safeguard the funds against fraud, waste, and abuse. Further, DOH OCFO did not maintain documentation to support approximately $44,000 in taxicab fare reimbursements.

The audit also disclosed that MAA OPO did not establish an organized filing system to properly maintain Medical Necessity forms to account for all the Medicaid recipients who were issued taxicab vouchers during the 2-year period covered by our audit. Furthermore,

EXECUTIVE DIGEST

MAA OPO had not reconciled or accounted for the number of taxicab vouchers issued to the 41 medical facilities during the audit period.

In our opinion, the failure to maintain and account for all of the Medical Necessity forms and the taxicab vouchers may have resulted in additional program costs to the District.
As a result, we could not determine the number of recipients who participated in the program or ascertain if all of the taxicab vouchers issued by the 41 facilities during the audit period were for qualified recipients.

SUMMARY OF RECOMMENDATIONS

We addressed seven recommendations to the Director, Department of Health and the Chief Financial Officer that we believe are necessary to correct the deficiencies noted in this report. Specifically, DOH and the OCFO should:

- establish procedures to ensure that all paid taxicab vouchers are voided by date stamping and/or perforation to avoid duplication of payment and to prevent re-use;
- establish and implement operating policies and procedures that address impress fund disbursement and reimbursement functions;
- train imprest fund cashiers related to fund disbursements and reimbursement functions;
- properly segregate the duties of the imprest fund cashiers related to the custody of funds and record-keeping functions;
- initiate the process for reconciling taxicab vouchers and establishing procedures necessary to reconcile taxicab vouchers issued to medical facilities with the completed voucher logs submitted by the facilities to MAA;
- establish an organized filing system for maintaining the Medical Necessity forms to account for all taxicab vouchers issued to qualified recipients; and
- update the Letter of Understanding to include procedures for record retention.

We received responses from the Office of the Chief Financial Officer (OCFO) and Department of Health (DOH) on November 24, 2004, and December 2, 2004, respectively. We consider actions taken and/or planned by both OCFO and DOH to be responsive to the recommendations. The full text of OCFO's and DOH's responses is included at Exhibits E and F.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

INTRODUCTION

BACKGROUND

The Office of the Inspector General, District of Columbia, has completed an audit of the District of Columbia Department of Health's Taxicab Voucher Program for Medicaid Recipients. The Program provides transportation assistance to authorized Medicaid recipients with serious medical conditions, which qualify the recipient to use a taxicab (rather than other types of public transportation) when traveling to receive medical treatment. The Program is jointly administered by DOH Medical Assistance Administration and DOH Office of the Chief Financial Officer.

Medical Assistance Administration. The MAA is the state agency responsible for administering Title XIX of the Social Security Act, the Medical Charities program, the District's Medicaid Program, and other health care financing initiatives of the District. The MAA also develops eligibility, service coverage, service delivery, and reimbursement policies for the District's health care financing program that ensures improved access and efficient delivery.

Transportation Request and Medical Necessity Certification Form. The number of taxicab vouchers issued to each facility is based on a Transportation Request and Medical Necessity Certification form (Medical Necessity form). This form authorizes Medicaid recipients to receive transportation assistance (taxicab vouchers) and is completed by a physician at the medical facilities and submitted to MAA OPO indicating the name of the client and the number of taxicab vouchers needed.

The recipients may receive taxicab vouchers from any of the participating medical facilities, including the Department of Human Services' medical facilities, community hospitals, freestanding clinics, and private service centers (see Exhibit B for a listing of the medical facilities). MAA OPO provides taxicab vouchers to the medical facilities on a monthly basis and the medical facilities are required to record all recipients who receive vouchers on the Monthly Allotment Log (the Log). Medical facilities must submit a completed Log to MAA OPO for review prior to being issued additional vouchers. Rules governing the Medical Necessity form are contained in a Letter of Understanding (LOU) between MAA and the medical facility, and also in the District of Columbia Medicaid Provider Manual.

Medical Facilities. MAA OPO executes a LOU with a medical facility authorizing the medical facility to issue taxicab vouchers to qualified Medicaid recipients (see Exhibit D for an illustration of a taxicab voucher). MAA OPO records show that MAA contracted with 41 medical facilities that issued taxicab vouchers to recipients during the audit period of FY 2002 to FY 2003. Each medical facility files a completed Signature Authorization form that shows all individuals authorized (at the facility) to handle the vouchers. Authorized individuals complete taxicab vouchers, provide the vouchers to the recipients, maintain a

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record of all recipients issued vouchers in the Log, and maintain copies of the vouchers issued.

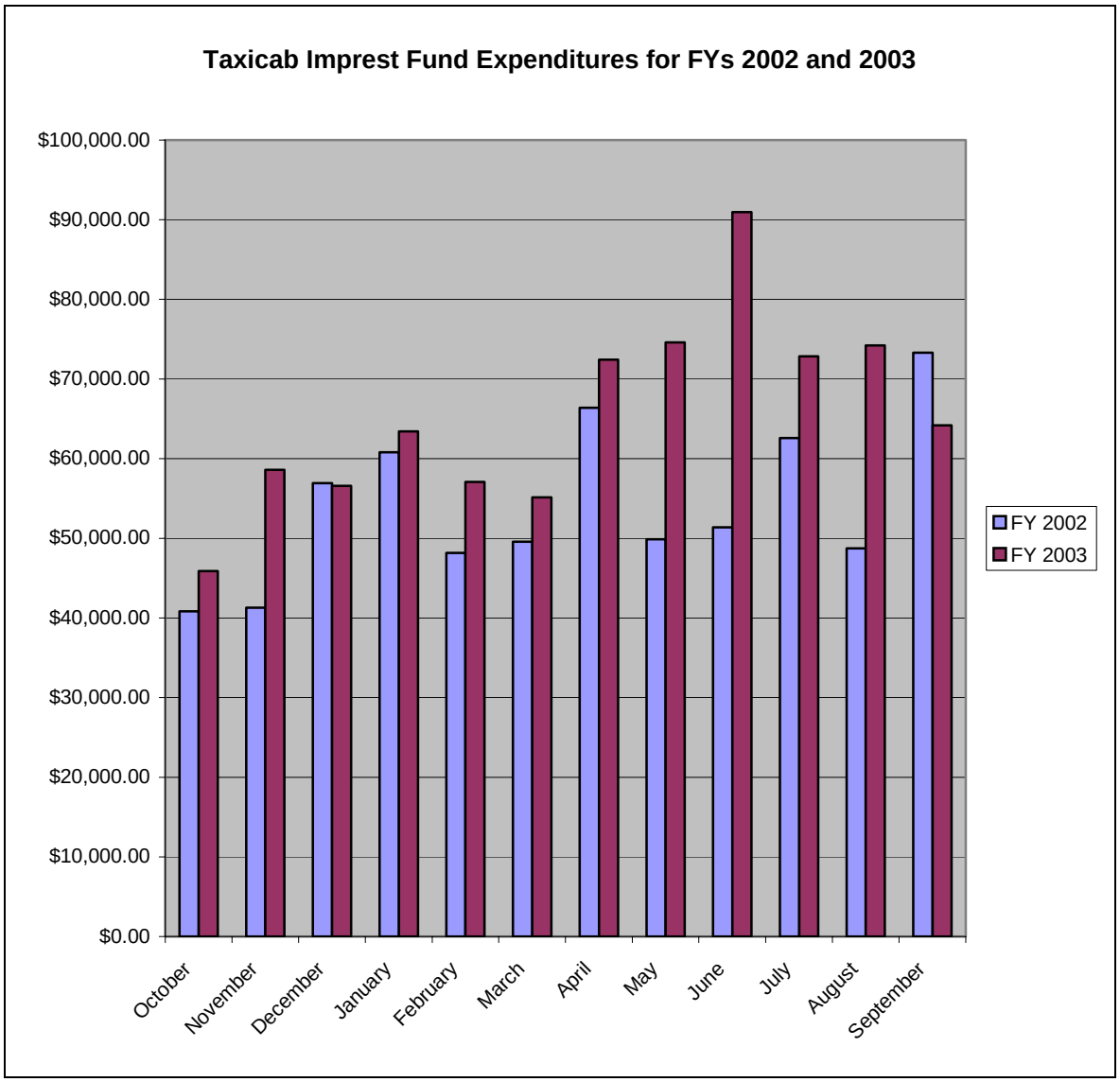
Taxicab Drivers. The recipient is allowed to select taxicab drivers independently and to provide a voucher to the driver in lieu of cash payment for services rendered. The taxicab drivers, in turn, complete a section of the voucher indicating the pickup and destination addresses, District zone(s) traveled in and mileage covered, the cab company name and cab number, the total cost to be paid, and a Hacker identification number. The voucher is signed by the recipient after he or she is transported to their destination. The taxicab driver can submit the completed voucher to the DOH OCFO for payment up to 180 days after the transportation service is rendered.

DOH OCFO Disbursement Procedures. Taxicab drivers are required to submit taxicab vouchers for payment to the DOH OCFO within 180 days. Imprest fund cashiers make disbursements from an imprest fund (in cash) to taxicab drivers generally twice a week. The taxicab vouchers (which are pre-numbered) are batched, totaled, and maintained as documentation to support imprest fund reimbursements. The cashiers prepare an imprest fund reimbursement voucher for the total amount disbursed to the cab drivers.

DOH OCFO Responsibilities. The DOH OCFO is responsible for making payments to taxicab drivers and maintaining the Taxicab Imprest Fund. DOH OCFO disburses funds to taxicab drivers twice a week for services rendered using a $15,000 imprest fund (imprest fund JA-IF-90) that is replenished approximately 12 times per month. Records obtained during the audit indicate that MAA expended a total of approximately $1.4 million in fiscal years 2002 and 2003 to provide taxicab transportation to qualified recipients (Exhibit C provides the details regarding monthly expenditures for both fiscal years). Table 1 that follows illustrates monthly program expenditures for FYs 2002 and 2003.

INTRODUCTION

Table 1: Comparison of Expenditures for FYs 2002 and 2003



OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether DOH, in relation to the Program: 1) established adequate operating policies and procedures; 2) complied with applicable laws, rules and regulations, and policies and procedures; 3) properly approved and documented cab fare reimbursements; and 4) implemented adequate internal controls to safeguard imprest funds against fraud, waste, and abuse.

INTRODUCTION

We conducted interviews with staff at six medical facilities and also held discussions with senior officials and staff of MAA and DOH OCFO to gain an understanding of the policies, procedures, and other controls used to operate the Program. We reviewed 51 imprest fund reimbursement vouchers and the supporting documentation (paid taxicab vouchers) maintained at DOH OCFO. We judgmentally selected 9 of the 51 imprest fund reimbursement vouchers for detailed testing.

We visited six medical facilities to examine facility records and to verify appointment dates for selected recipients that were issued taxicab vouchers. In addition, at one of the six facilities, we compared appointment dates of selected recipients to the paid taxicab vouchers maintained at DOH OCFO.

We did not completely rely on computer-processed data during this audit. However, we obtained information from the District of Columbia System of Accounting and Reporting (SOAR) to verify imprest fund reimbursement amounts for the 2-year period covered by our audit. Although we did not perform a reliability assessment of the computer-processed SOAR data, we found that the amounts contained in the supporting documentation agreed with the amounts reported in SOAR. The audit covered the period of FY 2002 through FY 2003. The audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary under the circumstances.

FINDINGS AND RECOMMENDATIONS

FINDING 1: INTERNAL CONTROLS OVER IMPREST FUND DISBURSEMENT AND REIMBURSEMENT FUNCTIONS

SYNOPSIS

DOH OCFO had not developed the necessary management and internal controls to adequately safeguard the imprest fund against fraud, waste, and abuse. This condition existed because DOH OCFO did not maintain supporting documentation for all taxicab fare reimbursements. As a result of weak internal controls, coupled with the missing documentation necessary to support $44,050 in fund disbursements, we could not determine whether all disbursements made from the imprest fund were for legitimate purposes and represented valid taxicab fares.

DISCUSSION

Review of Internal Controls. In evaluating the internal controls established over imprest fund disbursement and reimbursement functions, we found problems with:

- securing imprest fund vouchers;
- voiding paid taxicab vouchers;
- segregation of imprest fund cashier duties;
- training of imprest fund cashiers;
- maintaining the reimbursement voucher log; and
- imprest fund reimbursement procedures.

Securing Imprest Fund Vouchers. We observed that the paid taxicab vouchers were not maintained in a secure area. This condition could result in voucher misuse because the paid taxicab vouchers had not been cancelled or voided by the cashiers after payment. We brought this matter to DOH OCFO officials and requested that immediate action be taken to secure the vouchers.

Canceling or Voiding Paid Taxicab Vouchers. During our review of disbursement procedures, we noted that none of the paid taxicab vouchers had been voided, date-stamped and/or perforated as required by the OCFO Financial Policies and Procedures Manual (the Manual). When questioned, the fund cashiers told us that they had not been instructed to cancel or void paid taxicab vouchers.

The Manual, effective August 31, 1998, sets forth requirements for using imprest funds. Sections 1012.000 to 1012.700 of the Manual outline the procedures for District agencies handling imprest funds. In particular, Section 1012.600(D) (2) states, that the custodian shall

FINDINGS AND RECOMMENDATIONS

"[s]tamp Paid on all receipts in support of disbursements to prevent duplicate payments." Further, Section 1012.700(B) also states that [A]ll receipts are stamped Paid by custodian to prevent duplicate payments." The Manual does not require perforating of the voucher as a means of preventing reuse.

Segregation of Duties of Imprest Fund Cashiers. Based on interviews conducted with the imprest fund cashiers, we determined that the duties of the imprest fund cashiers had not been properly separated to prevent or timely detect fraud or misuse of the funds. Both imprest fund cashiers were responsible for making payments to taxicab drivers; preparing imprest fund reimbursement vouchers; recording the reimbursement amount in the Log; making entries in the SOAR; cashing the reimbursement check; and filing paid taxicab vouchers as supporting documentation for fund reimbursements.

Section 1010.300(B) of the Manual states: "Segregation of duties must be the first priority of an agency when handling cash receipts and disbursements and record-keeping functions." Good internal controls would require that the duties of the cashiers be separated as it relates to the disbursement (payment) and record keeping functions. Also, additional measures should be taken to ensure that paid taxicab vouchers are filed and/or otherwise handled by someone other than the cashiers.

Training Imprest Fund Cashiers. Imprest fund cashiers informed us that they had not received any specific training on handling imprest funds and were not aware of the regulations or policies and procedures covering imprest funds. We believe that the cashiers should receive applicable training on handling imprest funds. Although § 4000.000(A)(2) of the Manual does not impose a training requirement, it does provide that: "Management must specify the level of competence needed for particular jobs and translate the desired levels of competence into requisite knowledge and skills." It further states that an analysis of the knowledge and skills needed to perform jobs adequately [needs to be] performed. Once accomplished, it is incumbent upon management to provide these standards to the cashiers and to provide training to ensure that cashiers have the necessary knowledge and skills to perform their jobs competently.

Imprest Fund Reimbursement Voucher Log. We reviewed the imprest fund Reimbursement Voucher Log (Voucher Log) used by the fund cashiers to record all reimbursement vouchers submitted to the District Treasury (and received by DOH OCFO). A cursory review of the Voucher Log disclosed three omissions of voucher amounts, as well as numerous alterations (i.e., white-out, scratch outs, etc. made to log entries). Due to the overall condition of the Voucher Log, we extended our audit procedures to include a comparison of amounts listed in the Voucher Log to the same information extracted from SOAR. Further, we took an inventory of all imprest fund reimbursement vouchers on hand at DOH OCFO covering FYs 2002 and 2003.

FINDINGS AND RECOMMENDATIONS

We obtained information from SOAR in order to verify reimbursement voucher amounts and compared it to the voucher amounts listed on the Voucher Log. We noted that the amounts were in agreement, with the exception of the three amounts that had been omitted from the Voucher Log. We also counted the number of vouchers entered in the SOAR to ensure agreement with the number of vouchers in DOH OCFO inventory.

Missing Reimbursement Vouchers. We conducted an inventory of all imprest fund reimbursement vouchers submitted to the District Treasury for reimbursement and received by DOH OCFO for FYs 2002 and 2003. The inventory revealed that 14 reimbursement vouchers (which included supporting documentation), that totaled approximately $44,000, were missing from a total of 358 reimbursements. We noted that the 3 reimbursement voucher amounts omitted on the Voucher Log were included in the 14 reimbursement vouchers that were missing. A schedule of the 14 missing reimbursement vouchers appears on Table 2 which follows.

Table 2: Schedule of Missing Reimbursement Vouchers

FY 2002	
Voucher No.	**Amount**
1135	$38.00
1181	$4,290.90
Total	**$4,328.90**
FY 2003	
Voucher No.	**Amount**
1320	2,922.60
1321	30.30
1322	4,899.35
1323	4,311.35
1324	3,331.60
1329	4,908.75
1331	4,545.50
1332	4,849.65
1333	2,633.50
1361	4,958.95
1448	760.55
1461	1,573.40
Total	**39,725.50**
Grand Total	**44,054.40**

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We made repeated requests for the documentation and held several meeting with DOH OCFO officials; however, the officials could neither provide us with the documents nor give us a reason for the missing vouchers. DOH OCFO is required to follow the document retention procedures found in the Manual. On page 5 of Appendix C of the Manual, the Records Retention Schedule requires that vouchers and supporting documentation be retained for a total of 7 years. Three of the 7 years should be on site, followed by 4 years in the archives. Due to the seriousness of this particular deficiency, we have referred this matter to our Medicaid Fraud Control Unit for further review.

DOH OCFO Imprest Fund Reimbursement Procedures. In order to replenish the imprest fund, the cashiers are required to complete an imprest fund reimbursement voucher (FMS form #436) and to attach all paid taxicab vouchers as supporting documentation. The cashiers record all reimbursement voucher amounts in the Voucher Log. The accounts payable manager reviews the information on the FMS form #436 and certifies that it is completed accurately. The accounts payable manager then initials on the form and presents it to the Supervisory Accountant for signature/authorization for the cashiers to process the data into the SOAR. The District Treasury issues a check based upon the information. Finally, the check is cashed by the cashiers to replenish the imprest fund. In reviewing imprest fund reimbursement procedures, we found problems in compliance with Mayor's Memorandum 82-29 and with the supervision of imprest fund cashiers.

Completion of Reimbursement Vouchers. During our review of imprest fund reimbursement procedures, we noted that all of the reimbursement vouchers did not contain all the required information requested on the form. Specifically, the reimbursement vouchers (which are prepared by the imprest fund cashiers) did not include the taxicab sub-voucher number as required on the form, although the taxicab voucher is a pre-numbered document. In addition, DOH OCFO did not fully comply with all of the procedures contained in Mayor's Memorandum 82-29 for completing all information requirements of FMS form #436.

Mayor's Memorandum 82-29. Mayor's Memorandum 82-29, titled "Imprest Fund Procedures," issued on May 28, 1982, provides guidelines to all heads of departments and agencies for the establishment, use, reimbursement, safeguarding, and auditing of imprest funds. Paragraph VIII Replenishment of Imprest Fund stipulates: "Replenishment of the imprest fund is made via FMS Form 436, 'Imprest Fund Reimbursement Voucher.' Vouchers should be prepared and submitted through the agency's normal payment certification process as often as necessary…. [A]ll applicable spaces on the voucher (FMS 436) should be completed, sub-vouchers and/or receipts attached, and signed by the Imprest Fund Custodian and an agency's certifying officer."

Supervision of Imprest Fund Cashiers. DOH OCFO managers had not provided adequate oversight over the cashiers. Specifically, the managers did not ensure that the

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cashiers followed the existing imprest fund policies and procedures. Also, the managers did not review and/or reconcile the supporting documentation (taxicab vouchers) to the amounts recorded on the Voucher Log. When questioned about the lack of management oversight in this area, DOH OCFO officials were unable to provide us with an explanation.

Corrective Actions. We brought the aforementioned deficiencies to the attention of DOH OCFO officials prior to the completion of our field work. The officials took corrective action by placing paid taxicab vouchers in a secure area and agreed to perforate and/or date-stamp taxicab vouchers to prevent re-use. DOH OCFO officials also informed us that internal policies and procedures to address the imprest fund and related functions had been drafted and would soon be approved and implemented.

RECOMMENDATIONS

We recommended that the Director, Department of Health, in conjunction with the Chief Financial Officer:

1. Establish and implement operating procedures to ensure that all paid taxicab vouchers are voided by date-stamping and/or perforating to avoid duplication of payment and to prevent re-use.

2. Establish and implement operating policies and procedures that address the imprest fund disbursements and reimbursement functions, particularly in the following areas:

    a) Maintenance of the Imprest Fund Reimbursement Voucher Log;
    b) Preparation of the Imprest Fund Reimbursement Voucher; and
    c) Canceling or voiding taxicab vouchers.

3. Schedule training for imprest fund cashiers related to fund disbursements and reimbursement functions and ensure that the training is completed.

4. Properly segregate the duties of the imprest fund cashiers as they relate to custody of funds and record-keeping functions.

OCFO RESPONSE (Recommendation 1)

OCFO concurred with the recommendation and stated that effective October 1, 2004, all vouchers covered by the check and the summary SOAR document are perforated with the date paid before filing. The full text of OCFO's response is included at Exhibit E.

FINDINGS AND RECOMMENDATIONS

OIG COMMENT (Recommendation 1)

OCFO corrective actions are responsive and meet the intent of the recommendation.

OCFO RESPONSE (Recommendation 2)

OCFO partially disagreed with the recommendation: however, the OCFO proposed alternative actions and stated that effective October 1, 2004, MAA gets the yellow copy of the redeemed sub voucher, which includes the sub voucher number.

OIG COMMENT (Recommendation 2)

OCFO corrective actions are responsive and satisfy the intent of the recommendation.

OCFO RESPONSE (Recommendation 3)

OCFO concurred with this recommendation and requested training from the Office of Finance and Treasury on September 30, 2004.

OIG COMMENT (Recommendation 3)

OCFO corrective actions are responsive and satisfy the intent of the recommendation.

OCFO RESPONSE (Recommendation 4)

OCFO concurred with this recommendation and stated that imprest fund cashiers will not be involved with the processing of reimbursements in SOAR or have control of documents.

OIG COMMENT (Recommendation 4)

OCFO corrective actions are responsive and meet the intent of the recommendation.

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FINDING 2: ACCOUNTING FOR AND RECONCILIATION OF TAXICAB VOUCHERS

SYNOPSIS

MAA OPO has not established adequate accountability for and reconciliation of taxicab vouchers. This condition occurred because MAA OPO did not establish an organized filing system to properly maintain Medical Necessity forms to account for all the Medicaid recipients who were issued taxicab vouchers during the 2-year period covered by our audit. Further, MAA OPO had not reconciled or accounted for the number of taxicab vouchers issued to the 41 medical facilities during the audit period. As a result, we could not determine the number of recipients who participated in the Program or ascertain whether all of the taxicab vouchers issued by the 41 facilities, which totaled approximately $1.4 million over a 2-year period, were for qualified recipients. In addition, the failure to maintain and account for all of the Medical Necessity forms and the taxicab vouchers may have resulted in additional program costs to the District.

DISCUSSION

Establishing Medical Necessity. In accordance with the Memorandum from the District of Columbia Department of Human Services to All D.C. Medical Facilities Participating in the Taxicab Voucher Program (Program Transmittal 94-11, March 22, 1994):

> Taxicab transportation services are a covered service for eligible Medicaid recipients, if in the opinion of the authorizing agent (medical facility physician), the use of other means of transportation would cause undue hardship on the recipient. In order to establish that there is hardship, there must be a signed physician's order and statement of medical necessity in the recipient's medical record. Medical Necessity will be established if the patient meets the following criteria:
>
> 1) Patient is in debilitated condition or is aged;
>
> 2) Patient uses a wheelchair, walker or cane; or
>
> 3) Patient is in leg or body casts making other means of transportation impractical.

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In addition, the LOU and the MAA OPO Medicaid Provider manual require each facility to submit a Medical Necessity form signed by a physician for each Medicaid eligible patient requiring taxicab vouchers.

As a starting point for our review, we requested MAA OPO to provide us with the number of recipients who participate in the Program. MAA OPO could not provide us with this information.

Letter of Understanding. The LOU provides general procedures to be followed by facilities participating in the Program. Procedure 3 of the LOU states, "The use of vouchers may only be authorized when it has been substantiated by Medical Assistance Administration Transmittal 01-06. Medical Necessity forms should be updated every ninety (90) days and kept in the files of all individuals receiving transportation assistance."

Filing and Organizing Medical Necessity Forms. MAA OPO officials informed us that they did not maintain Medical Necessity forms for the qualified recipients who received taxicab vouchers during the audit period. We were further informed that some of the facilities issue taxicab vouchers to patients on a one-time basis; therefore, these facilities did not maintain a copy of the Medical Necessity form. We were also told that MAA OPO assigned only one person to handle all the day-to-day activities related to the Program.

Although there are no specific requirements that mandate that MAA OPO maintain copies of the Medical Necessity form, the District of Columbia Medicaid Provider Manual, Section IV-2 (2), requires that a record be kept by all facilities of all assigned vouchers and a monthly report be kept as to how many vouchers a facility received, used, and returned (including voided vouchers). Medical facilities must keep the form in the files of all individuals receiving transportation assistance and provide a copy of the Medical Necessity form to MAA OPO. Therefore, by maintaining a copy of the form, MAA OPO should be able to determine the number of recipients who participate in the Program.

Reconciliation of Taxicab Vouchers. As a part of our audit, we conducted a cursory review of the usage of taxicab vouchers at judgmentally selected medical facilities and determined that MAA OPO provided several medical facilities with an excess number of taxicab vouchers. We questioned MAA OPO about our observation and requested MAA OPO to identify the number of vouchers issued to all 41 facilities during the audit period.

MAA OPO officials indicated that they had not reconciled or accounted for the number of taxicab vouchers issued to the 41 medical facilities for the 2 years covered by our audit. MAA OPO was therefore unable to confirm that all taxicab vouchers provided to the facilities were accounted for. Medical facilities are required to complete the Log, which accounts for the number of vouchers issued, voided, etc., and to submit the Log to MAA OPO, prior to being issued additional taxicab vouchers. Although the Logs were submitted

FINDINGS AND RECOMMENDATIONS

by the facilities as required, MAA OPO staff did not review the Logs or reconcile them with the number of vouchers provided to the facilities.

During our discussions with MAA OPO officials, we were informed that a shortage of resources was the main reason for the lack of accounting and reconciliation of taxicab vouchers. However, prior to the completion of our field work, MAA OPO informed us that they had begun to reconcile the Log to the taxicab vouchers issued to medical facilities.

Record Maintenance and Retention at Medical Facilities. Our site visits disclosed that most of the facilities properly maintained program records and had sufficient documentation to verify appointment dates of the recipients. However, two of the six facilities we visited did not maintain sufficient documentation, and therefore, were unable to provide us with all the Logs we requested for review.

Officials at three of the six medical facilities visited expressed concern about the lack of guidelines provided to them by MAA regarding record retention. Specifically, the officials were unclear with respect to the length of time that program records should be retained. In our opinion, MAA OPO should update the LOU with additional guidelines on record retention.

Conclusion

The Program provides a vital service to needy District Medicaid recipients. It provides transportation services to individuals who would otherwise experience difficulties in receiving medical treatment. Our audit, however, revealed that more stringent and effective management and internal controls are needed to ensure that DOH can fully account for and document all disbursements and imprest fund reimbursements associated with taxicab services for Medicaid recipients.

RECOMMENDATIONS

We recommended that the Director, Department of Health:

5. Immediately begin the process for reconciling taxicab vouchers issued to medical facilities and establish procedures necessary to reconcile taxicab vouchers issued to medical facilities, including reconciliation with the completed Logs submitted by the facilities to MAA.

FINDINGS AND RECOMMENDATIONS

6. Immediately establish an organized filing system and maintain the Medical Necessity forms to account for all taxicab vouchers issued to qualified recipients.

7. Update the Letter of Understanding to include additional guidelines on record retention.

DOH RESPONSE (Recommendation 5)

DOH concurred with the recommendation and stated that MAA OPO currently reviews the monthly log of vouchers issued to the previous month to ensure that all vouchers issued are accounted for. The full text of DOH's response is included at Exhibit F.

OIG COMMENT (Recommendation 5)

DOH corrective actions are responsive and meet the intent of the recommendation.

DOH RESPONSE (Recommendation 6)

DOH concurred with the recommendation and stated that MAA OPO has established two dedicated filing cabinets for all taxi cab vouchers, related files and materials; and has established folders for each of the providers including all logs etc. MAA also periodically reviews copies of the vouchers sent to the facilities.

OIG COMMENT (Recommendation 6)

DOH corrective actions are responsive and meet the intent of the recommendation.

DOH RESPONSE (Recommendation 7)

DOH concurred with the recommendation and stated that MAA OPO is updating the LOU to stipulate the record retention requirement for the Medicaid Program, which is 7 years. This will be mailed to providers on December 20, 2004.

OIG COMMENT (Recommendation 7)

DOH corrective actions are responsive and meet the intent of the recommendation.

EXHIBIT A

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Benefit	Status[1]
1	Compliance and Internal Control. Ensures that the taxicab vouchers are not misused.	Non Monetary.	Closed
2	Compliance and Internal Control. Ensures that payments and reimbursements are made according to pertinent regulations.	Non Monetary.	Closed
3	Compliance and Internal Control. Ensures that payments and reimbursements are made in accordance with pertinent regulations	Non Monetary.	Closed
4	Internal Control. Reduces the possibility of fraud.	Non Monetary.	Closed
5	Compliance and Internal Control. Requires MAA to ensure that taxicab vouchers are accounted for.	Non Monetary.	Closed
6	Compliance and Internal Control. Ensures taxicab vouchers are only provided to qualified recipients.	Non Monetary.	Closed
7	Efficiency. Includes procedures for document retention in the Letter of Understanding.	Non Monetary.	Closed

[1] This column provides the status of a recommendation as of the report date. For final reports, "**Open**" means management and the OIG are in agreement on the action to be taken, but action is not complete. "**Closed**" means management has advised that the action necessary to correct the condition is complete. "Unresolved" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

EXHIBIT B

LIST OF MEDICAL FACILITIES

	Name	Address
1	MC of Capitol Hill Dialysis	900 M Street, S.E. Washington, D.C. 20003
2	DuPont Circle Dialysis	11 Dupont Circle N.W. Washington, D.C.
3	Georgetown University Hospital	3800 Reservoir Road, N.W., Washington, D.C.
4	George Washington Hospital	901 23rd Street, N.W. Washington, DC 20037
5	Greater SE Community Hospital	1310 Southern Avenue, S.E. Washington D.C. 20032
6	Greater SE Dialysis Center	1350 Southern Avenue, S.E. Washington, D.C. 20032
7	Howard University Hospital	2041 Georgia Avenue, N.W. Washington D.C.
8	Rock Creek Manor	2131 O Street, N.W. Washington D.C. 20036
9	Providence Hospital	1150 Varnum Street, N.E. Washington D.C. 20010
10	Washington Hospital Center	110 Irving Street, N.W. Washongton D.C. 20010
11	Fresenius Medical Care	106 Irving Street, N.W., #227 Washington D.C. 20010
12	Institute of Mental Hygiene	200 MLK Avenue, S.E., #307 Washington, D.C. 20020
13	J.B. Johnson Nursing Home	901 First Street, N.W. Washongton D.C. 20020
14	South Community Mental Ctr.	35 K St., N.W Washington D.C. 20002
15	BMA Anacostia	3929 Minnesota Avenue, N.E. Washington, DC 20019
16	National Rehab Hospital	102 Irving Street, N.W., Washington D.C., 20010
17	Grant Park Dialysis/Lee Street	5155 Lee Street, N.E. Washington D.C. 20019
18	Progressive Life Center	1123 11th Street, N.W. Washington D.C. 20001
19	Capitol Hill Center - WATS	530 7th Street, S.E. Washington D.C. 20003
20	Silver Spring Art. Kidney Center	8630 Fenton St. Suite 238, Silver Spring MD. 20910
21	DMH Geriatric	1125 Spring Road N.W. Washington, DC, 20010
22	DHS/CMHS/ASA Region 4 CMHC	2700 MLK Avenue, S.E. Washington D.C. 20003
23	Whitman Walker Clinic	1701 14th Street, N.W.
24	Ultimate Renal Care	2426 Chillum Rd Hyattsville Md 20782
25	Gambro Health Care of Cottage City	3804 Bladensburg Road Cottage City Maryland 20722
26	Gambro of 8th Street (N.E. Renal)	300 8th Street, N.E. Washington, D.C. 20029
27	Hillcrest Children's Center	1325 W Street, N.W. 3rd Floor Washington D.C. 20009
28	Children's Nat'l Medical Center	111 Michigan Avenue, N.W. Washington, D.C. 20009
29	Columbia Road Health Services	1660 Columbia Road, N.W. Washington, D.C. 20009
30	Gambro Brentwood Rd NE	1231 Brentwood Road, N.E. Washington, D.C. 20018
31	Gambro Health Care	1920 N Street, N.W. Washington D.C. 20036
32	Davita at Union Plaza/Total Renal	810 1st Street, N.E. Washington D.C. 20037
33	GWUH Medical Facility	2150 Pennsylvania Ave., N.W. Washington, D.C. 20037
34	Center for Life Enrichment	120 Q Street, N.E., Washington D.C. 20002
35	Gambro Health Care	8412 Georgia Avenue Silver Spring, Maryland 20910
36	Dr. Ahmed Ali	1328 Southern Ave., S.E. #211 Washington D.C. 20032
37	Capital Dialysis	140 Q Street, NE 20002
38	So Others Might Eat	71 O Street, NW 20001
39	Max Robinson Center/Whitman-Walker Clinic	2301 Martin Luther King, Jr. Ave. S.E.
40	Community Connections	801 Pennsylvania Ave S.E. #201
41	St. Thomas More Nursing Facility	4922 LaSalle Road Hyattsville MD

EXHIBIT C

TAXICAB VOUCHER PROGRAM EXPENDITURES
FISCAL YEARS 2002 AND 2003

MONTH	FY 2002	FY 2003
October	$40,845.20	$45,905.95
November	$41,309.80	$58,601.85
December	$56,925.15	$56,575.70
January	$60,793.25	$63,434.00
February	$48,174.85	$57,056.05
March	$49,565.00	$55,119.20
April	$66,388.10	$72,449.00
May	$49,892.00	$74,609.75
June	$51,380.70	$90,941.50
July	$62,594.00	$72,836.25
August	$48,750.60	$74,225.80
September	$73,317.30	$64,179.50
Total	**$649,935.95**	**$785,934.55**

EXHIBIT D

AUTHORIZATION FOR USE OF TAXICAB VOUCHER (TAXICAB VOUCHER)

KA 10/00 ANDREWS REPRODUCTION CENTER INC. (301) 595-9202

GOVERNMENT OF DISTRICT OF COLUMBIA
DEPARTMENT OF HUMAN SERVICES
AUTHORIZATION FOR USE OF TAXICAB

00094099

DCID: Date of Service:

Name of Patient: (Last) (First) (Middle)

DHS Facility #: Destination:

Pers. Service. $ Total Services + Fare Time Telephone Request:

Surcharge: $ No. of Patients: Authorized By: Signature

From Zone: To Zone: Interstate Mileage: Cab Company

Cab No.: Signature of Driver: Hackers ID No.:

TOTAL AMOUNT DUE $ Signature of patient receiving service

ADDITIONAL PASSENGERS

VOUCHER MUST BE REDEEMED WITHIN 180 DAYS OF SERVICE

FRAUDULENT USE OF THIS FORM WILL LEAD TO PROSECUTION

DHS-643 (REVISED (10/97)

VOID

EXHIBIT E

OCFO RESPONSE TO DRAFT REPORT

Government of the District of Columbia
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer

November 19, 2004

Austin A. Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, D.C. 20005

RE: Draft Audit Report on Taxicab Voucher Program for Medicaid Recipients (OIG 04-1-04HC)

Dear Mr. Andersen:

Thank you for the opportunity to comment on the findings and recommendations presented in Office of the Inspector General's Draft Audit Report on the Taxicab Voucher Program for Medicaid Recipients, dated October 28, 2004.

We agreed with most of the findings in the report and we have enclosed a corrective action plan to address each finding.

If you have any questions or require additional information, please feel free to contact Deloras Shepherd, Associate Chief Financial Officer, Human Support Services Cluster, at (202) 442-9231.

Sincerely,

Natwar M. Gandhi
Chief Financial Officer

Enclosure

cc: Deloras Shepherd, Associate Chief Financial Officer, HSSC
Sebastian Lorigo, Executive Director, Office of Integrity and Oversight

1350 Pennsylvania Avenue, N.W., Suite 209, Washington, DC 20004 (202) 727-2476
www.dccfo.com

EXHIBIT E

OCFO RESPONSE TO DRAFT REPORT

OFFICE OF CHIEF FINANCIAL OFFICER/DEPARTMENT OF HEALTH, MEDICAL ASSISTANCE ADMINISTRATION
CORRECTIVE ACTION PLAN IN RESPONSE TO TAXICAB VOUCHER AUDIT
OIG 04-1-04HC

OIG FINDINGS	OIG RECOMMENDATION	AGREE (A) DISAGREE (D)		DISPUTED FINDINGS, IF ANY OR ALTERNATIVE RESOLUTION
• The OCFO did not secure the imprest fund vouchers.	• (See Action Plan)	(A)		We concur with the finding and effective 10/01/04, the paid taxicab vouchers are given directly to Document Control Unit for filing. The vouchers are perforated indicating paid and then secured in in a locked file cabinet in the file room.
• The OCFO did not void the paid taxicab vouchers to prevent duplicate use.	• The OCFO procedures should ensure that all paid taxicab vouchers are voided by date stamping and/or perforation to avoid duplication of payment and to prevent re-use.	(A)		We concur with the findings. When a taxicab operator presents a voucher for reimbursement upon disbursing the cash due, the cashier stamps the date of the payment on the face of the voucher. Effective 10/01/04, once the vouchers are processed in SOAR and a check is generated, all vouchers covered by the check along with the summary SOAR document is perforated with the date paid before filing.
• The OCFO did not segregate the imprest fund cashier duties.	• The OCFO should properly segregate the duties of the imprest fund cashiers related to the custody of funds and record keeping Functions.	(A)		The OCFO will ensure that individuals who disburse the funds to the taxicab operators will turn over the paid taxi receipts to another Accounts Payable Technician for processing in SOAR. Once the check is available it will be cashed by the cashier.

Source: CFO – DOH

1

OIG 04-1-04HC

EXHIBIT E

OCFO RESPONSE TO DRAFT REPORT

• The OCFO did not train imprest fund cashiers.	• The OCFO should schedule training for the imprest fund cashiers related to fund disbursements and reimbursement functions and ensure that the training is completed.	(A)		As of September 30, 2004, OCFO requested training from the Office of Finance and Treasury.
• The OCFO did not maintain the reimbursement voucher log.	• The OCFO should follow the draft procedures that were in place as of April 28, 2004.	(D)		Manual maintenance of reimbursement voucher log is not necessary because the approved voucher is on file and all information is accessible through SOAR.
• The OCFO had not established imprest fund reimbursement procedures.	• The OCFO should properly segregate the duties of the imprest fund cashiers as it relates to custody of funds and record keeping functions.	(A)		Imprest Fund Cashiers will not be involved with the processing of reimbursement in SOAR nor the control of documents
• The OCFO could not provide missing reimbursement vouchers.	• The OCFO should take corrective action to secure vouchers by placing paid taxi vouchers in a secured area.	(A)		Effective 10/01/04, the paid taxicab vouchers are given directly to Document Control Unit for filing in a secured locked file cabinet in the file room.
• The OCFO did not include the taxi sub-voucher numbers, which is required information on the reimbursement voucher form.	• The OCFO should establish operating policies and procedures that address preparation of imprest fund vouchers	(D)		The OCFO does not concur with this recommendation. Taxicab vouchers are redeemed twice per week. Because of volume, it is not feasible to list each subvoucher number. In order to ensure sequence numbers are accounted for, effective October 1, 2004, the Program Operations Unit as the responsible program within MAA gets the yellow copy of the redeemed sub voucher, which

Source: CFO – DOH

2

OIG 04-1-04HC

EXHIBIT E

OCFO RESPONSE TO DRAFT REPORT

				includes the sub voucher number.
• The DOH OCFO did not follow the Mayor's Memorandum 82-29	• The DOH OCFO should establish operating policies and procedures that address imprest fund disbursement and reimbursement functions	(D)		The Mayor's Memorandum 82-29 issued May 1982, was designed to reflect the accounting system and structure in place at that time. Because the District has changed financial systems several of the recording elements are no longer relevant. The DOH/OCFO will ensure that all applicable "boxes" are accurately completed.
• The OCFO managers had not provided adequate supervision and over Imprest Fund Cashiers	• The OCFO managers should ensure that the cashiers follow existing imprest fund policies and procedures.	(A)		The OCFO will ensure adequate supervision over Imprest Fund Cashiers and related functions, through training and closer supervisory review.

Source: CFO – DOH

3

OIG 04-1-04HC

EXHIBIT F

DOH RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HEALTH

RECEIVED 3631
04 DEC -3 AM 10: 50

Office of the Director

MEMORANDUM

TO: Austin A. Andersen, Interim Inspector General

FROM: Dr. Gregg A. Pane, Director

DATE: December 2, 2004

SUBJECT: Response to the Audit of the Department of Health Taxicab Voucher Program for Medicaid Recipients **(OIG 04-1-04HC)**

Enclosed please find the Department of Health's (DOH) response to the above-referenced report. This document identifies any corrective actions DOH either has taken or plans to take and any areas of disagreements with your findings or recommendations.

Thank you for the opportunity to review the draft of the report.

cc:

Mr. Robert C. Bobb, Deputy Mayor and City Administrator, District of Columbia
Dr. Natwar Gandhi, Chief Financial Officer
Mr. Neil Albert, Deputy Mayor, Children, Youth, Families and Elders
Deloras Shepherd, Associate CFO for Human Support Services Cluster
Robert T. Maruca, Senior Deputy Director, Medical Assistance Administration

825 North Capitol Street, N.E. Washington, D.C. 20002 (202) 442-5999 FAX (202) 442-4788

EXHIBIT F

DOH RESPONSE TO DRAFT REPORT

Department of Health, Medical Assistance Administration ("MAA")
Corrective Action Plan in Response to Taxicab Voucher Audit

OIG Findings	OIG Recommendation	Accept (A) Reject (R)	Proposed or Implemented Action	Date Completed or to Be completed	Disputed Findings, if Any or Alternative Resolution
• MAA Office of Program Operations (OPO) did not maintain Medical Necessity forms for recipients who were qualified to receive taxicab vouchers.	MAA OPO should initiate the process for reconciling taxicab vouchers and establish procedures necessary to reconciling taxicab vouchers issue to medical facilities with the completed logs submitted by the facilities MAA.	A	MAA OPO now reviews the monthly log of vouchers issued the previous month to ensure that all vouchers issues are accounted for. The issuing facilities returns voided or unused vouchers to OPO prior to the issuance of the next month's supply. MAA also conducts spot checks on recipients to ensure that they are Medicaid eligible on the date of service.	5/2004	
• MAA OPO had not reconciled or accounted for the number of taxicab vouchers issued to the 41 medical facilities with which it has a Letter of Understanding (LOU) for transportation assistance. • MAA OPO had not provided any guidelines to medical facilities concerning maintaining	MAA OPO should establish an organized filing system for maintaining the Medical Necessity forms to account for all taxicab vouchers issued to qualified recipients.	A	MAA OPO has established two dedicated filing cabinets for all taxi cab voucher related files and materials. MAA OPO has established folders for each of the providers and all logs, letters, memoranda from or to that provider are maintained in those files. MAA OPO now periodically reviews copies of the vouchers sent from the facilities to determine whether the persons transported were in fact eligible for transportation assistance. MAA OPO is	01/2004 12/20/04	

EXHIBIT F

DOH RESPONSE TO DRAFT REPORT

OIG Findings	OIG Recommendation	Accept (A) Reject (R)	Proposed or Implemented Action	Date Completed or to Be completed	Disputed Findings, if Any or Alternative Resolution
program records and documentation to verify appointment dates for recipients.			updating the LOU to stipulate the record retention requirement for the Medicaid Program, which is 7 years. MAA OPO will issue new LOUs to providers, which will be mailed on December 20, 2004 to be effective beginning January 1, 2005.		