GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

March 21, 2014

Wayne Turnage, M.P.A.
Director
D.C. Department of Health Care Finance
441 4th Street, N.W., Suite 900 South
Washington, D.C. 20001

Dear Mr. Turnage:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Re-Audit of the Department of Health's Non-Emergency Transportation Provider Compliance With License and Certification Requirements (OIG No. 12-2-16HC).

As a result of our audit, we directed 14 recommendations to the District's Department of Health Care Finance (DHCF) for actions necessary to correct identified deficiencies. DHCF provided a written response to the draft of this report on January 6, 2014. The OIG considers DHCF's comments to Recommendations 6, 7, 8, 9, and 12 to be nonresponsive or partially responsive, and, therefore, these recommendations are unresolved. We respectfully request that DHCF reconsider its position taken on these recommendations and provide a revised response to us by April 11, 2014.

DHCF's actions taken or planned on Recommendations 1, 2, 3, 4, 5, 10, 11, 13, and 14 are considered to be responsive and meet the intent of the recommendations. However, DHCF did not provide target completion dates for Recommendations 3 and 11. We request that DHCF provide us with the target completion dates for planned actions within 60 days from the date of this final report. The full text of DHCF's response is included at Exhibit B.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have questions, please contact me or Ronald King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charles J. Willoughby
Inspector General

CJW/mo

Enclosure

cc: See Distribution List

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

RE-AUDIT OF THE DEPARTMENT OF HEALTH'S NON-EMERGENCY TRANSPORTATION PROVIDER COMPLIANCE WITH LICENSE AND CERTIFICATION REQUIREMENTS

CHARLES J. WILLOUGHBY
INSPECTOR GENERAL

OIG No. 12-2-16HC **March 21, 2014**

ACRONYMS

CA	Contract Administrator
CFR	Code of Federal Regulations
CO	Contracting Officer
CPA	Certified Public Accountant
CPAPS	Clinician, Pharmacy and Acute Provider Services
DCMR	District of Columbia Municipal Regulations
DHCF	Department of Health Care Finance
D&F	Determination and Findings
DOH	Department of Health
FBI	Federal Bureau of Investigation
FFS	Fee-for-Service
FTE	Full Time Equivalent
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
ID/DD	Intellectual Disabilities and Developmental Disabilities
MAA	Medical Assistance Administration
MRDD	Mental Retardation and Developmental Disabilities
MTM	Medical Transportation Management, Inc.
MVA	Maryland Motor Vehicle Administration
NET	Non-Emergency Transportation
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
OPO	Office of Program Operations
VIN	Vehicle Identification Number
WMATC	Washington Metropolitan Area Transit Commission

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EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed a Re-Audit of the Department of Health's Non-Emergency Transportation Provider Compliance With License and Certification Requirements (OIG No. 12-2-16HC). Our audit period covered fiscal years (FYs) 2009 through 2012.

The Department of Health Care Finance (DHCF) is the District of Columbia's state Medicaid agency that provides health care services to low-income children, adults, elderly, and persons with disabilities. Under DHCF, the Division of Clinician, Pharmacy and Acute Provider Services (CPAPS) manages the non-emergency transportation contract.

In this audit, we performed a follow-up review of our *Audit of Non-Emergency Transportation Provider Compliance With License and Certification Requirements* (OIG No. 05-2-18HC(d)), issued on February 22, 2008. Our audit objective was to determine whether the recommendations identified in the prior audit have been implemented. The overall objectives of the prior audit were to determine whether the Department of Health: (1) operated the program in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, rules, regulations, policies, and procedures; and (3) documented program reimbursement properly and for the correct amounts. The specific objective of the prior audit was to determine whether providers complied with license and certification requirements.

CONCLUSIONS

Overall, the quality of the Non-Emergency Transportation (NET) program has improved since our 2008 audit. However, there are still oversight, monitoring, and compliance issues that DHCF needs to address to ensure that the goals and objectives of the program are realized; improve the quality of service delivered to NET recipients; and prevent fraud, waste, and abuse within the program. This report contains four findings that detail the conditions found during our audit.

Our first finding indicated that DHCF did not effectively fulfill its responsibilities for oversight and monitoring under the NET Broker's contract. Specifically, DHCF did not ensure that: (1) field and desk observations of the Broker's operations were documented; (2) the Division of Program Integrity performed periodic audits of the Broker's contractual compliance; and (3) the independent audit of the Broker's financial statements included an assessment and opinion on the Broker's internal controls. As a result, DHCF is at risk of failing to effectively discharge its oversight and monitoring responsibilities relating to the Broker contract.

Our second finding revealed that DHCF officials did not provide effective oversight and monitoring of the NET contract to ensure the Broker's compliance with contract terms and conditions. Specifically, DHCF's monitoring procedures failed to ensure that the Broker's

EXECUTIVE DIGEST

transportation providers: (1) met insurance and general vehicle requirements; (2) hired drivers and attendants that met the contract requirements prior to performing transportation services; and (3) complied with vehicle inspection requirements. Furthermore, the Broker did not provide written responses to complainants and record pertinent information necessary to evaluate complaints in accordance with the contract. These conditions jeopardized the safety and well-being of NET program participants, and have placed the District at risk of increased liability.

Our third finding revealed internal control deficiencies in the Broker's transportation claims process and usage of an unauthorized vehicle by a transportation provider to transport NET program participants. These deficiencies resulted in the Broker making inappropriate payments to transportation providers. In addition, the use of unauthorized vehicles jeopardized the safety and well-being of NET program participants, and placed the District at an increased risk of liability.

Our fourth finding revealed that the NET Broker provided non-emergency transportation services for 42 days without a valid contract in place. In addition, an emergency sole source contract and various related modifications in excess of $1 million were executed without first obtaining the Council of the District of Columbia's approval. As a result, District laws and regulations were violated.

SUMMARY OF RECOMMENDATIONS

We directed 14 recommendations to the Director of DHCF, that we believe are necessary to correct deficiencies identified during the audit. The recommendations focus on: (1) strengthening NET contract oversight and monitoring to ensure the safety and well-being of, as well as, the quality of services provided to District Medicaid NET program participants, while minimizing fraud, waste, and abuse; and (2) coordinating efforts with the Office of Contracting and Procurement (OCP) to allow sufficient time to plan and award a new contract for non-emergency transportation services prior to the expiration of the current non-emergency services contract; and ensure that contracts over $1 million are always timely presented to the Council for review and approval.

A summary of potential benefits resulting from this audit is included at Exhibit A.

MANAGEMENT RESPONSES AND OIG COMMENTS

DHCF provided a written response to the draft of this report on January 6, 2014. The OIG considers DHCF's comments to Recommendations 6, 7, 8, 9, and 12 to be nonresponsive or partially responsive, and, therefore, these recommendations are unresolved. We respectfully request that DHCF reconsider its position taken on these recommendations and provide a revised response to us by April 11, 2014.

EXECUTIVE DIGEST

DHCF's actions taken or planned on Recommendations 1, 2, 3, 4, 5, 10, 11, 13, and 14 are considered to be responsive and meet the intent of the recommendations. However, DHCF did not provide target completion dates for Recommendations 3 and 11. We request that DHCF provide us with the target completion dates for planned actions within 60 days from the date of this final report. The full text of DHCF's response is included at Exhibit B.

INTRODUCTION

BACKGROUND

The Department of Health Care Finance (DHCF) is the District of Columbia's state Medicaid agency that provides health care services to low-income children, adults, elderly, and persons with disabilities.[1] The mission of DHCF is "to improve health outcomes by providing access to comprehensive, cost-effective, and quality health care services for residents of the District of Columbia."[2]

Under DHCF, the Division of Clinician, Pharmacy and Acute Provider Services (CPAPS) develops, implements, and oversees the programming for primary and specialty providers, hospitals, and other acute and preventive care services. CPAPS manages the non-emergency transportation contract.

Prior to July 2007, the Department of Health (DOH) Medical Assistance Administration, Office of Program Operations (MAA-OPO) had responsibility for all phases of the Non-Emergency Transportation (NET) Program. However, on July 20, 2007, the Office of Contracting and Procurement (OCP) awarded a contract, on behalf of DOH, to Medical Transportation Management, Inc. (hereinafter referred to as "the Broker"). This requirements-type contract was awarded in the amount of $10.8 million for the base year with four, 1-year option periods with payments based on fixed capitated rates.[3] During this period, OCP modified the contract 10 times to address errors and inconsistencies; adjust rates; correct defective specifications to include the Mental Retardation and Developmental Disabilities (MRDD) population; and exercise option years.

OCP awarded an emergency sole source contract on August 31, 2012, to the Broker on DHCF's behalf. The emergency contract (No. DCHT-2012-C-0016), valued at $6.4 million, covered a period of 120 days and was later modified four times to extend the contract through March 14, 2013, for an additional $5.1 million. The emergency sole source award allowed the Broker to continue providing essential NET services without disruption.

Non-Emergency Transportation Program Cost: The actual cost of the NET program under the Broker contract is approximately $103.7 million from FYs 2008 through 2013. For the purpose of capitation rate pricing, the Intellectual Disabilities and Developmental Disabilities (ID/DD) waiver population is separated from the District's Medicaid-eligible fee-for-service (FFS) recipients.[4] The capitation rates for the ID/DD and the FFS are $624.97

[1] DHCF was formerly the Medical Assistance Administration under the Department of Health.
[2] We obtained this information from DHCF's website, http://dhcf.dc.gov/page/about-dhcf (last visited December 2, 2013).
[3] Under the capitation payment arrangement, the Broker is paid a fixed fee for each D.C. Medicaid-eligible participant in the NET program, regardless of the number of trips made by each participant. This payment method provides the District with a known cost for the duration of the contract and puts the risk of fluctuating costs on the broker.
[4] ID/DD was formerly referred to as MRDD.

INTRODUCTION

and $22.08 per member per month, respectively. The capitation rate for ID/DD recipients is higher because they require more transportation services than FFS recipients. The cost data do not include the District's full time equivalent (FTE) employees involved in managing the program. The cost of the NET program under the Department of Health and prior to the Broker contract in FYs 2005 and 2006 was $16.3 million and $16.2 million, respectively. The cost data only reflected the actual payout to transportation providers and did not include the District's FTE employees involved in managing the program under DOH.

Table I below shows the cost of the NET program under the Broker contract.

TABLE I – NET PROGRAM COST

Fiscal Year	Period of Performance	Estimated Price per Original Contract[5]	Estimated Price for FFS per Modification	Estimated Price for ID/DD per Modification	Adjusted Estimated Price[6]	Actual Cost of NET Program[7]
2008	Base Year	10,843,876	-	$4,500,000	$15,343,876	$15,458,775
2009	Option Year 1	10,843,876	$9,512,820	$5,830,704	$15,343,524	$17,505,600
2010	Option Year 2	10,843,876	$9,887,600	$6,122,196	$16,009,796	$19,532,800
2011	Option Year 3	11,074,306	$10,346,760	$6,428,268	$16,775,028	$21,901,764
2012	Option Year 4	11,301,216	$10,863,360	$6,749,676	$17,613,036	$23,505,243
2013	Sole Source Extension	-	-	-	$6,370,988[8]	$5,802,626[9]
	Total	**54,907,150**	**$40,610,540**	**$29,630,844**	**87,456,248**	**$103,706,808**

Non-Emergency Transportation Program: The NET program is a service provided to eligible Medicaid FFS recipients. The number of District-eligible FFS recipients range from 35,000 to 45,000 each month. Under the NET program, the Broker helps Medicaid-eligible clients obtain transportation services by matching them with the appropriate transportation provider through a central trip request. As a part of this process, the Broker also determines the most appropriate mode of transportation for the recipients. Transportation services are provided to and from the recipient's medical service locations[10] using ambulatory vans, wheelchair vans, stretcher vans, taxis, and public transportation. Before enrolling in the NET

[5] The original contract was awarded under contract number DCHC-2007-E-0010.
[6] The Adjusted Estimated Price column is the sum of the Estimated Price for FFS per Modification column and the Estimated Price for ID/DD per Modification column, with the exception of the base year. The Adjusted Estimated Price for the base year is the sum of the Estimated Price per Original Contract and the Estimated Price for ID/DD per Modification.
[7] Actual cost of the NET program is based on FY and not the period of performance.
[8] The estimated price does not include the four modifications to extend the emergency sole source contract.
[9] Actual cost of the NET program from September 2012 through December 2012.
[10] Medical service locations include doctor offices, clinics, day treatment centers, and rehabilitation facilities.

INTRODUCTION

program, motor vehicle carriers must enter into a Transportation Provider Service Agreement with the Broker and obtain a certificate of authority from the Washington Metropolitan Area Transit Commission (WMATC) to operate in the Washington metropolitan area (Maryland, Virginia, and the District of Columbia).

WMATC provides regional regulations for private sector for-hire motor carriers transporting passengers in the Washington metropolitan area. The Commission issues operating authority to van and bus operators, and certain sedan and limousine operators. Carriers holding authority from the commission must file fixed rates and fares with the commission and comply with commission-prescribed insurance, safety, and vehicle-marking regulations.

Broker and Contract Administrator Responsibilities: The Broker is responsible for managing and administering the District's NET services. Specifically, the Broker oversees the day-to-day operations necessary for the delivery of NET services, maintains appropriate records, systems, and support services, and reports to DHCF's Contract Administrator (CA). In addition, the Broker is responsible for:

- negotiating and establishing Transportation Provider Service Agreements with providers; [11]
- operating a centralized call center to receive and process transportation requests utilizing an automated call system and scheduling software;
- screening to validate recipient eligibility and assess the medical necessity for transportation requests;
- scheduling and dispatching providers for trips utilizing the most appropriate mode of transportation;
- monitoring the quality of NET service delivery; and
- reimbursing providers for authorized NET services.

The CA is responsible for all operations-related issues. These responsibilities include: (1) overseeing program management, determining policy, procedures, and protocol, and monitoring NET services provided by the Broker; (2) conducting field and desk observations of the Broker's operations and call center; and (3) performing periodic audits of the Broker's contractual compliance.

Regulations and Policies: For vehicles seating nine or more persons, WMATC adopted the Federal Motor Carrier Safety Regulations by reference, which are codified at Title 49 of the Code of Federal Regulations (CFR). Specifically, 49 CFR Part 396 governs safety inspections, repairs and maintenance of motor carriers. For vehicles seating less than nine

[11] During our audit, the Broker maintained approximately 31 agreements with active transportation providers.

INTRODUCTION

persons, WMATC issued safety regulations via its Rules of Practice and Procedure (eff. Jan. 17, 1991, as amended through Aug. 15, 2012). *Id.* at 42-45.[12]

The Medical Transportation Management, Inc. (MTM) Transportation Provider Manual (Rev. 9/14/12) provides procedures and processes for transportation providers participating in the NET program. The Washington D.C. Non-Emergency Medical Transportation Services Operational Policies and Procedures Manual (Rev. 9/14/12) guides staff in handling the scheduling and delivery of the NET services.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objective was to determine whether the recommendations identified in the prior *Audit of Non-Emergency Transportation Provider Compliance With License and Certification Requirements* (OIG No. 05-2-18HC(d)), issued February 22, 2008, have been implemented. The objectives of the prior audit were to determine whether DOH: (1) operated the program in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, rules, regulations, and policies and procedures; and (3) documented program reimbursement properly and for the correct amounts. The specific objective of the prior audit was to determine whether providers complied with license and certification requirements. Our current audit period covered FYs 2009 through 2012.[13]

To accomplish our audit objectives, we performed the following:

- interviewed the CA for the NET Services Broker contract to obtain a general understanding of the processes used to oversee and monitor the contract;
- interviewed MTM, Inc. staff members including the Program Director, Network Compliance Manager, Area Liaison, Care Management Specialist, Care Management Coordinator, Customer Service Supervisor, and Quality Coordinator to obtain an overview of the Broker's responsibilities;
- visited transportation providers' office locations to review documentation, including safety inspection certificates and vehicle maintenance records;
- reviewed the NET Services Broker contract and related modifications;
- performed both scheduled and surprise inspections of vehicles utilized in the NET program to determine whether the vehicles were in compliance with the NET Services Broker contract and WMATC regulations;
- observed customer service representatives receive and process transportation requests;

[12] Prior to the WMATC Rules of Practice and Procedure amended through August 15, 2012, WMATC adopted the Federal Motor Carrier Safety Regulation codified at Title 49 of the CFR for vehicles under its authority regardless of the number of persons the vehicle seated.
[13] We also performed physical inspections of vehicles and reviewed several transactions in FY 2013 regarding the NET Broker contract and claims processing and credentialing of transportation providers and drivers.

INTRODUCTION

- reviewed compliance documentation for vehicles, drivers, and attendants in the Broker's credentialing website, as well as trip logs in the Broker's claims website;
- performed a limited review of controls over claims submission, processing, and payment;
- reviewed applicable laws and regulations governing transportation and vehicle safety; and
- obtained and reviewed copies of policies and procedures, flowcharts, and reports used in administering and monitoring the NET program.

We relied on computer-processed data from MTM's credentialing and claims website for detailed information on providers, drivers, attendants, vehicles, and the trips provided. Although we did not perform a formal reliability assessment of computer-processed data, we performed audit procedures to verify the accuracy of the information. Additionally, we physically inspected vehicles and reviewed records of drivers and attendants. We determined that information obtained from these inspections generally agreed with the computer-processed data.

We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). 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.

PRIOR REVIEWS

In the last 5 years, our Office and the U.S. Department of Health and Human Services Office of Inspector General (HHS OIG) conducted audits/reviews of NET services. Our research also disclosed that neither the U.S. Government Accountability Office nor the Office of the District of Columbia Auditor conducted an audit of NET services during the same 5-year period.

OIG Audit Report issued February 22, 2008: We issued our report, *Audit of Non-Emergency Transportation Provider Compliance With License and Certification Requirements* (OIG No. 05-2-18HC(d)), on February 22, 2008. The report concluded that MAA-OPO officials did not adequately determine whether all providers: (1) were authorized to provide motor vehicle carrier services; (2) complied with federal safety regulations; (3) hired reputable, responsible drivers before receiving approval to participate in the NET program; and (4) clearly marked vehicles with identifying information.

The report contained five recommendations that required DOH to perform periodic reviews as part of monitoring the Broker contract; conduct periodic reviews of NET program files for accuracy and completeness; coordinate with WMATC officials to establish procedures for

INTRODUCTION

timely notification to the Broker when the status of a provider is suspended, revoked, or terminated; coordinate with the Broker to ensure compliance with the vehicle inspection requirement every 6 months; and coordinate with the Broker to ensure compliance with the requirement of a valid commercial driver's license for all drivers.

U.S. Department of Health and Human Services OIG: The HHS OIG issued a report in September 2008 entitled *Review of Non-Emergency Transportation Services Provided by Epps Transportation Services, Inc., From January 1, 2004, Through December 31, 2006* (A-03-07-00204). The report noted that MAA payments to Epps generally did not comply with federal and District requirements. Of the $864,426 ($609,968 federal share) paid to Epps between January 1, 2004, and December 31, 2006, only $31,602 ($22,121 federal share) complied with federal and District requirements. Also, the review noted that MAA did not have adequate controls to identify many of the questionable NET claims or to follow up when the Medicaid Management Information System did identify questionable claims.

PRIOR AUDIT FOLLOW-UP

PRIOR OIG AUDIT RECOMMENDATIONS

SYNOPSIS

In our follow-up audit, we determined whether the five recommendations made in the OIG's *Audit of Non-Emergency Transportation Provider Compliance With License and Certification Requirements* (OIG No. 05-2-18HC(d)), issued February 22, 2008, have been implemented. The prior audit report identified one finding related to provider compliance, specifically, MAA-OPO's ineffective management of the NET program in the following areas: (1) unauthorized motor vehicle carriers; (2) federal safety regulations; (3) hiring of drivers; and (4) vehicle markings. The report addressed five recommendations to DOH.[14] Based on the follow-up review of these areas, we concluded that although DHCF currently uses a Broker model to manage and administer the NET services program, the deficiency found in the previous audit remains unresolved and not all of the recommendations have been implemented. DHCF did not adequately monitor the Broker's compliance with all of the contract terms and conditions, including requirements for vehicle and insurance, hiring of drivers and attendants, and compliance with annual safety inspections. As a result, the safety and well-being of NET program participants continue to be at risk.

DISCUSSION

Table II, on the following page, summarizes our prior finding and recommendations, agency responses, and the current status of each recommendation.

[14] DHCF was previously the Medical Assistance Administration under DOH.

PRIOR AUDIT FOLLOW-UP

Table II – Status of Prior OIG Audit Finding and Recommendations

Prior Finding: MAA-OPO officials did not effectively manage the NET program. Specifically, officials did not adequately determine whether all providers: (1) were authorized to provide motor vehicle carrier services; (2) complied with federal safety regulations; (3) hired reputable, responsible drivers before receiving approval to participate in the NET program; and (4) clearly marked vehicles with identifying information.

Recommendation	Agency Response	Current Status
1. Perform periodic reviews as part of monitoring the Broker contract to ensure, in part, that NET program providers: a. are authorized to operate by WMATC; b. comply with federal safety regulations, including those related to transporting Americans with disabilities; c. hire reputable, responsible drivers in compliance with laws and regulations; and d. mark vehicles in accordance with WMATC requirements	DOH concurred	**Open** This recommendation was previously considered implemented and assigned a closed status based on DOH audit responses. However, the follow-up audit found that a portion of the deficiency and recommendations 1b and 1c remains unresolved. As a result, the NET Program was not effectively managed. See Findings 1 and 2 of this report for further details.
2. Conduct periodic reviews of NET program files for accuracy and completeness.	DOH concurred	**Open** This recommendation was considered implemented and assigned a closed status based on DOH audit responses. We found during our follow-up audit that NET program files are primarily maintained on the Broker's credentialing website and there is no documented evidence that DHCF is performing periodic reviews of the files. As a result, the NET program was not effectively managed. See Findings 1 and 2 of this report for further details.
3. Coordinate with WMATC officials to establish procedures for the timely notification of the Broker when the operating status of a provider is suspended, revoked, or terminated.	DOH concurred	**Closed** A procedure was established for WMATC to notify the Broker via email of changes in providers' certification status. We interviewed WMATC officials and reviewed a sample of email notifications from WMATC to the Broker regarding changes in providers' status during the follow-up audit and concluded that the procedure was implemented.

PRIOR AUDIT FOLLOW-UP

Table II – Status of Prior OIG Audit Finding and Recommendations (cont'd)

Prior Finding: MAA-OPO officials did not effectively manage the NET program. Specifically, officials did not adequately determine whether all providers: (1) were authorized to provide motor vehicle carrier services; (2) complied with federal safety regulations; (3) hired reputable, responsible drivers before receiving approval to participate in the NET program; and (4) clearly marked vehicles with identifying information.

Recommendation	Agency Response	Current Status
4. Coordinate with the Broker to ensure compliance with the requirement for vehicle inspection every 6 months.	DOH responded that all providers are subject to annual inspection, and there is no reference in the contract that requires an inspection every 6 months.	**Open** Title 29 of the District of Columbia Municipal Regulations (DCMR) § 943.9(d) requiring inspections every 6 months was repealed in January 2008; therefore, the regulation is no longer applicable. However, pursuant to 18 DCMR § 601.6, D.C. registered for-hire vehicles are subject to a semi-annual inspection requirement. During the follow-up audit, we noted that the NET Broker contract is ambiguous with regard to vehicle inspections. Further, we found that some providers with vehicles registered in Maryland did not comply with the annual safety inspection as a condition of maintaining WMATC license and certification, which is required by the contract. See Finding 2 of this report for further details.
5. Coordinate with the Broker to ensure compliance with the requirement of a valid commercial driver's license for all drivers.	DOH concurred	**Closed** A commercial driver's license (CDL) is no longer required for drivers participating in the NET program. Title 29 DCMR § 943.8, which required each driver to maintain a CDL, was amended by DOH to repeal sections 943 and 995; therefore, the CDL requirement is no longer applicable. The NET Broker contract requires a valid driver's license from the District, Maryland, or Virginia that has not been revoked or suspended in the past 5 years. Based on our follow-up audit, providers are in compliance with this requirement.

PRIOR AUDIT FOLLOW-UP

CONCLUSION

Recommendations 1b, 1c, 2 and 4 in the prior report (OIG No. 05-2-18HC(d)) were not implemented. Failure to comply with annual safety inspections, hire reputable and responsible drivers in compliance with laws and regulations, and conduct periodic reviews of NET program files for accuracy and completeness are identified as continuing issues in our current audit report. We do not believe that contracting the management and administration of the NET program to a Broker negates the need for DHCF officials to ensure that the NET program is efficiently and effectively managed, as required by the contract and in accordance with WMATC, District, and federal guidelines.

FINDINGS AND RECOMMENDATIONS

FINDING 1: CONTRACT OVERSIGHT AND MONITORING

SYNOPSIS

Our audit found that DHCF did not effectively fulfill its oversight and monitoring responsibilities under the NET Broker's contract. Specifically, DHCF did not ensure that: (1) field and desk observations of the Broker's operations and call center were performed and documented; (2) the Division of Program Integrity performed periodic audits of the Broker's contractual compliance; and (3) the independent audit of the Broker's financial statements included an assessment and opinion on the Broker's internal controls.

We attribute these conditions to DHCF's failure to: develop and execute a documented monitoring plan; prioritize periodic audits of the NET program; allocate adequate resources to complete the audits; and evaluate the independent audit report to ensure the inclusion of the independent auditor's assessment and opinion of the Broker's internal controls. As a result, DHCF is at risk of failing to effectively discharge its oversight and monitoring responsibilities relating to the Broker contract.

DISCUSSION

Field and Desk Observations of the Broker's Operations and Call Center: Section H.11.11 of the NET Broker services contract provides, "The District, acting through the CA will [ ] [c]onduct field and desk observations of the Broker's operations and call center." During our audit, the CA for the NET Broker contract informed us that DHCF monitors the Broker's performance by conducting field and desk audits of the NET files, and reviewing monthly reports provided by the Broker. The CA verbally described to us the process for performing a field and desk audit of the Broker's operations, which includes reviewing required documentation on transportation providers, vehicles, drivers, attendants, and complaints, as well as validating deliverables.[15] However, the CA did not provide us with any documented evidence showing the results of a completed field and desk audit or observation of the NET files. We believe that documenting the performance and results of the field and desk audits or observation is not only a good practice but also demonstrates that the CA is providing adequate oversight and monitoring of the Broker's operations. Documentation provides the principal support for all observations or audits completed, including compliance with the Broker's contract requirements.

Periodic Audits of the Broker's Contractual Compliance: Under the NET Broker contract, the DHCF Office of Program Integrity is responsible for performing periodic audits of the Broker's contractual compliance. We found that DHCF officials did not ensure that

[15] Deliverables are documents, records, and reports provided by the Broker to the CA for review and approval according to specified time frames noted in the contract.

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these audits were performed. Section H.11.16 of the NET Broker services contract provides, "The District, acting through the CA will [ ] [p]erform periodic audits of the Broker's contractual compliance. Such audits will commence upon 30 days written notice by the DHCF [O]ffice of Program Operations and Program Integrity." Over 5 years have passed since the original contract was awarded to the Broker, and DHCF's Office of Program Integrity has not performed a single, periodic audit of the Broker's contractual compliance.

On September 27, 2012, the CA informed us that the CPAPS and the Office of Program Integrity were developing procedures for conducting the audit and that the audit would start in FY 2013. As of May 2013, the Office of Program Integrity had not started conducting the audit.

Independent Audit Requirement: DHCF officials did not ensure that the independent audit reports of the Broker's accounting and financial practices include the independent auditor's assessment and opinion over the Broker's internal controls. Section C.3.2.3.12 of the NET Services Broker contract provides:

> The Broker shall obtain the services of an independent audit firm to assess the Broker's internal accounting controls and procedures to perform the administration of the District's non-emergency transportation program. The independent audit firm shall determine whether the audit revealed any conditions that presented a material weakness in the overall administration of the NET services program and the Broker's accounting and financial practices consistent with sound business principles and generally accepted accounting procedures.

In addition, subsection C.3.2.3.12.1 of the NET Services Broker contract provides:

> The Broker shall provide the initial Independent Audit Findings to the CA within 60 days from Contract award. The Independent Audit Findings shall include at a minimum details of the independent auditor's assessment of the Broker's internal accounting controls and procedures. The Independent Audit Findings shall also include statements from the auditor confirming that no material weaknesses in the Broker's internal controls and procedures exist and that the Broker's accounting and financial practices are consistent with sound business principles and generally accepted accounting procedures. The Broker shall submit subsequent annual Independent Audit Findings for the review and approval of the CA each year by September 15th.

During our fieldwork, we reviewed two independent audit reports of the Broker prepared by BKD, LLP (CPAs & Advisors). The two reports entitled, *Medical Transportation Management, Inc. Accountants' Report* and *Consolidated Financial Statements*, were for the

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periods ending December 31, 2010 and 2009, and December 31, 2011 and 2010, respectively. We found that the independent auditor expressed an opinion on the consolidated financial statements, but did not express an opinion over MTM's internal controls, as required by the contract. The purpose of requiring the independent assessment of the Broker's internal controls is to identify any material weaknesses in the administration of the NET program so that both DHCF and MTM can make the necessary corrections to mitigate risks that could impact the effectiveness and quality of the NET program.

It is the CA's responsibility to review and approve the annual independent audit. Thus, the CA should have informed the Broker that the reports produced by the independent audit firm did not comply with contract terms. Failure to assess the Broker's internal controls and confirm whether material weaknesses exist could hinder DHCF's ability to detect and correct errors and irregularities in the administration of NET program.

RECOMMENDATIONS

We recommend that the Director, DHCF:

1. Document the findings and recommendations of NET field and desk observations or audits performed by the Contract Administrator.

DCHF Response

DHCF agreed with this recommendation and noted that the CA meets with the Broker's management staff at the Broker's local central office on a monthly basis to review operational procedures. DHCF further stated that the CA will document the findings and recommendations from the field and desk observations scheduled for February 10, 2014, and from all such future meetings.

OIG Comment

Action taken by DHCF is responsive and meets the intent of our recommendation.

2. Require the Office of Program Integrity to begin performing periodic audits of the Broker's contractual compliance and document the results of the same.

DHCF Response

DHCF agreed with this recommendation and noted that the Division of Program Integrity will periodically perform an audit of the Broker's contractual compliance with the NET contract beginning on February 7, 2014, and will document the finding and results consistent with the format utilized by the CA.

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OIG Comment

Action taken by DHCF is responsive and meets the intent of our recommendation.

3. Enforce the terms and conditions of the contract by requiring that the independent audit of the Broker's accounting and financial practices include the independent auditor's assessment and opinion on the Broker's internal controls.

DHCF Response

DHCF agreed with this recommendation and noted that it will work with the Broker to correct any material weakness revealed by the independent assessment of the overall administration of the NET service program.

OIG Comment

We consider DHCF's comments and planned actions to be responsive and meet the intent of the recommendation. However, DHCF did not provide an estimated target date for the completion of planned actions for this recommendation. Thus, we respectfully request that DHCF provide a target date for planned corrective action within 60 days of the date of this final report.

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FINDING 2: BROKER CONTRACT COMPLIANCE

DHCF officials did not provide effective oversight and monitoring of the NET contract to ensure the Broker's compliance with the terms and conditions of the contract. Specifically, DHCF's monitoring procedures failed to ensure that the Broker's transportation providers: (1) met insurance and general vehicle requirements; (2) hired drivers and attendants that met contract requirements prior to performing transportation services for D.C. Medicaid recipients on behalf of the Broker; and (3) complied with vehicle inspection requirements. Further, the Broker did not provide written responses to complainants and record pertinent information necessary to evaluate complaints in accordance with the contract.

We attribute these conditions to improper oversight by the CA, as well as, the Broker's lack of awareness of contract requirements, proper training, and adequate internal controls. These conditions jeopardized the safety and well-being of NET program participants, and placed the District at risk of increased liability.

DISCUSSION

As a part of the NET Broker services contract, the CA is responsible for oversight of the Broker. Specifically, CA's responsibilities include, but are not limited to:

- overseeing program management, determining policy, procedures, and protocol, and monitoring delivery of NET services by the Broker;
- providing the Broker with a list of eligible clients to systematically assign to providers for transportation to covered Medicaid services;
- informing the Broker of changes in administrative rules regarding NET services and client eligibility;
- providing the Broker with a list of transportation providers terminated from the District's Medicaid program;
- working with the Broker to develop and maintain consistent, quality NET services;
- providing ongoing project oversight, management, and evaluation to ensure regulatory compliance;
- monitoring all performance requirements as stated in Section C.3 of the contract;
- conducting field and desk observations of the Broker's operations and call center; and
- performing periodic audits of the Broker's contractual compliance.

Vehicle Requirements

DHCF officials did not adequately monitor the Broker to ensure that all transportation providers met the insurance and general vehicle requirements listed in Section C.3.2.3.2 of the contract. During our audit, there were 31 active providers participating in the NET

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program with a combined total of 224 vehicles.[16] We reviewed all 31 providers for compliance with insurance and hiring requirements. Also, we reviewed 224 vehicles for the age limit requirement. In addition, we judgmentally selected a sample of 24 vehicles and reviewed for compliance with various vehicle requirements including seat belt cutter, interior signage, and fire extinguisher.

Insurance Requirements: We reviewed all 31 transportation providers participating in the NET program as of December 2012, for compliance with insurance requirements of the contract and found that 11 (35 percent) did not have workers' compensation insurance. All 11 transportation providers had a letter or note in their respective file asserting various reasons why they were exempt from workers' compensation insurance requirements. Some providers asserted that their drivers were not employees but independent contractors whose compensation was reported on Internal Revenue Service Form 1099. Other providers asserted that they were exempt because they only had few vehicles or drivers. One provider's reason stated that it operates as a "company that does not require [ ] worker's compensation insurance by our broker and federal law." This statement led us to conclude that the Broker and some of its transportation providers may not be fully aware of the purpose of securing workers' compensation insurance. The insurance not only protects employees, but may also protect the employer from civil lawsuits in the event of accidents where employees are injured.

Section C.3.2.3.2.3(a) of the contract provides that "[t]he Broker shall assure that all Transportation Providers that employ two or more employees as full-time have secured the required Workers' Compensation Insurance Coverage." The Broker confirmed that all 11 providers employed at least two or more drivers. Hence, we believe that the 11 providers, including those who classified their drivers as independent contractors, may not be exempt from securing the required workers' compensation insurance coverage.

We also determined that 2 of 31 provider's insurance policies did not list the Broker as an additional insured entity. Section C.3.2.3.2.3(b) states that "[t]he Broker shall ensure that the Broker is listed as an additional insured on all Transportation Providers' insurance policies. All expenses for insurance coverage are at the expense of the Transportation Provider."

Vehicle Age Limit: We reviewed the records for the entire population of 224 vehicles for compliance with the contract requirement on vehicle age limit (useful life). According to contract Section C.3.2.3.2.5(a), "Vehicles to be utilized in the delivery of NET services shall not exceed ten (10) years in age as determined by the release date of the vehicle; vehicles exceeding (10) years in age shall not be utilized or shall be removed from service." In

[16] According to the Broker's credentialing website, approximately 206 vehicles had an approved vehicle status as of November 29, 2012, which meant the vehicles could operate in the NET program. The status of the remaining 18 vehicles was pending re-approval, pending approval, pending credentialing, banned, expired, or rejected.

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addition, Section C.3.2.3.2.6 (a) of the contract states: "The Broker shall insure that all wheelchair van vehicles operating within the NET system are not older than eight years." Based on our review, 8 of 224 vehicles (4 percent) exceeded their age limit and should no longer be used in the NET program to transport District Medicaid beneficiaries.

Three of the eight vehicles were wheelchair lift body styles and exceeded their age limits by at least 1 year. We reviewed trip logs for the respective transportation providers and noted that one of the three wheelchair lift vehicles, with a release date of 2001, was used to transport District Medicaid beneficiaries in March and August 2012 after exceeding the age limit requirement by 3 years. The other two wheelchair lift vehicles, with release dates of 2003, were used to transport District Medicaid beneficiaries in February and December 2012, exceeding the vehicle age limit requirement by 1 year.

Furthermore, we identified one instance where a transportation provider circumvented the Broker's internal controls over payment of transportation claims by fraudulently billing for trips that were conducted using a vehicle that had already exceeded the required age limit. (See Finding 3 "Inaccurate Transportation Claims" section for further details.)

Seat Belt Cutter: We noted that 5 of 24 vehicles we inspected (21 percent) did not have seat belt cutters for use in an emergency situation on board the vehicle. Section C.3.2.3.2.5(g) of the contract states that "[v]ehicles shall be equipped with seat belt cutter(s), mounted above the Driver's door, for use in emergency situations."

Vehicle Interior Signage: None of the 24 vehicles inspected had interior signage that shows the Broker's contact information. Contract Section C.3.2.3.2.5(z) provides, in part, that "[v]ehicle interior signage shall include the Broker's company name, phone number and address[, which] shall be prominently displayed within the interior of each vehicle. This information shall also be available in writing and placed or located in the vehicles for distribution to riders on request." The lack of interior signage observed in all 24 vehicles prompted us to review the Broker's self-conducted inspection records for the same vehicles, which showed that all 24 vehicles had interior signage, indicating that the Broker's self-conducted inspection process is ineffective and unreliable. We discussed this issue with the Broker on February 26, 2013, and with the CA on February 27, 2013. Both the Broker and the CA agreed with our results and conclusion, and assured us that MTM would purchase interior signage for distribution to all vehicles participating in the NET program.

Fire Extinguishers: We noted during our inspection that 4 of 24 vehicles (17 percent) did not have two functional fire extinguishers on board. Section C.3.2.3.2.5(aa) of the contract states, in part, that "[v]ehicles shall be equipped with two functional fire extinguishers at 2.5 pounds each in pressure, with a combined capacity totaling 5.0 pounds in size, ABC, Halon type, or equal and shall display a current inspection tag or sticker."[17]

[17] ABC and Halon are different types of fire extinguishers. ABC is a dry chemical extinguisher designed for A, B, and C fires. Halon fire extinguishers stop the spread of fire by chemically disrupting combustion.

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Driver and Attendant Hiring Requirements

Transportation providers did not always hire screened drivers in accordance with the Broker contract and MTM Medical Transportation Provider Guidelines and Quality Improvement Program. As of December 2012, there were 31 transportation providers with a combined total of 341 drivers and attendants participating in the NET program. We judgmentally selected and reviewed files for 35 drivers/attendants (at least 1 from each provider) for compliance with the hiring and screening requirement of the contract, including Federal Bureau of Investigation (FBI) background checks, annual driving records, pre-employment drug screening, and First Aid training certificates. We found that: 17 drivers/attendants did not have FBI background checks; 2 drivers did not have annual driving records; 1 driver did not have a pre-employment drug screening; 1 driver did not have a First Aid training certificate; and files for 2 drivers and 1 attendant had First Aid training certificates that were not signed by the drivers and attendant.

Criminal Background Checks: We reviewed files for 35 drivers and attendants and found that 17 drivers and attendants (49 percent) did not have FBI criminal background checks prior to being allowed to perform transportation services for Medicaid beneficiaries under the NET Program. The drivers and attendants either had Sentrylink National Criminal Record Reports that were completed when they were initially added to the Broker's Credentialing system or nothing on file. Records of FBI background checks in 12 out of the 17 files were not received until months or sometimes a year after the drivers and attendants began performing transportation services. Records of the FBI background check were not received at all in the remaining five files, but the drivers and attendants were approved and allowed to perform transportation services under the NET program nevertheless.

Section C.3.2.3.3.4(a) of the contract states:

> All drivers and attendants shall have and maintain Federal and FBI background checks free of felony convictions. The Broker shall ensure current copies of criminal background checks and transportation record checks for all Drivers and Attendants are provided prior to starting service with updates provided annually. The Broker shall retain copies of criminal background and transportation record checks for review by the CA.

Halon is a colorless, odorless, nontoxic gas. Fires are classified according to the type of fuel that is burning. Class A fires are wood, paper, cloth, trash, and plastics. Class B fires are flammable liquids such as gasoline, oil, and grease. Class C fires are electrical fires that generally deal with electrical current. We obtained this information from the following websites: http://ehs.okstate.edu/modules/exting/Fuels.htm (last visited December 2, 2013), http://ehs.okstate.edu/modules/exting/drychem.htm (last visited December 2, 2013), and http://www.halonmarketing.com/mall/prod01.php (last visited December 2, 2013).

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In addition, the MTM Medical Transportation Provider Guidelines and Quality Improvement Program, Section 5.10 states "[n]o driver may perform transportation services for MTM until the appropriate criminal background check, child abuse/neglect background check, and elder abuse background check have been obtained and no disqualifying incidents are indicated. Appropriate evidence of the results must be provided to MTM."

Table III, on the following page, details the 17 drivers' and attendants' files that did not have criminal background checks prior to being approved to perform transportation services.

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Table III: Drivers and Attendants Criminal Background Checks

Driver/ Attendant/ Approval Date[18]	Date of Sentrylink Report [19]	Sentrylink National Criminal Report	Date FBI Check Report Received by Broker	Results of FBI Criminal Background Check	Driver/Attendant Status Per Broker[20]
1-Attendant 8/15/12	8/7/12	No criminal records found	2/27/13	2004: Charges identified	Rejected as of 3/12/13
2-Driver 5/2/11	4/17/11 and 4/19/12	No criminal records found and in 2012 theft less than $500	Not provided to Broker	Not provided to Broker	Expired 3/2/13
3-Driver 12/7/11	12/5/11 and 10/24/12	No criminal records found	12/6/12	No prior arrest noted	Expired 12/4/12; Approved 12/13/12
4-Attendant 11/7/12	9/5/12	No criminal records found	1/11/13	No prior arrest noted	Expired 1/4/13
5-Driver 5/30/12	5/23/12	Failure to obey law	Not provided to Broker	Not provided to Broker	Expired 3/2/13
6-Driver 10/11/12	8/21/12	No record found	1/17/13	2008: Charge identified	Approved 1/23/13
7-Driver 8/15/12	8/13/12 and 12/10/12	No criminal records found	1/28/13	No prior arrest noted	Approved 2/6/13
8-Driver 1/18/12	9/7/11 and 3/21/12	No record found	12/17/12	1993: Charge identified	Approved 12/19/12
9-Driver 6/13/12	5/28/12	No criminal records found	2/28/13	2010: Charge identified	Rejected 3/6/13
10-Driver 6/15/11	6/12/11 and 6/10/12	Several charges	Not provided to Broker	Not provided to Broker	Deleted 2/27/13
11-Attendant 8/15/12	7/30/12	Several charges	2/27/13	2008: Charges identified	Approved 3/13/13
12-Driver 8/25/10	8/5/10 and 2/29/12	No criminal records found	3/31/11 and 1/23/13	1996: Conviction identified	Rejected 1/23/13 for training
13-Driver 6/13/12	3/20/12	No criminal records found	1/2/13	1996: Charge identified	Approved 1/3/13
14-Driver 8/8/11	11/4/10 and 11/3/11	No criminal records found	9/4/12	2011: Charge identified	Deleted 1/4/13
15-Driver 4/5/12	1/27/12	Several charges	12/17/12	2007: Charge identified	Approved 12/28/12
16-Driver 9/19/12	8/6/12	Traffic violation	Not provided to Broker	Not provided to Broker	Deleted 2/15/13
17-Driver 4/4/12	3/30/12	No criminal records found	Not provided to Broker	Not provided to Broker	Expired 3/15/13

[18] The date the driver/attendant was approved by the Broker to perform transportation services.
[19] All background check reports were produced by Sentrylink except for Driver # 8 whose report was produced by National Background Investigations, Inc.
[20] Status information obtained from Broker's Credentialing website. Rejected means credentials do not meet MTM requirements. Expired means credentials are no longer current. Deleted means removed and can only be reinstated through re-credentialing.

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We reviewed the Sentrylink National Criminal Records Reports, and noted that the reports contain a disclaimer which states:

> Information contained herein is derived solely from public records, which may not be 100% accurate or complete. Users should not assume that this data provides a complete or accurate history of any person's criminal history. Users should consult state and federal laws before using this information in making decisions on hiring or firing of employees.

The Broker approved drivers and attendants and allowed them to provide NET services based on the Sentrylink National Criminal Record Reports, thereby placing the safety of NET participants at risk. Our review revealed several instances where a Sentrylink report failed to identify criminal record information found within a FBI background check. Therefore, the Sentrylink National Criminal Record Reports are not acceptable substitutes for the required FBI background checks, and reliance should not be placed on such reports.

Driving Records: Two of the drivers did not have annual driving records on file. Section C.3.2.3.3.4(a) of the Broker's contract requires that copies of transportation record checks are provided prior to starting service with annual updates.

Drug Testing: The Broker approved one driver to start providing transportation services without having a pre-employment drug screening for this driver on file. We found a handwritten note in the driver's file stating that the pre-employment drug screening was misplaced. The driver was added to the Broker's credentialing database in September 2010, and did not submit drug screening results until January 8, 2013. Section C.3.2.3.3.4(d) states, in part, "The Broker shall ensure that all Drivers and Attendants undergo drug screenings and obtain a negative result prior to starting service."

First Aid Certification: One driver did not have a First Aid training certificate on file. The MTM Medical Transportation Provider Guidelines and Quality Improvement Program, Section 4.3 requires copies of First Aid and cardiopulmonary resuscitation certificates be provided to MTM and remain current. In addition, two drivers and one attendant had First Aid training certificates on file that were not signed by the drivers and attendant.

Vehicle Inspection Requirements

The NET Broker contract language for vehicle inspections is ambiguous and needs to be clarified. Contract Section C.3.2.3.2.1 states:

> The Broker shall ensure that each Transportation Provider vehicle to provide service under a TPSA has a current vehicle inspection and complies with the inspection requirements for the state registered in and the D.C. Code Title 50, Inspection of Motorized Vehicles (C.1.1

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> Applicable Document # 12) prior to the start of service and made available to the CA. The Broker shall ensure that each vehicle maintains a current vehicle inspection for the duration of the period the vehicle is providing services under the Transportation Provider service agreement in.

The ambiguity in the contract section above relates to requiring transportation provider vehicles to comply with the "inspection requirements for the state registered in and the D.C. Code Title 50." We noted during the audit that there are vehicles registered in other states (e.g., Maryland and Virginia) participating in the NET Program. Each of those jurisdictions has its own unique vehicle inspection requirements. For instance, Virginia requires an annual vehicle inspection while Maryland requires vehicle inspections every 2 years for vans transporting individuals with disabilities. Furthermore, Title 50 of the D.C. Code refers to Section 601 of Title 18 of the District of Columbia Municipal Regulations (DCMR), which requires semi-annual inspections for public vehicles for hire registered in the District of Columbia. *See* 18 DCMR § 601.6(2). The contract provision is unclear as to whether vehicles registered in jurisdictions with less restrictive inspection requirements must meet the District's more restrictive standard. The issue is further complicated by the WMATC safety regulations, as discussed below.

Annual Safety Inspections: Section C.3.2.1 of the contract requires that "[t]he Broker shall recruit, solicit, and select Transportation Providers that have been licensed and certified by WMATC." WMATC adopted federal safety regulations, 49 CFR § 396.17, which requires annual inspections for vehicles seating nine or more persons. For vehicles seating eight persons or less, WMATC Rules of Practice and Procedure and Regulations, effective January 17, 1991, as amended through August 15, 2012, Section 64-02(b) (Unsafe Vehicle) states:

> No person shall operate a vehicle, and no carrier shall permit a person to operate a vehicle, that is not in good working order; has not passed a for-hire motor vehicle safety inspection conducted by the District of Columbia or one of the fifty states within the preceding twelve months; or otherwise appears unsafe to operate.

Based on our review of WMATC Rules and Regulations as of August 15, 2012, all vehicles under WMATC authority have to maintain annual safety inspections, which includes vehicles registered in Maryland.

We judgmentally selected and visited five transportation providers to determine whether they are performing annual safety inspections of vehicles in their fleet as a condition of maintaining WMATC license and certification required by the contract and found that three transportation providers were not in compliance.

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We reviewed a total of 42 vehicle files and found that 23 (55 percent) did not have annual safety inspection certificates. All 23 vehicles without the annual safety inspection certificates are registered to NET transportation providers that are based in Maryland. Among the 19 vehicles that had annual inspections on file, five were registered in Maryland. Three of the five vehicles had annual inspections because they also operate under the Maryland Public Service Commission which requires semi-annual inspections. The other two vehicles were recently registered in Maryland and had inspections performed as a part of the registration requirement. (The Maryland Motor Vehicle Administration (MVA) requires an inspection before a vehicle can be registered.)

Complaint Process

Complaint Resolution and Tracking Log: In our review of the complaint process, we identified the following two issues: (1) the Broker is not recording the names of service personnel who are the subject of complaints in a dedicated field in the complaint tracking log or database, which makes it impossible for the Broker to evaluate and isolate service personnel who receive multiple complaints within a given period of time; and (2) the Broker did not provide a written response to complainants as required by the contract. Section C.3.3.3.8.1(b) requires the Broker to "provide a written response to the person filing the complaint within five (5) business days of the Broker's receipt of the complaint . . . [and that the Broker] shall establish and maintain formal standardized written procedures for handling all complaints, including documentation requirements."

CONCLUSION

DHCF officials did not provide proper oversight of the Broker's performance under the contract terms and conditions, and, as a result, did not detect the Broker's failure to ensure that all transportation providers complied with contract terms, WMATC, and federal regulations. Accordingly, DHCF cannot be assured that the most efficient and effective transportation services were provided to eligible NET program participants. In addition, the safety and well-being of NET program participants were placed at risk.

RECOMMENDATIONS

We recommend that the Director, DHCF:

4. Require the Division of Program Integrity to perform a complete review of all transportation providers' files to ensure the Broker's compliance with all the terms and conditions of the NET contract and consider whether the contracting officer (CO) should impose sanctions for non-compliance, if warranted.

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DHCF Response

DHCF agreed with this recommendation and indicated that the Division of Program Integrity will perform an audit on February 7, 2014. The audit will consist of reviewing the credentialing files for the drivers, attendants, vehicles, and transportation vendors of the NET network to ensure contract compliance. DHCF will report the findings of the audit and make recommendations to the CO if it is determined that the Broker is not in compliance with the NET contract.

OIG Comment

Action taken by DHCF is responsive and meets the intent of our recommendation.

5. Perform periodic reviews as a part of ongoing oversight and monitoring of the Broker contract to ensure, in part, the NET transportation providers:

    a. comply with insurance and vehicle requirements including workers' compensation insurance coverage;

    b. hire screened drivers in compliance with laws and regulations and obtain an FBI criminal background check prior to drivers and attendants performing any transportation services for the Broker; and

    c. comply with safety inspection requirements of vehicles in their fleet.

DHCF Response

DHCF agreed with this recommendation and indicated that the Division of Program Integrity and the CA will perform audits of the Broker's transportation files on February 7, 2014, and February 10, 2014, respectively. The audit will consist of reviewing the credentialing files for the drivers, attendants, vehicles, and transportation vendors of the NET network to ensure contract compliance.

OIG Comment

Action taken by DHCF is responsive and meets the intent of our recommendation.

6. Coordinate with the Broker to establish control procedures to ensure the Broker is aware of the contract requirements pertaining to functions they are responsible for performing.

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DHCF Response

DHCF disagreed with this recommendation and noted that it is already addressed. DHCF further stated that the CA, along with other DCHF staff members, meet with the Broker's management staff on a monthly basis to resolve issues and review contractual requirements, operating protocols, and service delivery of the NET program. DHCF also noted that the CA cites pertinent clauses of the NET contract to the Broker in written and verbal communications in order to ensure actions are consistent with contract requirements.

OIG Comment

DHCF's response is noted, but does not meet the intent of this recommendation. During our review, we noted that several members of the Broker's staff who performed NET program services were not aware of the contract requirements that pertained to their job responsibilities. The recommendation was intended to ensure that the entire Broker staff is knowledgeable of the contract requirements that pertain to their respective job responsibilities and to provide each staff member with a copy of the current contract. Therefore, we request that DHCF provide a revised response to the recommendation within 60 days of the date of this final report.

7. Clarify the ambiguities in the NET Broker contract with regard to vehicle inspections and amend the contract as deemed necessary.

DHCF Response

DHCF disagreed with this recommendation and noted that it is already addressed under the NET contract clause C.3.2.3.2.1.

OIG Comment

DHCF's response is noted, but does not meet the intent of this recommendation. Our recommendation is for DHCF to clarify the ambiguity in the NET contract clause C.3.2.3.2.1. The misleading portion of the clause is that each vehicle has to comply with *both* the inspection requirements for the state registered in and D.C. Code Title 50, which refers to Section 601 of Title 18 of the DCMR. The DCMR requires semi-annual inspections for public vehicles for hire registered in the District of Columbia. Therefore, we request that DHCF provide a revised response to the recommendation within 60 days of the date of this final report.

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8. Coordinate with WMATC officials to ensure that Maryland Transportation Providers under WMATC's authority are aware of and comply with the safety inspection requirement for their vehicles.

DHCF Response

DHCF disagreed with this recommendation and noted that it is already addressed. DHCF further stated that WMATC conducts its own independent vehicle inspections with Maryland transportation providers. WMATC requires Maryland transportation providers to provide a copy of the paper vehicle inspection certificate received from their local inspection station and the inspection must have occurred within the previous 365 days. In addition, transportation providers sign an agreement with the Broker attesting that all vehicles used in the NET program must meet all local, state, and federal requirements and comply with all NET vehicle requirements. However, DHCF will ensure contract compliance for Maryland transportation providers during audits of the Broker's NET vehicle records.

OIG Comment

DHCF's response is noted, but does not meet the intent of the recommendation. As discussed in the audit finding, 55% of vehicles reviewed did not have annual safety inspections and were registered in Maryland. The MVA only requires inspection during the initial registration. Although WMATC Rules of Practice and Procedure and Regulations require annual inspection of vehicles under its authority, the proof of annual safety inspection is only verified at the initial time of application for WMATC certificate. Furthermore, WMATC does not require transportation providers to submit proof of annual safety inspection after the certificate of authority is issued unless there is a complaint or investigation. We were informed by WMATC officials that the Commission does not have the manpower to inspect every new vehicle that providers add to their fleet. WMATC requires transportation providers to maintain the safety certificate of inspection in their files in order to comply with the record keeping requirement. As a result, DHCF and the Broker cannot rely on WMATC to enforce the annual safety inspection requirement. Therefore, we request that DHCF provide a revised response to the recommendation within 60 days of the date of this final report.

9. Ensure that the Broker provides a written response to complainants as required by the contract.

DHCF Response

DHCF agreed with the recommendation and indicated that all complaints and grievances are managed by the Broker's Quality Management Department. DHCF described the purpose of the complaints/grievances process and stated the Quality Management Department mails a

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written letter to the complainant regarding the outcome of the formal complaint received by the Broker. DHCF will periodically evaluate the Broker's member files to ensure contractual compliance with the complaint and grievance process.

OIG Comment

DHCF's response partially meets the intent of the recommendation. However, the intent of the recommendation was to ensure that the Broker was in compliance with the NET contract. Although the Broker mails a written letter to the complainant regarding the outcome of the formal complaint received by the Broker, the Broker is also supposed to provide a written response to the person filing the complaint within 5 business days of the Broker's receipt of the complaint. Therefore, we request that DHCF provide a revised response to the recommendation within 60 days of the date of this final report.

10. Modify the Complaint Tracking Log to require the name of the subject of a complaint in a dedicated field to allow the Broker to evaluate the number of complaints against an individual, and take appropriate action as required by the contract.

DHCF Response

DHCF agreed with the recommendation and indicated in its response that the Broker currently reports to DHCF the number, type, and details of complaints received regarding non-emergency transportation on a monthly basis. As a result of this report, the Broker will document in the tracking log the name of the subject of the complaint for future complaint reports.

OIG Comment

Action taken by DHCF is responsive and meets the intent of our recommendation.

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FINDING 3: INTERNAL CONTROL DEFICIENCIES

SYNOPSIS

Our audit identified internal control deficiencies in the Broker's transportation claims process and usage of an unauthorized vehicle by a transportation provider. These conditions occurred because DHCF did not ensure that the Broker established adequate controls over the processing of transportation claims and usage of an unauthorized vehicle. These deficiencies resulted in the Broker making inappropriate payments to transportation providers. In addition, the use of an unauthorized vehicle jeopardized the safety and well-being of NET program participants, and placed the District at risk of increased liability.

DISCUSSION

We identified internal control deficiencies when we conducted vehicle inspections and reviewed MTM's credentialing and claims website. Specifically, we determined that one provider falsified transportation claims in order to receive payment for trips its company conducted using a vehicle that has exceeded the required age limit. Another provider submitted and received payment for claims for multiple drivers utilizing the same vehicle on the same day around the same time, and also utilized an unauthorized vehicle to provide services to NET participants.

Inaccurate Transportation Claims: On January 10, 2013, at 12:00 p.m., we performed a vehicle inspection on a vehicle bearing Vehicle Identification Number (VIN) 02618.[21] During the inspection, we noted that the vehicle was a wheelchair lift body style manufactured in 2004, which has an 8-year age limit requirement under the contract.[22] The driver informed us that he used the vehicle on that day to transport NET participants. He confirmed that he had just completed transporting NET participants on the first leg of their trips using the same vehicle before coming to us for the inspection and was going back to complete the return legs of the trips using the same vehicle. We reviewed the January 10, 2013, trip logs for the provider and noted that the same driver transported a NET participant at 11:30 a.m. and dropped the participant off at 11:45 a.m. The trip log also showed that the driver transported three participants between 1:00 p.m. and 1:45 p.m. However, the trip log submitted by the provider for the same driver indicated that another vehicle, bearing VIN 25259, was used to transport those NET participants. On February 22, 2013, the Broker processed the claims and made a payment to the Provider.

We addressed this matter with the Broker and on April 15, 2013, the Broker indicated that it contacted the provider who admitted to switching VINs when the provider discovered that

[21] We only included the last five digits of the vehicle identification number.
[22] See Finding 2 for the details of the vehicle age limit requirement.

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the actual vehicle used to perform the service had been deleted by the Broker for exceeding the age limit as required by the contract. The provider wanted to be paid for the trips taken on January 10, 2013. Therefore, in order to avoid the trip denial process because the vehicle had exceeded its useful life for the program, the provider falsified the transportation claim. The Broker informed us that it reported this matter to their Reconciliation/Accounting Department, and requested an internal audit be performed on the provider to recoup the improper payments made.

Review and Approval of Transportation Claims: During our audit, we found a deficiency in the Broker's review and approval process for transportation claims. We reviewed payment details where the Broker approved claims submitted by two transportation providers for multiple drivers using the same vehicle on the same day.[23]

For example, the claims processing detail showed that on October 1, 2012, Driver #1 picked up a NET participant and departed the residence in Southeast, D.C. at 8:28 a.m. utilizing a vehicle bearing VIN 20430 and arrived at the drop-off destination in Northeast, D.C. at 8:45 a.m. On the same day, Driver #2 picked up a NET participant and departed the residence in Northwest, D.C. at 8:14 a.m. utilizing a vehicle bearing VIN 20430 and arrived at the drop-off destination in Northeast, D.C. at 8:40 a.m. On the same day, Driver #3 picked up a NET participant and departed the residence in Southeast, D.C. at 8:25 a.m. utilizing a vehicle also bearing VIN 20430 and arrived at the drop-off destination in Northeast, D.C. at 9:00 a.m. However, the signed copies of trip logs submitted for the three drivers indicated that Driver #1 utilized a vehicle bearing VIN 20430, Driver #2 utilized a vehicle bearing VIN 41039, and Driver #3 utilized a vehicle bearing VIN 45413. On November 16, 2012, the Broker processed the claims and made a payment to the provider (see Table IV below).

Table IV: Multiple Drivers Utilizing the Same Vehicle

Driver	Trip Date	Vehicle VIN per Claim Submitted by Provider	Vehicle VIN per Trip Log Submitted by Provider	Departure Time From NET Participant Residence	Departure Location	Arrival Time at Drop-Off Destination	Drop-Off Destination
Driver #1	10/1/2012	20430	20430	8:28 AM	Southeast, D.C	8:45 AM	Northeast, D.C.
Driver #2	10/1/2012	20430	41039	8:14 AM	Northwest, D.C	8:40 AM	Northeast, D.C.
Driver #3	10/1/2012	20430	45413	8:25 AM	Southeast, D.C	9:00 AM	Northeast, D.C.

[23] The payment detail included several claims packets submitted by the provider for numerous drivers for a 2-week time period.

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On May 8, 2013, we addressed this matter with the Broker, and the Broker confirmed that the transportation provider selected the same vehicle for all three drivers when submitting the trip claims, even though the trip logs indicated three different vehicles were used. The Broker also informed us that its Claims Department audits claims to detect these types of errors on a sample basis and does not audit 100 percent of a provider's claims submissions.

According to the Broker's Transportation Provider Manual, providers are required to enter the driver and vehicle used to provide service by using the drop down boxes provided on MTM's claims website. Providers must also enter the trip leg number, pick up and drop off times, and identify the first and next trip in the signature image. Before submitting the claim, providers are prompted to certify that the claim packet is accurate. Step 5 of the Claim Process requires the provider to certify the following:

> I certify that all claim data entered for this packet is accurate and complete, and that unless I have entered No Signature I have verified that a signature is visible on the image file that I uploaded with this packet.
>
> I understand that submitting data with errors may constitute Medicaid fraud. I agree to accept the Trip Cost listed for all claims as payment in full for all claims I am submitting on this packet.

In this instance, the transportation provider certified that the data entered were accurate and complete. However, we determined that the claims were not accurate. These types of errors could have been detected with adequate review and approval controls for processing transportation claims.

Currently, the Broker's claims payment process begins after the transportation provider submits claims on the Broker's website by logging onto the claims application, entering the trip log information, and uploading the actual image of the trip logs. A trip log shows carrier name, driver name and signature, the actual VIN for the vehicle used to provide service, date of service, trip identification number, and recipient name and signature. The Broker's Signature Verification staff then recalls the uploaded trip log information and image, and validates that a signature is submitted for each trip number in the list. Signature verification involves selecting a trip packet that the transportation provider submitted from the Signature Verification page of the claims system, opening the scanned document image of the trip log, finding the signature submitted for each trip number in the list on the document image, entering signature status for each trip number, and submitting the trip as verified. Once all claims in the packet have been verified, the packet is submitted and the system will automatically approve or deny each claim.

Unauthorized Vehicle: During our vehicle inspection on December 20, 2012, we noted that 1 of the 24 vehicles (VIN 27932) was not listed on the provider's approved vehicle listing. The driver of the vehicle informed us that he had been driving the vehicle for the past 2

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months. Based on the driver's representation, we reviewed the Broker's credentialing website, searched the provider's vehicle history, and determined that the vehicle had been deleted from the approved vehicles list on October 1, 2012. In addition, we reviewed trip logs in the transportation claims website to support the driver's representation that he used the vehicle to transport NET participants for the past 2 months. We did not find any trip logs indicating that the provider used the vehicle (VIN 27932) in December 2012. However, we found trip logs that showed the driver provided NET services, using another vehicle, on the same day that we conducted the inspection. As of January 17, 2013, the vehicle's credentialing status was changed from deleted to pending, and was later approved on January 18, 2013.

On February 26, 2013, we discussed this matter with the Broker's Director of Operations, who informed us that the provider was assessed liquidated damages of approximately $12,000 for utilizing an unauthorized vehicle in the NET program. We requested that the Broker provide us with supporting documentation that the provider was indeed assessed liquidated damages for the use of an unapproved vehicle. As of the date of this report, we have not received the requested information. The Broker's Director of Operations represented that the vehicle in question was brought to us for inspection in error; however, this explanation was contrary to the driver's statement that he had been using the vehicle for the past 2 months.

According to the Broker, its Quality Management Division is responsible for conducting internal audits of providers to determine whether the number of trips taken by a particular vehicle is feasible. The Broker identified the Quality Management Division as its internal control to detect providers who use unauthorized vehicles to transport NET participants. However, the controls identified are inadequate and need to be improved to ensure that: (1) the vehicle actually used to perform the service is the same vehicle identified when submitting the claim; (2) only authorized vehicles are utilized to transport NET participants; and (3) providers are reimbursed only for services provided using accurate information.

RECOMMENDATIONS

We recommend that the Director, DHCF:

11. Require the Broker to develop and implement additional controls that will flag transportation claims submitted for multiple drivers using the same vehicle on the same day with a pending status for manual review and approval. At a minimum, the review and approval process should involve matching the claims submitted to the actual signed copy of the trip logs.

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DHCF Response

DHCF agrees with the recommendation and stated that as part of the payment process, the Broker's Claims Department has an audit system in place that cross references the transportation provider's claims with trip logs uploaded to their website. However, DHCF will work with the Broker to ensure its Verification and Reconciliation staff audit claims for multiple drivers using the same vehicle on the same day of service.

OIG Comment

The action taken by DHCF meets the intent of this recommendation. However, DHCF did not provide an estimated target date for completing the planned action for the recommendation. Thus, we respectfully request that DHCF provide our Office with a target date for planned corrective action within 60 days of the date of this final report.

12. Require the Broker to develop and implement continuous monitoring controls in the transportation claims process to ensure that errors and false claims are detected before payment is made.

DHCF Response

DHCF stated that the Broker requires transportation providers to upload claims to its website for payment. Claims submitted with an unauthorized driver or vehicle are denied automatically on the website. Audits of transportation provider claims are performed by the Broker's Claims Department to ensure that certain fields are documented with regard to claims submitted for payment. As a result of this report, the Broker will increase the number of claims audited prior to payment.

OIG Comment

DHCF's response is noted, but does not fully meet the intent of the recommendation. The control described in DHCF's response did not prevent or detect the situation noted during our audit where a provider completed a trip using an unauthorized vehicle and falsified the trip log and the claim submission to avoid the claim being denied. The vehicle that had exceeded its age limit and should have been removed from NET service, falsified the vehicle on the trip log, and selected an authorized vehicle on the claim website in order to avoid the claim being denied. In addition to increasing the number of claims audited, the Broker also needs to suspend claims for manual review and analysis when claims submitted indicate that the same vehicle is being used by multiple drivers on the same day before payment is made. Therefore, we request that DHCF provide us with a revised response within 60 days of the final report.

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13. Ensure the Broker has controls in place to deter fraud such as terminating providers from the NET program who submit false claims information.

DHCF Response

DHCF stated the Broker's Claims Department audits the transportation provider's claims to ensure the documented information contained on the trip logs matches the claims submitted for payment. In addition, the Broker executes an agreement with each transportation provider prior to the delivery of NET services. The Transportation Provider Service Agreement mentions the process for suspicion of fraudulent activity and its consequences.

OIG Comment

DHCF's response is noted and the action planned meets the intent of our recommendation.

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FINDING 4: PLANNING FOR THE PROCUREMENT OF CONTINUOUS NON-EMERGENCY TRANSPORTATION SERVICES

SYNOPSIS

Our audit found that: (1) the NET Broker provided non-emergency transportation services for over 1 month without a valid contract in place; and (2) an emergency sole source NET contract and various related modifications in excess of $1 million were executed without first obtaining the Council of the District of Columbia's (Council's) approval. These conditions occurred because the contracting officials failed to timely plan for the continuation of non-emergency transportation services after the expiration of the Broker contract. As a result, District laws and regulations were violated.

DISCUSSION

Lapse of Contract Coverage – The NET Broker provided non-emergency transportation services between July 20, 2012, and August 30, 2012, without a valid contract in place. After the fourth option year expired on July 19, 2012, DHCF did not have a written contract for the NET program until OCP awarded the emergency contract (DCHT-2012-C-0016), effective August 31, 2012. Consequently, the contract lapsed and the Broker provided NET services without a valid contract in place for approximately 42 days.

Table V below shows the original contract, option years exercised, lapse of contract coverage, and the sole source emergency contract issued to provide a legal contractual basis for MTM, Inc.'s services.

TABLE V – Contract and Contract Extensions

Contract Action	Estimated Contract Price	Effective Date	Expiration Date
Contract Base Year	$15,343,876	07/20/2007	07/19/2008
Option Year 1	$15,343,524	07/20/2008	07/19/2009
Option Year 2	$16,009,796	07/20/2009	07/19/2010
Option Year 3	$16,775,028	07/20/2010	07/19/2011
Option Year 4	$17,613,036	07/20/2011	07/19/2012
Period NET Program Operated without a contract (42 days)		07/20/2012	08/30/2012
Sole Source Emergency Contract	$ 6,370,988	08/31/2012	12/29/2012
Total	$87,456,248	-	-

D.C. Code § 2-359.01(a) provides that "[a] District employee shall not enter into an oral agreement with a contractor to provide goods or services to the District government without a

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valid written contract." The statute also states that any violation of the provision is cause for an employee's termination. D.C. Code § 2-359.01(b) further provides that vendors who do not have a valid written contract may not be paid unless payment is required by a court order, a final decision of the Contract Appeals Board, a settlement, or when approved by the Chief Procurement Officer.

On July 20, 2012, a day after the expiration of contract option year 4, the Broker contacted DHCF officials via email to inform them that they had not received documentation that the contract had been extended and to ask DHCF officials when they should receive something in writing. On the same day, DHCF officials forwarded the email to OCP officials and stated that DHCF is in the process of developing both the emergency determination and findings (D&F) and the contract. As provided by the D.C. Code, permitting a contractor to operate without a valid contract may have serious consequences for both the employees responsible and the contractor providing the services.

It appears that DHCF's intent was to allow MTM, Inc. to provide non-emergency transportation services for at least 5 years. However, due to inadequate planning, DHCF was forced to extend the contract on an emergency basis after 42 days had elapsed without a written contract in place. As a result of allowing MTM, Inc. to provide services without a written contract, the District's interest would not have been protected in the event of a dispute. In our opinion, the absence of a written agreement will not permit DHCF to reasonably expect the Broker to maintain and deliver consistent quality service to NET recipients as required by the existing contract. The Broker contract contains numerous requirements that necessitate proper planning and resource allocation on the part of the Broker, such as staffing and maintaining an adequate network of transportation providers. We believe that the uncertainty created by the lack of a written agreement could cause the Broker to implement cost-cutting measures to mitigate the potential risk of financial loss from the lack of reimbursement for services performed, which could have adverse consequences on the quality of service delivered to NET recipients. Further, we believe that it is a good business practice to give adequate notice to the contractor about either renewal or cancellation of the Broker contract.

Emergency Sole Source NET Contract Award Exceeded Procurement Authority - OCP exceeded its procurement authority by executing the NET Broker's emergency contract in excess of $1 million without first obtaining the Council's approval as required by D.C. Code § 1-204.51(b)(1). D.C. Code § 1-204.51(b)(1) provides that "[n]o contract involving expenditures in excess of $1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract (in accordance with criteria established by act of the Council)."

We found that OCP awarded an emergency sole source contract on August 31, 2012, to the Broker on DHCF's behalf. The emergency contract (DCHT-2012-C-0016), valued at $6.4 million, covered a period of 120 days and expired on December 29, 2012. The

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emergency sole source award allowed the Broker to continue providing essential NET services without disruption. The contract was later modified four times to extend the contract through March 14, 2013, for an additional $5.1 million. Two of the four extensions exceeded the $1 million threshold requiring Council approval.

The total value of the emergency contracts was approximately $11 million, as depicted in Table VI below.

TABLE VI – Sole Source Contract and Contract Extensions

No.	Contract Action	Cost	Effective Date	Expiration Date
1	Sole Source Award	$ 6,370,988	08/31/2012	12/29/2012
2	Modification 1	$ 893,723	12/30/2012	01/12/2013
3	Modification 2	$ 1,212,910	01/13/2013	01/31/2013
4	Modification 3	$ 2,103,360	02/01/2013	02/28/2013
5	Modification 4	$ 893,723	03/01/2013	03/14/2013
Total		**$11,474,704**		

The audit team requested evidence of Council approval for the emergency sole source contract and OCP contracting officials represented that preparation was made to seek Council approval for the emergency contract in June 2012. OCP also represented that the Mayor submitted a transmittal letter on July 5, 2012, to the Council for consideration and approval of the proposed emergency legislation to Contract DCHT-2012-C-0016. However, OCP could not provide us with documentation to support its claim that Council's approval was sought before the emergency contract and related extensions became effective.

However, we found documentation on the Council's website that showed the Mayor, in a letter to the Council dated April 8, 2013, requested approval for the emergency sole source contract and related modifications in the amount of $11 million, after the award of the contracts. The Council's website also showed that the Council issued retroactive approval for Contract No. DCHT-2012-C-0016 and all related modifications on June 4, 2013.

Notwithstanding the retroactive approval, OCP was required by law to obtain Council's approval prior to the award of the sole source contract and the modifications in excess of $1 million. As a result, OCP prevented the Council from exercising its authority and oversight. We believe this issue resulted from a lack of adequate planning for the procurement of continuous non-emergency transportation services.

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Recommendation

We recommend that the Director, DHCF:

14. Coordinate efforts with the Office of Contracting and Procurement to allow sufficient time to plan and award a new contract for non-emergency transportation services prior to the expiration of the current non-emergency services contract; to ensure that contractors do not perform work without written agreements; and to ensure that contracts over $1 million are presented to the Council for review and approval prior to award.

DHCF Response

DHCF stated that it coordinates all major contracting activities through the Office of Contracting and Procurements and is bound by OCP's processes and schedule. DHCF further stated that a new Request for Proposal for NET services was submitted on July 26, 2013, and it is currently under review by OCP's Office of the Attorney General for legal sufficiency; and DHCF will continue to work with OCP on the solicitation and awarding of the NET contract to ensure the continuity of the delivery of NET services.

OIG Comment

DHCF's response is noted and the actions taken meet the intent of our recommendation. However, our audit found a lapse in contract coverage and instances where procurement authority was exceeded in 2012 despite DHCF's assertion that it coordinates all major contracting activities with and follows the OCP contracting process. DHCF needs to continuously plan ahead for NET contract coverage to avoid a future lapse in contract coverage.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status[24]
1	**Compliance and Internal Control**. Verifies that DHCF is accomplishing its primary responsibility of providing oversight and monitoring of the NET program.	Non-Monetary	2/10/2014	Closed
2	**Compliance and Internal Control**. Determines compliance with the NET Services Broker contract.	Non-Monetary	2/7/2014	Closed
3	**Compliance**. Requires the Broker's Independent Audit Report to include an assessment of the Broker's internal controls.	Non-Monetary	TBD	Open
4	**Compliance and Internal Control**. Ensures completeness of provider files and the Broker's compliance with contract terms and conditions.	Non-Monetary	2/7/2014	Closed
5a	**Compliance and Internal Control** Determines compliance with Broker contract requirements and ensures the safety of NET Participants.	Non-Monetary	2/10/2014	Closed

[24] 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. If a completion date was not provided, the date of management's response is used. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status
5b	**Compliance and Internal Control.** Verifies that transportation personnel have been properly screened and FBI criminal background checks have been received prior to performing transportation services for NET recipients.	Non-Monetary	2/10/2014	Closed
5c	**Compliance and Internal Control.** Determines compliance with vehicles under WMATC authority with regard to vehicle safety inspections.	Non-Monetary	2/10/2014	Closed
6	**Internal Control**. Establishes procedures to ensure Broker staff is knowledgeable of contract requirements.	Non-Monetary	TBD	Unresolved
7	**Compliance and Internal Control.** Provides clarity to the vehicle inspection requirement of the NET Broker contract.	Non-Monetary	TBD	Unresolved
8	**Compliance and Internal Control**. Ensures that Maryland providers are aware of the vehicle safety inspection requirement and ensures the safety of NET participants.	Non-Monetary	TBD	Unresolved

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status
9	**Compliance and Internal Control**. Determines compliance with the NET Services Broker contract by providing written responses to complainants.	Non-Monetary	TBD	Unresolved
10	**Compliance.** Ensures the name of the service personnel who are the subject of a complaint is documented and allows the Broker to evaluate the number of complaints against that individual and take appropriate action as required by the contract	Non-Monetary	Next Complaint Report which are provided monthly	Closed
11	**Internal Control**. Ensures that additional internal controls over the submission, review, and approval process for transportation claims are designed and implemented.	Non-Monetary	TBD	Open
12	**Internal Control.** Ensures that errors and false claims are detected prior to making payment	Non-Monetary	TBD	Unresolved
13	**Internal Control.** Ensures providers are aware of the consequences for submitting false claims information.	Non-Monetary	1/6/2014	Closed
14	**Compliance.** Ensures coordination with OCP to allow sufficient time to plan for the procurement of NET services. Also, compliance with District laws and regulations.	Non-Monetary	1/6/2014	Closed

EXHIBIT B: DHCF'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance

Office of the Director

Charles J. Willoughby
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, DC 20005

Dear Mr. Willoughby:

This letter is written in response to your letter dated December 13, 2013, regarding the Office of the Inspector General's (OIG) *Re-Audit of the Department of Health's Non-Emergency Transportation Provider Compliance with License and Certification Requirements* (OIG No. 12-2-16HC). The Department of Health Care Finance (DHCF) appreciates the opportunity to review and respond to the draft report.

DHCF is pleased the report acknowledges the overall quality of the Non-Emergency Transportation (NET) program has improved since the OIG's 2008 audit. The mission of the Department of Health Care Finance is to improve health outcomes by providing access to comprehensive, cost-effective and quality healthcare services for residents of the District of Columbia. In order for DHCF to achieve its mission, it is essential that individuals eligible for DC Medicaid are able to get to and from health care services provided under the Medicaid program. Since July 2007, DHCF contracted with a Non-Emergency Transportation (NET) Broker. This arrangement has ensured that beneficiaries receive the most appropriate method of transportation with credentialed drivers, attendants, and vehicles all while controlling program spending.

Based upon the review of the report, DHCF concurs with eight (8) of the fourteen (14) recommendations directed to DHCF. The Department of Health Care Finance (DHCF) has reviewed the OIG's recommendations made in this report and offers the following actions that have been taken or are planned to be taken to address the identified issues.

Recommendations

1. *Document the findings and recommendations of NET field and desk observations or audits performed by the Contract Administrator.*

Response:

DHCF concurs with this recommendation. The Contract Administrator (CA) meets with the Broker's management staff at the Broker's local central office on a monthly basis to review operational procedures. The CA will document the findings and recommendations from the NET field and desk observations scheduled for February 10, 2014, and from all future such meetings.

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EXHIBIT B: DHCF'S RESPONSE TO THE DRAFT REPORT

2. *Require the Office of Program Integrity to begin performing periodic audits of the Broker's contractual compliance and document the results of the same.*

Response:

DHCF concurs with this recommendation. The Division of Program Integrity will periodically perform an audit of the Broker's contractual compliance with the NET contract beginning with one on February 7, 2014, and will document the findings and results consistent with the format used by the Contract Administrator.

3. *Enforce the terms and conditions of the contract by requiring that the independent audit of the Broker's accounting and financial practices include the independent auditor's assessment and opinion on the Broker's internal controls.*

Response:

DHCF concurs with this recommendation. The Broker contracts with an independent audit firm to assess the Broker's internal accounting controls and procedures to perform the administration of the District's non-emergency transportation program. DHCF will work with the Broker to correct any material weakness revealed by the independent assessment of the overall administration of the NET service program.

4. *Require the Division of Program Integrity to perform a complete review of all transportation providers' files to ensure the Broker's compliance with all the terms and conditions of the NET contract and consider whether the Contracting officer (CO) should impose sanction for non-compliance, if warranted.*

Response:

DHCF concurs with this recommendation and findings will be included in the audit performed by the Division of Program integrity by February 7, 2014, to respond to Recommendation #2. The audit will consist of reviewing the credentialing files for the drivers, attendants, vehicles, and transportation vendors of the NET network to ensure contract compliance. DHCF will report the findings of the audit and make recommendations to the CO if it is determined the Broker is not in compliance with the NET contract.

5. *Perform periodic reviews as a part of ongoing oversight and monitoring of the Broker contract to ensure, in part, the NET transportation providers:*
    a. *Comply with insurance and vehicle requirements including workers' compensation insurance coverage;*
    b. *Hire screened drivers in compliance with laws and regulations and obtain FBI criminal background checks prior to drivers and attendant performing any transportation services for the Broker; and*
    c. *Comply with safety inspection requirements of vehicles in their fleet.*

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EXHIBIT B: DHCF'S RESPONSE TO THE DRAFT REPORT

Response:

DHCF concurs with this recommendation and the findings for this audit will be included in the audits performed by the CA and the Division of Program integrity will perform audits of the Broker's transportation files to respond to Recommendations #1, and #2. The audit will consist of reviewing the credentialing files for the drivers, attendants, vehicles, and transportation vendors of the NET network to ensure contract compliance.

6. *Coordinate with the Broker to establish control procedures to ensure the Broker is aware of the contract requirements pertaining to functions they are responsible for performing.*

Response:

This recommendation is already addressed. Currently, the CA along with other DHCF staff meets with the Broker's Project Director, Call Center Manager, Network Manager, and Quality Management Staff on a monthly basis to resolve issues, review contractual requirements, operating protocols, and service delivery of the NET program. Additionally, the CA cites the pertinent clauses of the NET Contract to the Broker in written and verbal communications to ensure actions are consistent with contract requirements.

7. *Clarify the ambiguities in the NET Broker contract with regard to the vehicle inspections and amend the contract as deemed necessary.*

Response:

This recommendation is already addressed. The NET contract clause C.3.2.3.2.1 requires that each transportation provider comply with the inspection requirement for the state in which the vehicle is registered.

C.3.2.3.2.1 *Vehicle Inspections: The Broker shall ensure that each Transportation Provider vehicle to provide service under a TPSA has a current vehicle inspection and complies with the inspection requirements for the state registered in and the D.C. Code Title 50, Inspection of Motorized Vehicles (C.1.1 Applicable Document # 12) prior to the start of service and made available to the CA. The Broker shall ensure that each vehicle maintains a current vehicle inspection for the duration of the period the vehicle is providing services under the Transportation Provider service agreement in...*

8. *Coordinate with WMATC officials to ensure that Maryland Transportation Providers under WMATC's authority are aware of and comply with the safety inspection requirement for their vehicles.*

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EXHIBIT B: DHCF'S RESPONSE TO THE DRAFT REPORT

Response:

This recommendation is already addressed. The Washington Metropolitan Area Transit Commission (WMATC) conducts its own independent vehicle inspections with Maryland transportation providers. WMATC requires Maryland Transportation providers to provide a copy of the paper vehicle inspection certificate received from their local inspection station. The inspection must have occurred within the previous 365 days. Transportation providers sign a Transportation Provider Service Agreement (TPSA) with the Broker attesting that all vehicles in use for non-emergency transportation services must meet all local, state and federal requirements and comply with all NET vehicle requirements. WMATC certification is a contractual requirement for vehicles within the NET network. However, DHCF will ensure contract compliance for Maryland transportation providers during audits of the Broker's NET vehicle records.

9. *Ensure that the Broker provides a written response to complainants as required by the contract.*

Response:

DHCF concurs with this recommendation. All complaints and grievances are managed by the Broker's Quality Management Department. The purpose of the complaints/grievances process is to establish a mechanism and reporting system allowing the Broker to address key issues and problems in an effort to improve quality of care and services. The process includes documentation, investigation, resolution, corrective action plans (CAPs), and the reporting of complaints. The Quality Management Department mails a written letter to the complainant regarding the outcome of the formal complaint received by the Broker. DHCF will periodically evaluate the Broker's member files to ensure contractual compliance with the complaint and grievance process.

10. *Modify the Complaint Tracking Log to require the name of the subject of a complaint in a dedicated field to allow the Broker to evaluate the number of complaints against an individual, and take appropriate action as required by the contract.*

Response:

DHCF concurs with this recommendation. The Broker's Quality Management Department reports to DHCF the number, type, and the details of complaints received regarding non-emergency transportation services on a monthly basis. As a result of this report, the Broker will document in the tracking log the name of the subject of the complaint for future complaint reports.

11. *Require the Broker to develop and implement additional controls that will flag transportation claims submitted for multiple drivers using the same vehicle on the same day with a pending status for manual review and approval. At a minimum, the review and approval process should involve matching the claims submitted to the actual signed copy of the trip logs.*

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Response:

DHCF concurs with this recommendation. However, the Broker's Claims Department has an audit system in place to cross reference the transportation provider's claims with the trip logs uploaded to their website as part of the payment process. DHCF will work with the Broker to ensure their Verification and Reconciliation staff audit claims submitted with multiple drivers for the same vehicle on the same day of service.

12. *Require the Broker to develop and implement continuous monitoring controls in the transportation claims process to ensure that errors and false claims are detected before payment is made.*

Response:

This recommendation is already addressed. The Broker requires transportation providers to upload claims to their website for payment. A claim is automatically denied on the claims website when an unauthorized driver or vehicle is submitted on the claims. The Broker's Claims Department audits transportation provider claims to ensure recipient's and driver's signatures, facility destinations, pick up and drop off times, and vehicle identification numbers are documented with the claims submitted for payment. As a result of this report, the Broker will increase the number of claims audited prior to payment.

13. *Ensure the Broker has controls in place to deter fraud such as terminating providers from the NET program who submit false claims information.*

Response:

This recommendation is already addressed. The Broker's Claims Department audits the transportation provider's claims submission to ensure the trip logs contain member and driver signatures, vehicle identification numbers, drivers and vehicles reported are credentialed, facility destinations, pick up and drop off times, and match the claims submitted for payment. This process ensures fraudulent claims are caught before payment. The Broker executes a Transportation Provider Service Agreement (TPSA) with each transportation provider selected by the Broker as a member of the Broker's transportation network prior to the delivery of non-emergency transportation services. In the TPSA, Section 2P-2Q states, "The Transportation Provider understands if there is suspicion of fraudulent Transportation Provider activity, an investigation will be conducted by the Broker and the Transportation Provider may be terminated and/or subject to reduced payments or recouped monies. Additional investigations by applicable government authorities may result in civil fines and penalties, and the potential for criminal prosecution. The Transportation Provider agrees to cooperate with the Broker and DHCF in the investigative process of suspected fraudulent activity."

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14. Coordinate efforts with the Office of Contracting and Procurement to allow sufficient time to plan and award a new contract for non-emergency transportation services prior to the expiration of the current non-emergency services contract; to ensure that contractors do not perform work without written agreements, and to ensure that contracts over $1 million are presented to the Council for review and approval prior to award.

Response:
DHCF coordinates all its major contracting activities through the Office of Contracts and Procurement (OCP) and is bound by OCP's processes and schedule. DHCF submitted the new Request for Proposal (RFP) for NET services to the OCP on July 26, 2013. The RFP is currently under review by OCP's Office of the Attorney General for legal sufficiency. However, DHCF will continue to work collaboratively with OCP on the solicitation and awarding of the NET contract to ensure the continuity of the delivery of non-emergency transportation services for individuals enrolled in the DC Medicaid program.

DHCF greatly appreciates the work of the OIG in reviewing the NET Program. The report has allowed DHCF to improve program integrity and oversight in the management and operation of the NET program. Please feel free to contact us if you should have any further questions, or if additional information is needed.

Sincerely,

Wayne Turnage
Director

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