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State Auditor

An Audit Report on

**The Medical Transportation
Program at the Texas
Department of Transportation**

October 2007

Report No. 08-006



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Overall Conclusion

The Texas Department of Transportation (TxDOT) implemented procedures in February 2007 for monitoring the transportation providers for its Medical Transportation Program to ensure that the providers comply with contract requirements and that transportation services are provided to eligible recipients.

The Medical Transportation Program provided non-emergency transportation to health care appointments to 196,308 eligible recipients in fiscal year 2007 (see Appendix 2). However, TxDOT has not followed the scheduled monitoring required by its procedures. Further, these procedures do not include a risk assessment process that would help TxDOT identify high-risk transportation service areas and more effectively focus its monitoring resources. Because of this, TxDOT does not ensure (1) that transportation providers consistently comply with contract requirements, such as checks of drivers' criminal histories and provider's insurance levels, or (2) that eligible recipients receive medical transportation services in a timely manner.

Sixteen percent of the drivers' records auditors tested at four of the largest transportation providers indicated that the drivers had criminal backgrounds that would disqualify them from driving under TxDOT's contract requirements (see Table 1 on Page 5 of this report for more information).

TxDOT's Medical Transportation Program operates three call centers that schedule transportation, advance funds to individual drivers or their attendants, and record

Background Information

TxDOT's Medical Transportation Program serves eligible recipients in three programs: Transportation for Indigent Cancer Patients, Children with Special Health Care Needs, and Medicaid (the largest of the three programs).

The Medical Transportation Program is responsible for providing non-ambulance transportation services to eligible recipients. Recipients are eligible if:

- A medical necessity exists;
- No other means of transportation are available;
- The mode of transportation is the most cost-effective mode available that does not endanger the recipient's health; and
- The facility is reasonably close to the prior authorized health care service that meets the recipient's health care needs.

Senate Bill 10 (80th Legislature, Regular Session) transferred Medical Transportation Program operations from TxDOT to the Health and Human Services Commission no later than September 1, 2008.

Source: Title 1, Texas Administrative Code, Section 380.201.

Authorized Services Provided by TxDOT's Medical Transportation Program

- Airline transportation (commercial).
- Bus (intercity).
- Contractor-provided transportation.
- Individual driver contractor transportation.
- Lodging (contractor).
- Mass transit.
- Meals (contractor).
- Upfront (Advanced) funds.

This audit was conducted in accordance with Texas Government Code, Sections 321.0131, 321.0132, and 321.0134.

For more information regarding this report, please contact Kelly Linder, Audit Manager, or John Keel, State Auditor, at (512) 936-9500.

complaints received about medical transportation services. However, TxDOT has not developed standard operating procedures for its three call centers—located in Dallas, McAllen, and San Antonio—to ensure that accurate and consistent information is provided to eligible recipients. Further, the call centers do not conduct sufficient monitoring of their call takers to ensure that accurate information is captured, advance funds are distributed to eligible recipients for eligible services, and all complaints received are recorded and processed in a timely manner. In addition, factors prevented auditors from being able to determine the accuracy of performance targets used to measure the performance of the call centers.

TxDOT's financial reporting for its Medical Transportation Program is substantially accurate, and TxDOT has taken steps through its procurement process to minimize its risk of paying unreasonable rates for medical transportation services.

Surveys auditors conducted in June 2007 and July 2007 of Medical Transportation Program eligible recipients, transportation providers, and transportation providers' subcontractors indicated that a majority of them were satisfied with the operations of the Medical Transportation Program, although some needed improvements were identified. Detailed survey results are presented in Appendices 4 and 5.

The Medical Transportation Program is being transferred from TxDOT to the Health and Human Services Commission (Commission); however, TxDOT will continue to operate the Medical Transportation Program until the transition becomes effective no later than September 1, 2008. As the program goes through its transition to the Commission, TxDOT should continue to ensure that proper controls are in place to ensure that contractors consistently comply with contract requirements.

Summary of Management's Response

TxDOT concurs with the recommendations in this report. Its responses to specific recommendations are presented in each chapter of the report, and its overall response to this report is presented in Appendix 7.

Summary of Information Technology Review

Auditors assessed controls associated with the automated system used by TxDOT's Medical Transportation Program for setting appointments and tracking claims for non-emergency medical transportation services.

Auditors identified weaknesses in the area of access controls. To minimize the risks associated with security breaches, auditors communicated details regarding these issues directly to TxDOT.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to:

- Determine whether TxDOT's Medical Transportation Program has controls in place to ensure that its contractors provide services to clients in a timely manner and are reimbursed in accordance with contract and grant provisions.
- Determine whether the Medical Transportation Program's call center operations are providing standardized services that comply with TxDOT policies and procedures and meet the program's performance targets.
- Determine whether financial reporting for the Medical Transportation Program is accurate and complete.
- Determine whether TxDOT ensures that it pays reasonable rates for Medical Transportation Program services in accordance with applicable federal and state laws and regulations and TxDOT policies and procedures.

The scope of this audit covered TxDOT's monitoring and reporting activities, including expenditures, for its Medical Transportation Program from July 1, 2006, to July 31, 2007.

The audit methodology included collecting information and documentation; performing selected tests and other procedures; analyzing and evaluating the results of the tests; and conducting interviews with Medical Transportation Program transportation providers, call center management and staff, and TxDOT management and staff. In addition, auditors conducted phone surveys with eligible recipients who used Medical Transportation Program services and conducted a Web-based survey of the program's transportation providers.

Acknowledgement

The State Auditor's Office thanks the management and staff of the Texas Legislative Council for developing the maps presented in Appendix 3 of this report.

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Detailed Results

Chapter 1

While TxDOT Has Policies and Procedures for Monitoring Transportation Providers, It Does Not Conduct Sufficient and Coordinated Monitoring Activities to Ensure These Providers Comply with Contract Requirements

The Department of Transportation (TxDOT) implemented procedures for monitoring the transportation service area providers (transportation providers) for its Medical Transportation Program in February 2007 to ensure that these providers comply with contract requirements and that transportation services are provided to eligible recipients. However, TxDOT has not followed the scheduled monitoring required by these procedures. Further, these procedures do not include a risk assessment process that would help TxDOT identify high-risk transportation service areas and focus its monitoring resources.

Auditors visited four of the largest transportation providers and determined that a substantial number of their drivers had criminal backgrounds or invalid driver's licenses. In addition, a large number of transportation providers' subcontractors did not comply with liability or workers' compensation insurance requirements. In addition, TxDOT does not perform sufficient monitoring of claims or of its advance funds contractor.

Surveys auditors conducted in June 2007 and July 2007 of Medical Transportation Program eligible recipients, transportation providers, and transportation providers' subcontractors indicated that a majority of them were satisfied with the operations of the program, although some needed improvements were identified.

Chapter 1-A

TxDOT Has Adopted Policies and Procedures for On-site Monitoring of Its Transportation Providers, But It Does Not Consistently Follow These Procedures

TxDOT performs activities to monitor its transportation providers; however, the monitoring activities do not occur as frequently as required by TxDOT's policies and procedures, nor are these activities the result of a planned process based on risk. TxDOT does not have a formal risk assessment process for monitoring its transportation providers. As a result, TxDOT's monitoring activities do not consistently align with the transportation service areas that may pose the greater risk (see Appendix 3 for a map of TxDOT's monitoring activity).

TxDOT does not conduct monitoring visits as frequently as required by its policies and procedures. TxDOT does not sufficiently track its contract monitoring specialists' (contract specialists) activities or provide the contract specialists with sufficient guidance to ensure they meet TxDOT's minimum requirements for monitoring transportation providers and drivers. TxDOT's program management receives e-mails that include calendars of each contract specialist's planned monitoring activities for a month. However, TxDOT does not review these calendars and compile the information into a useful management tool to ensure that contract specialists meet minimum monitoring requirements. Audit testing determined that TxDOT's contract specialists had:

Provider Monitoring

TxDOT requires its contract specialists to perform three types of monitoring of transportation providers. These are:

- On-site monitoring. Contract specialists should conduct a quarterly on-site review of each transportation provider.
- Observation monitoring. Contract specialists should visit health care providers or eligible recipients' homes to observe drivers when they pick up or drop off eligible recipients to ensure that the drivers comply with TxDOT requirements. The contract specialist should conduct at least five quarterly on-site observations in each transportation service area.
- Ride-alongs. Contract specialists should conduct at least one quarterly ride-along with a transportation provider's driver in each transportation service area. A ride-along occurs when the contract specialists ride in the vehicle with an eligible recipient to his or her appointment.

- Conducted on-site monitoring visits for 4 of 15 (27 percent) transportation providers since the contracts were issued in June 2006. TxDOT's policy requires contract specialists to conduct an on-site visit of each transportation provider every quarter (see text box for information on TxDOT's monitoring requirements). The on-site visits occurred in May 2007 and June 2007; no documentation of other on-site visits was provided to auditors.
- Conducted on-site observations of transportation driver activities at health care facilities or eligible recipient homes for 11 of 24 (46 percent) transportation service areas between June 2006 and March 2007. TxDOT's policies and procedures require contract specialists to perform five on-site observations for each transportation service area every quarter; however, contract specialists conducted 5 on-site visits each quarter for only 1 of the 11 (9 percent) transportation service areas.
- Conducted a ride-along with drivers in 13 of 24 (54 percent) transportation service areas between June 2006 and March 2007. Contract specialists conducted a ride-along with drivers in each quarter, as required by TxDOT policy, in only 1 of the 13 (8 percent) transportation service areas.
- Not conducted any monitoring activity in 10 of 24 (42 percent) transportation service areas. These transportation service areas included the Rio Grande Valley area (Transportation Service Areas 19, 20, and 21) and the San Antonio area (Transportation Service Area 18). (See map of transportation service areas in Appendix 3.)

TxDOT reported that it had conducted an additional 7 on-site monitoring visits, 77 on-site observations, and 14 ride-alongs as of August 2007. Because these reported monitoring activities occurred after auditors completed fieldwork, auditors did not validate or test this assertion.

TxDOT does not have a formal risk assessment process to help it identify high-risk transportation service areas that may need increased monitoring and to help it more effectively use its limited resources. In February 2007, TxDOT developed policies and procedures for monitoring its transportation providers; however, these procedures do not include a risk assessment process that identifies high-risk transportation providers. The on-site monitoring visits conducted between June 2006 and April 2007 did not align with the areas of the state that had characteristics indicating they may be at high risk due to the number of eligible recipients served (see Appendix 2 for details on the total number of eligible recipients served by Transportation Service Area). For example, the lower Rio Grande Valley and San Antonio areas had not received any monitoring by TxDOT contract specialists; however, these service areas represented 27 percent, or 425,534, of the one-way trips made by program drivers between July 2006 and February 2007 (see Appendix 3 for a map of monitoring activity).

Current procedures would require TxDOT's six contract specialists to conduct a total of 60 on-site monitoring visits of transportation providers, 480 on-site observations at health care facilities or eligible recipient homes, and 96 ride-alongs with eligible recipients and drivers annually. TxDOT's contract specialists have not been able to maintain the schedule required by TxDOT's procedures. Meeting TxDOT's monitoring timeline may become more difficult because, according to TxDOT management, contract specialists will be assigned additional responsibilities for tracking, monitoring, and testing claims identified as having errors.

Contract specialists also are responsible for reviewing and disseminating complaints received by transportation providers from eligible recipients. The complaint handling process is discussed in more detail in Chapter 2.

TxDOT is not providing adequate training to its contract specialists. TxDOT's contract specialists typically work in the field, often in remote locations, and with minimal supervision or direction. As of April 2007, many of the six contract specialists were former call center managers, supervisors, or staff members with extensive knowledge of TxDOT's Medical Transportation Program. However, none of them had been provided formal training on contract monitoring.

Recommendations

TxDOT should:

- Track and report all monitoring activities in a format that allows management to identify trends and track problem areas.

- Develop a formal risk assessment process for monitoring transportation providers to more effectively use its limited resources and ensure that those areas posing a greater risk receive coverage.
- Ensure that contract specialists receive adequate training for performing their job duties.
- Conduct a staffing analysis to ensure that it has an adequate number of contract specialists to perform all required monitoring activities in compliance with TxDOT's monitoring requirements and schedule.

Management's Response

- Track and report all monitoring activities in a format that allows management to identify trends and track problem areas.

The department concurs with the recommendation. TxDOT implemented new contract monitoring procedures in February 2007. The monitoring activities reflect contract monitoring requirements established for Transportation Service Area Providers (TSAPs). In addition, all contract monitoring activities performed are documented in a contract monitoring document. This information is stored on a drive shared with the Medical Transportation (MTP) Central Office and is monitored by the branch manager for use in identification of problem areas and opportunities to realign monitoring schedules.

- Develop a formal risk assessment process for monitoring transportation providers to more effectively use its limited resources and ensure that those areas posing a greater risk receive coverage.

The department concurs with this recommendation. There has been preliminary research conducted on a risk assessment process focusing on provider experience, trips volume, number of complaints and paid claims; however, the lead contract specialist will work with the Internal Audit Office to establish risk assessment protocol that will become a permanent part of the contract monitoring activities. A risk assessment tool will be completed by April 1, 2008. The initial assessment at onset of the new contracts indicated the need for the contract specialists to focus their efforts on the largest contractor due to the contractor being new to MTP, volume of trips and recipient complaints. Therefore, monitoring activities for other contracts was delayed.

- Ensure that contract specialists receive adequate training for performing their job duties.

The department concurs with this recommendation. The contract specialists will participate in quarterly training meetings and monthly teleconferences during the months when training does not occur. These sessions will include training and technical assistance for the contract specialists in addition to receiving ongoing support from the lead contract specialist. The contract specialists are attending formal training offered through TxDOT's Contract Services Office in the Office of General Counsel. This training is scheduled for October 10 through 12, 2007. At the conclusion of this training, contract specialists would have participated in two training activities in FY 08.

- Conduct a staffing analysis to ensure that it has an adequate number of contract specialists to perform all required monitoring activities in compliance with TxDOT's monitoring requirements and schedule.

The department concurs with this recommendation. TxDOT is currently assessing the workload of the contract specialists in addition to filling the remaining two positions. We will ensure that adequate staffing levels are maintained to meet monitoring requirements. If necessary, the section director and branch manager will request additional staff to conduct these activities.

Chapter 1-B

Although TxDOT Has Procedures for Reviewing Transportation Providers, It Does Not Ensure that Transportation Providers Comply with Contract Requirements for Criminal History Checks and Insurance

Criminal History Checks

TxDOT requires that transportation providers conduct criminal history checks on all contracted and subcontracted operators prior to hiring the operators, and it requires these checks be done annually. Under the terms of the transportation providers' contracts with TxDOT, operators who have any criminal record—including convictions for any misdemeanors and/or felony offenses—for seven years prior to their hire date are not to be employed to transport eligible recipients in the Medical Transportation Program.

For this audit, criminal history and driver's license checks were performed by the Special Investigations Unit of the State Auditor's Office, which used two databases: Accurint and Household Driver Report.

Auditors visited four transportation providers. These transportation providers covered 13 transportation service areas and included American Medical Response and Irving Holdings, the largest transportation providers in the state.

TxDOT does not consistently monitor criminal history and driver's license checks at the transportation providers auditors visited to ensure the transportation providers comply with contract requirements (see text box for information on criminal history checks). All four transportation providers complied with the levels of insurance required by their contracts with TxDOT; however, a substantial number of the transportation providers' subcontractors did not comply with liability or workers' compensation insurance requirements.

Thirty percent of drivers tested had criminal backgrounds or invalid driver's licenses. Seventy-one of 239 (30 percent) drivers at the four transportation providers auditors visited had an invalid driver's

license or a criminal history that would disqualify them from driving for TxDOT's Medical Transportation Program. Of the 239 drivers tested, 16 percent had criminal backgrounds and 14 percent had invalid driver's licenses.

The invalid driver's licenses were either (1) not found in databases containing driver's license information or (2) were issued to someone other than the driver listed on the rosters provided to auditors by the transportation providers. Twenty of the 33 (61 percent) invalid driver's licenses identified did not belong to the driver listed on the roster (see Table 1 on the next page). The highest number of drivers with criminal histories or invalid driver's licenses was identified at American Medical Response.

Thirty-five percent of driver files tested at American Medical Response had an invalid driver's license or criminal history—the highest number among transportation providers tested. The number of drivers with invalid driver's licenses or criminal histories could be higher than the number identified by auditors because American Medical Response (AMR) was unable to provide a list of drivers for five of its subcontractors. Also, 9 of 43 (21 percent) AMR subcontractors were not on TxDOT's list of approved contractors. Another transportation provider, Irving Holdings, also was unable to provide a list of drivers for two of its subcontractors. The other two transportation providers visited—LeFleur Transportation and East Texas Support Services—provided complete and approved lists of all of their subcontractors' drivers.

Table 1

Number of Drivers Who Had Criminal History or Invalid Driver's Licenses At Four Transportation Providers						
Transportation Provider	Total Number of Drivers	Drivers' Records Tested	Drivers with Criminal History	Percent of Drivers with Criminal History	Drivers with Invalid Driver's Licenses	Percent of Drivers with Invalid Driver's Licenses
American Medical Response	854 ^a	179	34	19%	29	16%
Irving Holdings	194 ^a	30	2	7%	1	0%
LeFleur Transportation (Lower Rio Grande)	163	18	0	0%	2	11%
East Texas Support Services	111	12	2	17%	1	8%
Totals	1,322	239	38	16%	33	14%

^a These totals are not complete. American Medical Response and Irving Holdings were unable to furnish auditors a complete list of drivers for their subcontractors.

TxDOT's requirement that any criminal history disqualifies a person from being a driver may be too stringent. As a result, the pool of available drivers may be reduced and leave the transportation providers and subcontractors with a driver shortage. Twenty of the 38 (52 percent) drivers with criminal backgrounds

had convictions for offenses that were misdemeanors, non-violent, and not related to drugs or alcohol. Auditors reviewed other states' criminal history requirements but did not identify any specific, detailed requirements for similar programs.

All four transportation providers visited complied with the levels of insurance required by their contracts with TxDOT. However, AMR and East Texas Support Services had a substantial number of subcontractors that did not comply with liability or workers' compensation insurance requirements. TxDOT's contracts with the transportation providers require that subcontractors maintain the same level of coverage required of its contracted transportation providers.

Specifically:

- 15 of 64 (23 percent) subcontractors did not have the required levels of comprehensive general liability insurance.
- 38 of 64 (59 percent) subcontractors did not have the required level of workers' compensation and employer liability insurance.
- 5 of 64 (8 percent) subcontractors did not have the required level of business auto liability coverage.

Recommendations

TxDOT should:

- Ensure that its transportation providers maintain complete information on all drivers and supporting documentation demonstrating that transportation providers and their subcontractors conduct required criminal history and driver's license checks.
- Ensure that all transportation provider subcontractors are approved and on the approved list.
- Ensure that all transportation provider subcontractors carry specified levels of insurance, as required by their contracts.
- Consider reviewing its contract requirement for conducting criminal background checks to determine whether it is too restrictive and prevents otherwise qualified drivers from transporting eligible recipients.

Management's Response

- *Ensure that its transportation providers maintain complete information on all drivers and supporting documentation demonstrating that*

transportation providers and their subcontractors conduct required criminal history and driver's license checks.

The department concurs with this recommendation. TxDOT will develop a contractor-certification form for Transportation Service Area Providers (TSAP) to complete and submit to the contract specialists to ensure that TSAPs are complying with contract requirements. The contract specialists will implement the new form and process by January 2008. TSAPs requesting approval for a new subcontractor will be required to submit a signed certification stating that the TSAP has reviewed all the contract requirements and that the subcontractor is in compliance with these requirements. The contract specialists will continue to monitor a random sample for each TSAP.

- Ensure that all transportation provider subcontractors are approved and on the approved list.

The department concurs with this recommendation. TxDOT is responsible for approving all subcontracts. The lead contract specialist will implement a process to ensure that approved subcontractors are maintained on an official subcontractor list by January 2008. Contract specialists will monitor listed subcontractors as a part of their regular monitoring activities.

- Ensure that all transportation provider subcontractors carry specified levels of insurance, as required by their contracts.

The department concurs with this recommendation. TxDOT has implemented a process where the TSAP has to submit copies of insurance policies, in the required coverage amounts for all subcontractors prior to them being approved. The TSAP will be responsible for ensuring that all of their subcontractors are in compliance and will be monitored accordingly.

- Consider reviewing its contract requirement for conducting criminal background checks to determine whether it is too restrictive and prevents otherwise qualified drivers from transporting eligible recipients.

The department concurs with this recommendation. TxDOT is reviewing the contract requirement language regarding criminal background checks and will consider a purchase order change that will ensure qualified drivers are eligible to transport recipients, while safeguarding recipients.

Three of Four Transportation Providers Tested Had Substantial Support Showing That the Claims Paid by TxDOT Were for Actual Transportation Services Provided to Eligible Recipients

TxDOT requires transportation providers to maintain complete documentation of transportation services that were provided to eligible recipients and billed to TxDOT's Medical Transportation Program. Although three of the four transportation providers auditors reviewed had substantial support that claims paid were for an actual transportation services, TxDOT does not perform sufficient monitoring to mitigate the risk of its paying invalid claims.

Further, TxDOT does not have adequate controls to ensure that suspended claims are not processed until TxDOT has authorized their release. Overall, auditors determined that claims paid to transportation providers were for eligible recipients; however, auditors were unable to determine whether all claims paid were for valid appointments.

TxDOT does not perform sufficient monitoring to ensure that claims paid are for valid services. Auditors reviewed a sample of paid claims at four transportation providers. These transportation providers had accounted for \$25 million, or 72 percent, of total transportation provider expenditures for one-way trips as of February 2007 and 98 percent of the complaints received by TxDOT. Their contracts with TxDOT require transportation providers to maintain supporting documentation for claims filed for reimbursement for trips provided to eligible recipients. Three of the four providers visited had support substantiating that claims paid by TxDOT were for actual services provided to eligible recipients. However, AMR did not have supporting documents to substantiate 9 of 50 (18 percent) claims tested. AMR could not locate eight of the nine claim files.

Although the majority of the claims tested at East Texas Support Services were substantially accurate and supported, 2 of 50 (4 percent) claims tested that had been filed and paid were for trips that had been canceled by the eligible recipient. TxDOT's contracts with transportation providers do not authorize payments for canceled trips.

TxDOT does not have adequate controls to ensure that suspended claims are not processed until TxDOT authorizes them for release. TxDOT automatically suspends claims that are identified as having an error. For example, if the amount billed by the transportation provider is greater than the authorized amount for payment in the system, the claim will be suspended. TxDOT previously had a practice of reviewing the suspended claims and obtaining supporting information from the contracted transportation providers before releasing the claims for payment. However, TxDOT automated its claims process in April 2007, and it now allows transportation providers to release their own suspended claims without any validation or review by TxDOT. TxDOT personnel stated they are developing procedures and plans to have contract

specialists begin testing suspended claims while conducting on-site reviews of transportation providers to ensure that the claims are appropriate and adequately supported.

Overall, auditors determined that claims were paid to eligible recipients; however, auditors were unable to determine whether the payments were for valid appointments. During visits to transportation providers, auditors judgmentally selected 214 paid claims for medical transportation services and submitted them to the Health and Human Services Commission (Commission) to verify eligibility and ensure services were provided for valid appointments.

Auditors verified that 206 of 214 (96 percent) paid claims were for eligible recipients. However, 106 of 214 (50 percent) paid claims did not have sufficient documentation to support that they were for valid medical appointments. According to the Commission, some reasons it was unable to identify a health provider payment for these 106 paid claims may be:

- The recipient received medical or dental care through a health organization that does not bill Medicaid.
- The health facility may not have yet billed for the service.
- The health facility billed for the service but failed to follow billing procedures and may have the bill under an appeal review.
- The health care service may be provided by the managed care organization as a value-added service.
- The recipient may be a dual eligible. Medicare is the primary payer and Medicaid would pay the deductible, if claimed by the health care provider.
- The recipient may have received prior authorization for a particular service and the provider was paid in advance for the treatment; the provider then failed to report further encounters.

Auditors did not perform additional work in this area because TxDOT does not determine eligibility for the medical transportation program.

Recommendations

TxDOT should:

- Ensure that transportation providers maintain complete documentation of transportation services billed to the Medical Transportation Program.
- Implement a process for validating support for claims paid.

- Implement procedures to ensure that suspended claims are not processed until they are authorized for release.
- Evaluate the methodology used to determine whether claims are paid for eligible services and for valid appointments and determine whether additional controls are available to provide reasonable assurance that claims are valid.

Management's Response

- Ensure that transportation providers maintain complete documentation of transportation services billed to the Medical Transportation Program.

The department concurs with this recommendation. Claims reconciliation monitoring was implemented in September 2007 and will be conducted on a quarterly basis. Supporting documentation of a trip's completion, required by the contract, is reviewed against paid claims. A recipient's signature on the transportation log serves as written verification that a contractor has transported the client to a MTP prior authorized trip. TxDOT will request assistance from internal audit for determining a statistically valid sample size for the claims monitoring.

- Implement a process for validating support for claims paid.

The department concurs with this recommendation. In addition to the claims reconciliation process, the claims documentation monitoring will ensure that documentation is reviewed for different types of claim status: no shows, add-ons, cancellations, and paid. The contract specialists will ensure that this issue is addressed as part of the monitoring activities.

- Implement procedures to ensure that suspended claims are not processed until they are authorized for release.

The department concurs with this recommendation. TxDOT is currently assessing options in the claims processing system to ensure that suspended claims are not processed until they are authorized for release. TxDOT will request assistance from internal audit for developing a method for monitoring a random sample of these claims to ensure that appropriate supporting documentation is maintained by the contractors.

- Evaluate the methodology used to determine whether claims are paid for eligible services and for valid appointments and determine whether additional controls are available to provide reasonable assurance that claims are valid.

The department concurs with this recommendation. TxDOT will collaborate with HHSC to develop a method for determining if claims are

paid for eligible services. TxDOT will pursue a process to address these issues with HHSC before a final plan can be developed.

Chapter 1-D

TxDOT Should Improve Its Monitoring of Its Advance Funds Contractor and Individual Driver Registrants

TxDOT has not performed any monitoring of its advance funds contractor, and it has performed limited monitoring of individual driver registrants to ensure they comply with contract requirements and Medical Transportation Program rules.

TxDOT had not monitored the advance funds contractor since the Medical Transportation Program was transferred to TxDOT in 2004. “Advance funds” are upfront funds authorized by TxDOT’s call center staff for travel and other related expenses incurred by an eligible recipient and/or attendant for a medically necessary health care service. For example, after receiving authorization from TxDOT, the advance funds contractor may wire funds to an eligible child and attendant for meals, lodging, and transportation costs for a case in which a lack of transportation funds would prevent the child from traveling to receive needed health care services.

TxDOT has not performed any monitoring of its advance funds contractor. In addition, auditors determined that the advance funds contractor was not performing monthly reconciliations of its advance funds payments as required by its contract with TxDOT. These reconciliations were initially nearly a year behind during this audit; however, the contractor was able to complete these reconciliations during this audit. The documentation the advance funds contractor provided showed that it owed TxDOT \$79,000 for the period from July 2006 through December 2006. The majority of the funds due to TxDOT were for reimbursements the contractor had received from Western Union for funds not picked up by eligible recipients. Auditors tested a sample of advance fund payments processed by the advance funds contractor and did not find any significant errors.

TxDOT has not consistently monitored individual driver registrants (individual drivers) to ensure that they meet Medical Transportation Program requirements. TxDOT allows individual drivers to transport eligible recipients to and from non-emergency medical appointments. These individuals are reimbursed at the state mileage rate. To become registered individual drivers, Title 1, Texas Administrative Code, Section 380.401, requires these individuals to submit a signed Individual Volunteer Contractor Agreement, a copy of their vehicle insurance, and copy of their Social Security card. The individuals also must maintain a current driver’s license.

TxDOT paid approximately \$4.3 million to individual drivers between July 2006 and April 2007. Auditors reviewed 1,434 individual driver claims totaling \$133,175 that were processed between July 2006 and April 2007. A substantial number of the individual driver claims tested did not have sufficient support or current documentation to support that the driver was eligible to receive payments from the Medical Transportation Program. Specifically:

- 7 of 14 (50 percent) individual driver files tested did not have sufficient support to show the driver had the required insurance coverage. Five of the seven individual drivers (1) did not have insurance information documented in TxDOT's files or (2) TxDOT's system had not been updated to reflect this information. Two of the seven individual drivers had 114 claims paid for a total of \$13,821 when TxDOT's files indicated they had a lapse in insurance coverage.
- 3 of 14 (21 percent) individual drivers did not have a signed and approved Individual Volunteer Contactor Agreement on file.
- 8 of 14 (57 percent) individual drivers did not have sufficient information in TxDOT's system or files to support that they had a valid driver's license.

Recommendations

TxDOT should:

- Develop policies and procedures for monitoring and auditing the advance funds contractor.
- Ensure its individual drivers are eligible and that payments are made only to eligible drivers in compliance with the requirements of Title 1, Texas Administrative Code, Section 380.401.

Management's Response

- *Develop policies and procedures for monitoring and auditing the advance funds contractor.*

TxDOT concurs with the recommendation. Policies and procedures for monitoring and auditing the advance funds contract have been developed and are currently being implemented. A random sample of claims will be reconciled on a quarterly basis and a monthly reconciliation process will be conducted by MTP staff. The reconciliation process has been implemented and is current. A quarterly report will be prepared by the assigned contract specialist, indicating any deficiencies found and

recommendations for improvement and will be reviewed by the branch manager.

- *Ensure its individual drivers are eligible and that payments are made only to eligible drivers in compliance with the requirements of Title 1, Texas Administrative Code, Section 380.401.*

TxDOT concurs with the recommendation. TxDOT will assess the current IDR process and initiate changes to ensure compliance with the Texas Administrative Code, Section 380.401. This will require IDRs to submit additional documentation with their signed agreements and require a change to the existing IDR agreement. The new process will be implemented with the FY09 agreements. A process for monitoring IDR files will be developed to ensure required documentation is current and matches data entered into MTP system. This process will be implemented as part of the FY09 IDR enrollment process. In addition, TxDOT will assess and make necessary changes to the automated system to reflect that the individual driver registrants have the required documentation on file and are in compliance with the Texas Administrative Code requirements.

Chapter 1-E

The Majority of Eligible Recipients and Transportation Providers Indicated Satisfaction with Operations of the Medical Transportation Program, Although Specific Needed Improvements Were Identified

In June 2007 and July 2007, auditors conducted surveys of eligible recipients who used TxDOT's Medical Transportation Program between January 2007 and April 2007. Auditors also surveyed transportation providers and their subcontractors. Overall, eligible recipients, transportation providers, and transportation providers' subcontractors contacted were satisfied with the Medical Transportation Program's operations. However, some eligible recipients expressed concerns about the amount of time they must wait to be picked up to go to and from a medical appointment. Further, transportation providers expressed concerns about incorrect eligible recipient information being provided by TxDOT and about eligible recipients not showing up for scheduled appointments. Detailed survey results are presented in Appendices 4 and 5.

Overall, eligible recipients surveyed were satisfied with transportation services provided; however, they indicated they are not always picked up in a timely manner. Auditors conducted phone surveys of 800 eligible recipients who had used the Medical Transportation Program. Of 800 calls, the telephone survey produced 292 responses. Eligible recipients surveyed indicated they are generally satisfied with the program; however, approximately 22 percent said they were never or only sometimes picked up on time for their appointments, and 38

percent said they had to wait for more than one hour before being picked up from their health care provider and returned home. Approximately 10 percent of the eligible recipients surveyed said they had to wait more than 2 hours for a return trip. TxDOT's contracts with transportation providers require that eligible recipients be picked up within one hour after transportation providers are notified that the eligible recipients' appointments have been completed. Also, eligible recipients should be picked up early enough to enable them to arrive at health care appointments on time, but no more than one hour before their scheduled appointments.

Overall, transportation providers surveyed were satisfied with the Medical Transportation Program; however, some expressed concerns related to eligible recipient no-shows and inaccurate information being provided by TxDOT. Auditors conducted a Web-based survey of 64 transportation providers and their subcontractors. The survey produced:

- 15 of 15 (100 percent) responses from transportation providers.
- 14 of 52 (27 percent) responses from transportation providers' subcontractors.

Overall, transportation providers stated that sufficient notice is provided for scheduling eligible recipients' trips, payments for services are made in a timely manner, and the system used for setting transportation appointments and processing claims is reliable. Specific concerns expressed included the following:

- 11 of 29 (38 percent) respondents stated that eligible recipients frequently cancel trips at the door or are not at the designated location at the pick-up time. Most of the concerns about cancellations were expressed by subcontractors, which typically are small businesses whose sole source of revenue comes from transporting eligible recipients for the Medical Transportation Program.
- 11 of 29 (38 percent) respondents stated that TxDOT's call centers do not consistently ensure that accurate information is entered into TxDOT's system for scheduling appointments. The inaccurate information included wrong or non-working phone numbers and wrong addresses.
- 6 of 29 (21 percent) respondents stated that TxDOT frequently adds trips for the same day service is needed, which makes it challenging for transportation providers to route their drivers and ensure eligible recipients are picked up in a timely manner.

TxDOT Does Not Have Standard Written Operating Procedures to Ensure That Its Call Centers Provide Accurate and Consistent Information to Eligible Recipients and Transportation Providers

TxDOT's Medical Transportation Program operates three call centers that schedule transportation, advance funds to individual drivers or their attendants, and record complaints received regarding medical transportation services. However, TxDOT has not developed standard operating procedures for its three call centers—located in Dallas, McAllen, and San Antonio—to ensure that accurate and consistent information is provided to eligible recipients.

Call Centers for the Medical Transportation Program

TxDOT's three call centers for its Medical Transportation Program had a total of 118 staff positions, 15 of which were vacant as of April, 2007. The majority of the vacant positions were in San Antonio.

Two call centers are located at TxDOT district offices, but the McAllen call center is not located in a district office. The San Antonio call center schedules transportation only for eligible recipients under the age of 21. Adult clients are routed to the Dallas and McAllen call centers.

Further, the call centers do not conduct sufficient monitoring of their call takers to ensure that accurate information is captured, advance funds are distributed to eligible recipients for eligible services, and all complaints received are captured and processed in a timely manner. In addition, factors prevented auditors from being able to determine the accuracy of performance targets used to measure the performance of the call centers.

Chapter 2-A

TxDOT Lacks Standard Operating Procedures for Its Call Centers

TxDOT has not adopted standard operating procedures for its three call centers. Each of the call centers are currently operating under their own documented and undocumented procedures for arranging non-emergency transportation for eligible recipients. Due to a lack of consistent procedures, frequent changes to informal procedures, and insufficient call monitoring, call center staff do not always have a clear understanding of what is required of them. Because of this, the staff may provide inconsistent information to eligible recipients who call the centers to set up medical transportation.

TxDOT does not have standard operating and training procedures for its call centers. TxDOT has drafted training policies and procedures for its call centers; however, these policies and procedures have not been implemented and do not address all areas of the call centers' operations. For example, the procedures do not include information on disbursing advance funds or determining trip eligibility.

Call center supervisors do not monitor employees' calls in accordance with TxDOT's informal policies and procedures. Auditors reviewed a sample of employee files at each of the call centers and conducted live monitoring of calls received by intake staff. At two of the three call centers, call monitoring is not performed as frequently as required by TxDOT's informal procedures, and intake staff do not consistently verify eligible recipients' county of residence when setting up transportation. Specifically:

- None of the 32 employee files tested at two of TxDOT’s call centers had evidence that call monitoring had occurred as frequently as required by TxDOT’s informal procedures between November 2006 and March 2007. Supervisors were required to monitor one call per week for each call taker prior to January 2007 and five calls per week for each call taker after January 2007. Only supervisors at the call center in Dallas had documentation to support they had performed all of their required call monitoring.
- In 10 of 96 (10 percent) calls auditors monitored, intake staff members did not verify the eligible recipient’s county of residence. Contracted transportation providers are paid a lower rate for in-county trips than they are paid for out-of-county trips. Entering incorrect county information could result in TxDOT’s system calculating inaccurate payments to transportation providers. TxDOT considers the following four items “critical” when setting up an appointment for non-emergency medical transportation: (1) obtaining the eligible recipient’s county of residence, (2) obtaining the eligible recipient’s phone number, (3) setting and confirming the date and time of the eligible recipient’s medical appointment, and (4) obtaining the eligible recipient’s address. Other than verifying an eligible recipient’s county of residence, intake staff substantially complied with capturing the other three critical items, according to calls monitored by auditors. However, 11 of 29 (38 percent) transportation providers and subcontractors that responded to our survey stated that inaccurate information from TxDOT’s call centers is entered into the system. This included wrong or non-working phone numbers and inaccurate addresses.

Recommendations

TxDOT should:

- Develop formal, written policies and procedures for call center operations to ensure consistency.
- Ensure call monitoring is consistently performed in accordance with TxDOT requirements and that evidence of monitoring is maintained in employee files.
- Develop and implement a formal, written training program, including “refresher” training when policies and procedures change.
- Maintain documentation of all training that staff receives.

Management's Response

- Develop formal, written policies and procedures for call center operations to ensure consistency.

The department concurs with the recommendation. TxDOT has taken steps in this direction and will have finalized policies and procedures included in the MTP manual by February 2008. TxDOT has implemented process change notices concerning call center operations that all staff must read and sign. These signed documents are kept by call center management at each of the call center locations.

- Ensure call monitoring is consistently performed in accordance with TxDOT requirements and that evidence of monitoring is maintained in employee files.

The department concurs with this recommendation. TxDOT will issue a "process change notice" clarifying the current requirements by January 2008, and will ensure that call monitoring is consistently performed according to TxDOT requirements and retained in employee files as of that date. MTP implemented new call monitoring requirements in November 2006, and increased those requirements January 2007. MTP also updated the performance plan for staff answering calls in November 2006. Further, MTP recognizes the need and will pursue options and resources for recording calls, to facilitate the call monitoring staff training processes. However, staffing resources will always impact the consistency of performance monitoring. Since the program has operated with the same staffing levels while continuing to experience increases in call volume and other duties, to ensure consistency in monitoring, it is necessary to conduct an assessment of staffing resources. MTP also understands that call monitoring (and training) is not the sole drivers of accuracy when communicating address data to transportation providers. MTP continues to investigate automated edits on addresses (such as Street Address Guide software), ensuring accuracy in the client data received from HHSC and ensuring MTP's system correctly wraps and parses the data to the transportation providers.

- Develop and implement a formal, written training program, including "refresher" training when policies and procedures change.

The department concurs and has already implemented process change notices that all staff must read and sign. These signed documents are retained by call center management, at each of the call center locations and are used as training tools. MTP will also implement a written training program by April 2008.

- Maintain documentation of all training that staff receives.

The department concurs and will implement processes to document all MTP training received by staff. (department-required training such as Hazardous Materials training is retained by HR).

Chapter 2-B

TxDOT Does Not Have Controls to Ensure That Funds Advanced to Eligible Recipients Are for Valid Medical Appointments

Because it receives and processes calls for eligible recipients under the age of 21, the San Antonio call center is primarily responsible for advancing funds to eligible recipients or their attendants for non-emergency medical transportation (see text box). After receiving advance funds, eligible recipients are required to submit signed verifications by their doctors that they were seen on the date they used the transportation service. Auditors were unable to determine whether eligible recipients had submitted these verifications for all trips paid with advance funds because TxDOT's database system does not have a field to capture the number of verifications that have not been received from an eligible recipient.

Advance Funds

Advance funds are authorized by call center staff. These funds are paid in advance of travel to an eligible recipient or attendant for an eligible child when lack of transportation funds will prevent the child from traveling to receive health care services.

These funds also can be used for meals and lodging when the health care services require the child to remain overnight. The recipient must be under the age of 21, unless the recipient is a Child with Special Health Care Needs (CSHCN) recipient diagnosed with cystic fibrosis.

Source: Title 1, Texas Administrative Code, Sections 380.101 (3) and 380.209 (4).

Currently, a call taker must read through a notes/comment field when an eligible recipient calls in to make an appointment to determine whether the eligible recipient has failed to submit verifications for prior advances of funds. Using this process, the call taker could accidentally overlook an outstanding verification note and schedule an appointment.

Further, TxDOT does not have a clear policy on how many outstanding verifications are allowable before scheduling another appointment for an eligible recipient. TxDOT and call center management initially informed auditors that one outstanding verification was allowed. Later, they informed auditors that two outstanding verifications were allowed. Call center staff indicated that frequent changes and the lack of documented policies and procedures made it difficult for them to keep up with the rules and what is required of them. In addition, limitations in TxDOT's system for tracking outstanding verifications prevent call center management from generating reports to help ensure that call center staff follow procedures and advance these funds only to eligible recipients for valid medical appointments.

Subsequent to the completion of audit testing, TxDOT began to investigate allegations of inappropriate advance payments made by staff. The investigation had not been completed as of September 2007.

Recommendations

TxDOT should:

- Develop documented procedures for advancing funds to eligible recipients.
- Develop a methodology to provide TxDOT call center management with a tool to review and monitor verifications that fall outside established procedure and to ensure that funds advanced to eligible recipients and/or attendants are for valid appointments.

Management's Response

- Develop documented procedures for advancing funds to eligible recipients.

TxDOT will clarify the documented procedures drafted for advancing funds to eligible recipients and will publish these procedures on the department's online manual website.

- Develop a methodology to provide TxDOT call center management with a tool to review and monitor verifications that fall outside established procedure and to ensure that funds advanced to eligible recipients and/or attendants are for valid appointments.

The department concurs with the recommendation. TxDOT is currently conducting an assessment of system capabilities for recording verifications which allows management to monitor and review receipt of verifications and other documentation. MTP relies on data from HHSC for determining program eligibility and will work with HHSC to determine a method to ensure valid appointments.

As part of this endeavor, MTP is also considering other options than providing funds in advance while still providing the needed services. These options could be reimbursing eligible recipients or using contracted services where available. This would provide a process where funds would be disbursed after the transportation service has been rendered; reviewed against program rules, laws, and regulations; and approved for payment.

TxDOT Does Not Have Adequate Controls to Ensure That Complaints Received by Call Center Staff Are Adequately Tracked and Forwarded to Contract Monitors

TxDOT's call centers receive and log complaints made about the Medical Transportation Program. TxDOT's informal procedures require the call centers to forward the complaints via e-mail to the TxDOT contract specialist who oversees the transportation service area for which the complaint was received. The contract specialist then reviews and forwards the complaint to the specific transportation provider for response.

As of April 2007, the San Antonio call center had not forwarded more than 4,600 complaints to contract specialists. Management stated that, due to heavy call volume at the San Antonio call center, staff there was not e-mailing complaints to contract specialists. Instead, they placed the complaints on a shared drive, which contract specialists could access to view complaints received for their transportation service areas. The San Antonio call center and TxDOT Medical Transportation Program management said system errors on two separate occasions prevented contract specialists from viewing the complaints; these errors were not discovered immediately. The outstanding complaints dated back to August 2006. American Medical Response accounted for 77 percent of the complaints that had not been forwarded to transportation providers for response.

TxDOT does not have formal procedures for logging and tracking complaints for the Medical Transportation Program. While TxDOT does maintain a log for tracking complaints, this log does not contain sufficient information to track the disposition of the complaint to ensure that it is addressed in a timely manner or to ensure that all calls are logged and tracked. Further, TxDOT does not track and document the type of complaints received. Tracking this information could enable TxDOT to analyze trends, take effective corrective measures, and identify risk.

Recommendation

TxDOT should develop formal procedures for documenting and tracking complaints. These procedures should allow TxDOT to track a complaint from the time it is recorded by call center staff to its resolution.

Management's Response

The department concurs with the recommendation. Before June 2006 and the consolidation of the nine call center locations to three, the majority of the complaints were handled at each of the call center locations. After consolidation and through implementation of the new transportation

contracts, TxDOT implemented an interim process for tracking complaints so that the information could be used as part of the contract monitoring process. TxDOT will assess the possibility of developing an end-to-end complaint tracking system as well as the feasibility of recording complaint tracking in TEJAS. Based on this assessment, TxDOT will either initiate tracking through TEJAS or formalize procedures for tracking and documenting complaints. In the interim, MTP will modify the existing logs to track and document the type of complaints received by December 2007.

Chapter 2-D

Factors Prevented Auditors from Determining the Accuracy and Completeness of Data Used to Report Performance Targets for the Medical Transportation Program

TxDOT uses performance targets to determine whether its Medical Transportation Program meets its goals for providing transportation services to eligible recipients. Examples of performance targets include the average wait time and the number of calls abandoned.

Data used to calculate the performance targets is not reliable. Auditors were unable to determine the accuracy and completeness of the performance targets for the Medical Transportation Program because:

- Nine of 27 (33 percent) call center reports between July 2006 and March 2007 had inaccurate or incomplete information due to technical difficulties or power outages. TxDOT reported that some historical data was lost or deleted due to inefficient data storage space. In addition, the San Antonio call center did not have a backup generator to help prevent the loss of data in the event of a power outage.
- TxDOT call center phone systems do not track calls received on a second line or transferred within a call center. Each intake staff member has a second line. Also, calls are frequently transferred to the second line if the eligible recipient speaks Spanish. None of these types of calls is captured in the call center metric reports.

Recommendations

TxDOT should:

- Establish adequate controls over the collection and retention of electronic data.
- Ensure that performance targets accurately reflect the number of calls received, including calls that call center staff receive on second lines.

Management's Response

- Establish adequate controls over the collection and retention of electronic data.

The department concurs. MTP has been working to minimize disruptions in data collection and will continue its efforts. In March 2007, MTP upgraded the reporting software for all three call center locations, giving each of them the same current versions of reporting software with enhanced data retention functionality. Coincident with the reporting upgrade, PCs gathering the reporting data were also upgraded. The method of data collection was also upgraded (from short haul modem to direct connection to I/P buffer). While the 33% number cited in the report is accurate, some of those data discrepancies represented one or two hours of missing data at a single call centers. Over an entire month, one or two hours of missing data, out of 600 hours per month (across the three call center locations), while problematic, does not represent a significant impact.

In an effort to comply with SAO's recommendation, MTP will investigate the following controls:

- ♦ *Battery back-up packs at all locations, to ensure reporting computers are not impacted by short term power outages*
 - ♦ *Data retention reservoirs, to retain and store data from the telephone switch, if I/P the buffer is offline*
 - ♦ *Request that maintenance or repairs to the telephone switches is not performed during MTP business hours, and to provide advance notice when this is done (this was found to be the cause of numerous reporting failures). Note: MTP shares telephone switches with the TxDOT district offices at two of the MTP locations*
 - ♦ *Back up generators that would power telephone switches, MTP facilities and all reporting equipment, and applicable servers*
 - ♦ *Isolating telephone switches utilized by MTP from other uses (this may not occur until after MTP has physically transitioned to HHSC).*
- Ensure that performance targets accurately reflect the number of calls received, including calls that call center staff receive on second lines.

MTP concurs that performance targets need to be accurate. MTP's performance targets, related to call metrics, are based on the time staff take to handle recipient calls to the toll free number and not on calls received. The number of calls received is not a factor in these performance measures. The quality of the calls is addressed in the call

monitoring process. Further, MTP instructs staff not to give out their second line; and since SAO visited, Spanish speaking calls are no longer transferred. Additionally, call center managers regularly review the number of non-ACD and transferred calls, in an ongoing effort to minimize them (as staff's main function is to answer calls coming in on the toll free line).

TxDOT's Financial Reporting for the Medical Transportation Program Is Substantially Accurate

Auditors followed up on a financial reporting issue identified in a previous audit¹ regarding the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services' (CMS) disallowance of \$14,849,602 in reimbursements that TxDOT had claimed during federal fiscal years 2004 and 2005 for costs associated with administering the Medical Transportation Program.

The Department asserts that all eligible recipient service costs, including those paid to transportation providers should be reimbursed at the Federal Medical Assistance Percentage (FMAP) rate, which is approximately 60 percent federal funds and 40 percent state funds. However, CMS allowed reimbursement of the portion of the costs that CMS believed to be administrative in nature at a rate of 50 percent federal funds and 50 percent state funds. TxDOT is appealing this decision.

While the appeal is under way, CMS is reimbursing TxDOT for the disputed portion of the costs on a monthly basis for about 50 percent of the expenditures with federal funds; however, TxDOT is reporting these federal and state funds as if 60 percent of these costs were being reimbursed by federal funds. Auditors tested transactions for the first quarter of fiscal year 2007 and found they were substantially accurate within the context of the ongoing appeal.

Table 2 lists the expenditures for TxDOT's Medical Transportation Program for fiscal years 2004 through 2007; TxDOT became responsible for the program in 2004. The table reflects the actual reimbursement rate used by CMS.

¹ See *State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2006*, State Auditor's Office Report No. 07-316, March 2007.

Table 2

Medical Transportation Program Expenditures and Federal and State Allocations				
Fiscal Years 2004 through 2007				
Allocation Source	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Eligible Recipient Expenditures:				
State (Fund 6) ^a	\$10,771,978.40	\$20,041,953.75	\$25,566,741.50	\$36,639,724.82
Eligible Recipient Expenditures:				
Federal ^b	<u>16,306,901.43</u>	<u>31,176,941.61</u>	<u>39,422,433.65</u>	<u>56,781,297.15</u>
Eligible Recipient Expenditures - Subtotal	\$27,078,879.83	\$51,218,895.36	\$64,989,175.15	\$93,421,021.97
Administrative Costs - State (Fund 6) ^c	\$1,844,027.36	\$4,346,081.22	\$4,572,476.82	\$5,055,160.87
Administrative Costs - Federal ^c	<u>1,844,027.36</u>	<u>4,346,081.22</u>	<u>4,572,476.81</u>	<u>5,055,160.87</u>
Administrative Costs - Subtotal ^c	\$3,688,054.72	\$8,692,162.44	\$9,144,953.63	\$10,110,321.74
Total Expenditures	\$30,766,934.55	\$59,911,057.80	\$74,134,128.78	\$103,531,343.71
^a Fund 6 state funds make up about 60.5 percent of expenditure reimbursements, according to TxDOT. ^b Federal funds make up about 39.5 percent of expenditure reimbursements, according to TxDOT. ^c Administrative expenditures are 50 percent state and 50 percent federal, according to TxDOT.				

Source: TxDOT Finance Division. This data was not audited.

Recommendation

TxDOT should submit corrected reports to the Health and Human Services Commission for submission to CMS if the appeal discussed above is denied by the U.S. Department of Health and Human Services' Departmental Appeals Board.

Management's Response

On September 17, 2007, the Departmental Appeals Board of the federal Department of Health and Human Services issued a decision substantially

upholding Texas assertion that TxDOT's medical transportation program client expenditures are reimbursable at the FMAP for medical expenditures and not at the administrative cost rate as asserted by the federal Centers for Medicare and Medicaid Services. However, the FMAP rate is still in question for client expenditures occurring after June 1, 2006 and a decision has yet to be rendered regarding TxDOT's assertion that indirect administrative costs for client expenditures is eligible for federal reimbursement. Upon the final disposition of all appeals, TxDOT will advise the Texas Health and Human Services Commission of the effect of the decisions on the reports that have been submitted to the Commission.

Through Its Procurement Process, TxDOT Has Taken Steps to Minimize the Risk of Paying Unreasonable Rates for Medical Transportation Services

Auditors reviewed TxDOT’s comparison of historical prices and Medical Transportation Program contracted prices and concluded that TxDOT’s rate determinations appeared to be reasonable. TxDOT elects to procure transportation services through a competitive bidding process based on pricing and contractor qualifications, rather than through a rate-setting process.

The service delivery structure of TxDOT’s Medical Transportation Program was reorganized effective June 2006. This reorganization included a new service delivery structure. TxDOT used a competitive process to award 15 contracts for its 24 transportation service areas. In preparation for this restructuring, TxDOT conducted an extensive analysis of historical data of transportation providers’ costs and the number of one-way trips, broken down by county, since fiscal year 2005. This analysis was used to establish an estimated or expected number of trips and an average cost per trip, which TxDOT then used to quantify “price reasonableness” as it completed the contractor qualification process and received best and final offers before issuing the contracts.

Table 3 lists the current rates paid to each transportation provider and estimated total costs, based on a three-year contract.

Table 3

Rates to Be Paid to Each Medical Transportation Program Transportation Provider and Estimated Total Costs For the Three-Year Period Beginning on June 26, 2006						
Transportation Service Area	Transportation Service Area Provider	Number of Counties in the Transportation Service Area	In-county Trip Rate	Estimated Cost of In-county Trips ^a	Out-of-county Trip Rate	Estimated Cost of Out-of-county Trips ^a
1	American Medical Response	26	\$41.52	\$1,506,429.00	\$62.16	\$1,430,676.00
2	Citibus	15	\$24.00	2,824,560.00	\$40.00	952,320.00
3	Irving Holdings, Inc.	11	\$20.37	365,193.00	\$72.07	620,091.00
4	Irving Holdings, Inc.	16	\$18.80	13,363,866.00	\$28.80	4,521,312.00
5	East Texas Support Services	9	\$16.79	865,761.00	\$48.33	1,707,258.00
6	East Texas Support Services	14	\$17.00	2,644,350.00	\$52.00	3,582,540.00
7	Central Texas Rural Transit District	19	\$38.00	1,198,596.00	\$75.00	2,116,575.00

**Rates to Be Paid to Each Medical Transportation Program Transportation Provider and Estimated Total Costs
For the Three-Year Period Beginning on June 26, 2006**

Transportation Service Area	Transportation Service Area Provider	Number of Counties in the Transportation Service Area	In-county Trip Rate	Estimated Cost of In-county Trips ^a	Out-of-county Trip Rate	Estimated Cost of Out-of-county Trips ^a
8	League of United Latin American Citizens, Project Amistad (LULAC)	6	\$25.00	2,884,275.00	\$100.00	1,851,600.00
9	West Texas Opportunities	17	\$23.00	\$1,697,055.00	\$43.00	1,068.72
10	Concho Valley Council of Governments	13	\$18.00	291,762.00	\$45.00	391,230.00
11	Waco Transit District	6	\$24.25	1,104,417.00	\$34.75	612,678.00
12	Capitol Area Rural Transit System	10	\$30.00	2,118,060.00	\$85.00	1,503,090.00
13	Brazos Transit District	7	\$32.12	291,297.00	\$64.24	677,796.00
14	East Texas Support Services	12	\$18.79	798,087.00	\$58.65	2,389,224.00
15	American Medical Response	3	\$21.76	1,856,499.00	\$34.93	832,242.00
16	American Medical Response	13	\$22.07	17,048,478.00	\$34.87	4,391,214.00
17	Golden Crescent Regional Planning Commission	7	\$20.25	824,013.00	\$65.00	1,626,105.00
18	American Medical Response	12	\$17.23	4,749,225.00	\$32.42	921,636.00
19	LeFleur Transportation, Texas	4	\$20.00	2,764,200.00	\$42.00	1,640,772.00
20	LeFleur Transportation, Texas	12	\$22.00	2,111,010.00	\$44.00	2,633,268.00
21	LeFleur Transportation, Texas	3	\$17.00	13,976,499.00	\$32.00	1,172,928.00
22	Irving Holdings, Inc.	3	\$14.40	269,394.00	\$50.90	290,589.00
23	Hill Country Transit District	7	\$36.00	1,951,560.00	\$71.00	1,496,751.00
24	Community Council of Southwest Texas	9	\$18.00	1,049,112.00	\$24.00	1,031,904.00
Totals for three-year period				\$78,553,698.00		\$38,394,867.72

^a For each year of the three-year contracts, TxDOT estimates that the total cost of all trips will be an average of \$38,982,855.24. That amount includes \$26,184,566.00 for in-county trips each year and \$12,798,289.24 for out-of-county trips each year.

Source: TxDOT.

Table 4 lists the historical and current average unit cost of Medical Transportation Program trips. These costs are based on actual expenditures and the actual number of paid, one-way trips. Expenditures cover both in-county and out-of county trips.

Table 4

Medical Transportation Expenditures and Number of Paid One-Way Trips by Fiscal Year				
Expenditure Source	2004 ^a	2005	2006	2007
Total Number of Paid, One-Way Trips	3,460,010	3,179,665	3,463,603	4,197,997
Total Expenditures, Trip Costs Only	\$47,073,810.59	\$51,218,895.36	\$64,989,175.15	\$93,421,021.97
Average Unit Cost ^b	\$13.61	\$16.11	\$18.76	\$22.25
Total Expenditures, Trip Costs and Administration	\$54,210,886.68	\$59,911,057.80	\$74,134,128.78	\$103,531,343.71
Average Unit Cost, Including Administration ^b	\$15.67	\$18.84	\$21.40	\$24.66
^a Includes expenditures made by the former Department of Health for fiscal year 2004 the before Medical Transportation Program was transferred to TxDOT. ^b Calculated by auditors using data provided by TxDOT.				

Source: TxDOT Finance Division and Medical Transportation Program. This data was not audited.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether the Texas Department of Transportation's (TxDOT) Medical Transportation Program has controls in place to ensure that its contractors provide services to clients in a timely manner and are reimbursed in accordance with contract and grant provisions.
- Determine whether the Medical Transportation Program's call centers are providing standardized services that comply with TxDOT policies and procedures and meet the program's performance targets.
- Determine whether financial reporting for the Medical Transportation Program is accurate and complete.
- Determine whether TxDOT ensures that it pays reasonable rates for Medical Transportation Program services in accordance with applicable federal and state laws and regulations and TxDOT policies and procedures.

Scope

The scope of this audit covered TxDOT's monitoring and reporting activities, including expenditures, for its Medical Transportation Program from July 1, 2006, to July 31, 2007.

Methodology

Auditors reviewed documentation from TxDOT's request for proposals process to determine how contractors were selected; reviewed contracts issued for essential elements, including terms and provisions, to ensure compliance and protection of the State's interests; reviewed TxDOT's contract monitoring policies and procedures; and performed an analysis to determine whether TxDOT complied with those policies and procedures.

Auditors visited four transportation providers and performed contract compliance testing. The four transportation providers were:

- American Medical Response (AMR), Houston office.
- LeFleur Transportation, McAllen office.

- Irving Holdings, Inc., Dallas office.
- East Texas Support Services, Jasper office.

These transportation providers were awarded contracts for 13 of the 24 transportation service areas. The four transportation providers accounted for 72 percent of the total claims paid to transportation providers and 79 percent of the eligible recipient trips from July 2006 to February 2007.

Testing performed at the four transportation providers determined the following:

- Whether transportation providers complied with key requirements of their contracts.
- Whether claims submitted for payment contained the required support for payment.
- Whether advance funds payments complied with the contract requirements.

Other procedures and tests conducted included the following:

- Conducting telephone surveys in June 2007 and July 2007 of 800 Medical Transportation Program eligible recipients who had used transportation services from January 2007 to April 2007. A Web-based survey also was conducted of all 15 transportation providers and for the subcontractors of the four transportation providers auditors visited.
- Reviewing TxDOT's methodology to approve the payment rates in the contracts and its negotiation process before awarding contracts.
- Testing program expenditures to determine whether they were reconciled against program appropriations to ensure the program is operating within budgeted appropriations.
- Visiting TxDOT's three Medical Transportation Program call centers—located in San Antonio, Dallas, and McAllen—and randomly monitoring calls to determine whether intake staff complied with requirements and recorded required information. Additionally, auditors judgmentally selected and tested reported information about the number of calls, wait times, and other reported performance measures to determine whether the reported information was accurate.
- Interviewing TxDOT's Medical Transportation Program, General Services Division, and Finance Division staff.
- Interviewing transportation providers' and their subcontractors' staff.

- Conducting a telephone survey of Medical Transportation Program eligible recipients.
- Conducting a Web-based survey of all transportation providers and the subcontractors of the four providers that auditors visited.

Criteria used included the following:

- *State of Texas Contract Management Guide*, Version 1.3, March 2007, sections relating to procurement.
- Texas Government Code, Chapter 2155.
- TxDOT request for proposals requirements for transportation providers.
- TxDOT Medical Transportation Program policies and procedures.
- Title 1, Texas Administrative Code, Chapter 380.

Project Information

Audit fieldwork was conducted from April 2007 through June 2007. This audit was conducted in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit:

- Stacey A. Williams, CGAP (Project Manager)
- Lucien Hughes (Assistant Project Manager)
- Bruce Dempsey, CIA
- Anca Pinchas, CPA
- Sajil Scaria
- Rachel Snell, MPA, CFE
- Serra Tamur, MPAff, CISA, CIA (Information Systems Audit Team)
- Leslie Ashton, CPA (Quality Control Reviewer)
- Charles P. Dunlap, Jr., CPA (Quality Control Reviewer)
- Kelly Furgeson Linder, MSCRP, CGAP (Audit Manager)

Acknowledgement

The State Auditor's Office thanks the management and staff of the Texas Legislative Council for developing the maps presented in Appendix 3 of this report.

Medical Transportation Program Statistics

The following tables provide basic program statistics and historical information. Table 5 shows the number of eligible recipients in the Medical Transportation Program by fiscal year from 2002 to 2007. Table 6 shows the number of one-way trips provided to eligible recipients and paid for by the Medical Transportation Program from fiscal years 2002 through 2007. Figure 1 shows amounts appropriated by the Legislature to fund the Medical Transportation Program for fiscal years 2000 through 2009. All information was provided by TxDOT and was not audited.

Table 5

Number of Unduplicated Eligible Recipients Receiving Authorized Medical Transportation Program Services Fiscal years 2002 through 2007 ^a						
Program Participants	2002	2003	2004	2005	2006	2007
Medicaid	141,212	155,420	147,914	148,326	181,152	195,742
Children with Special Health Care Needs	683	453	424	462	454	452
Dual Eligible ^b	113	45	31	30	32	26
Texas Indigent Cancer Patients	287	299	210	222	90	88
Totals	142,295	156,217	148,579	149,040	181,728	196,308
^a The former Department of Health operated the Medical Transportation Program prior to March 1, 2004. ^b A dual eligible individual is eligible for both Children with Special Health Care Needs and Medicaid.						

Source: TxDOT Medical Transportation Program. This data was not audited.

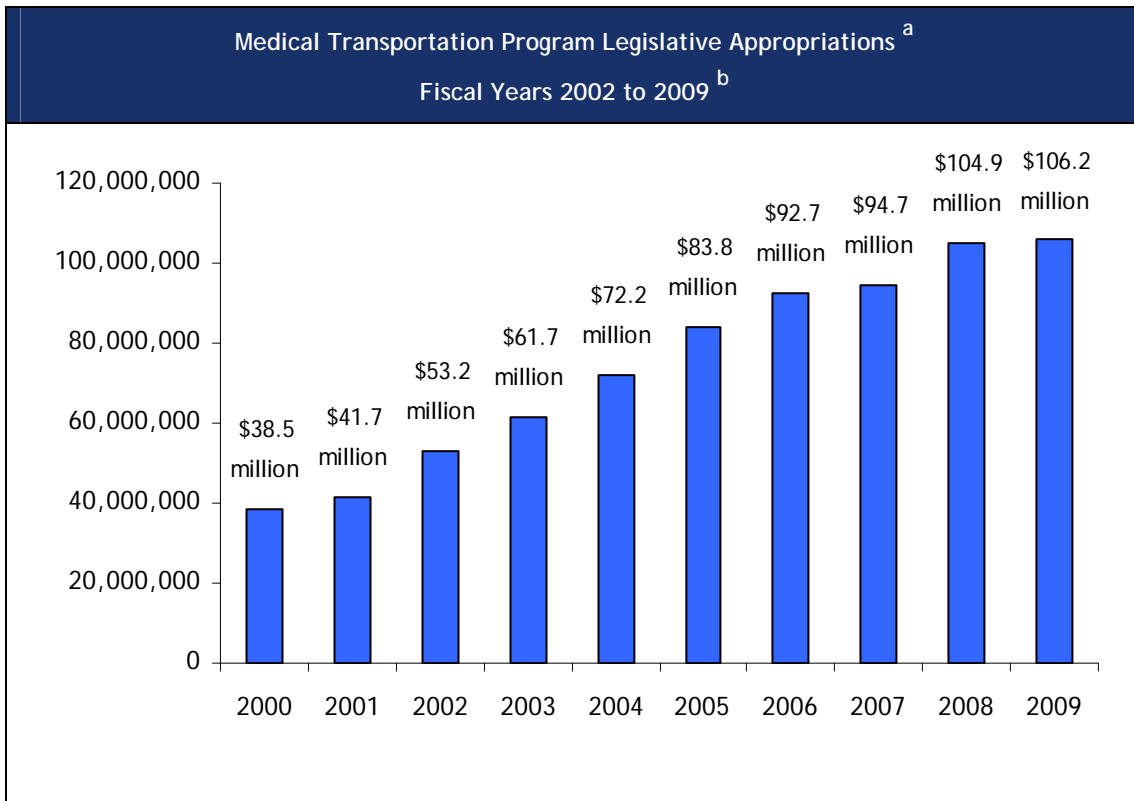
Table 6

Claims Paid to Medical Transportation Program Providers for One-way Trips						
Fiscal years 2002 through 2007 ^a						
Program Participants	2002	2003	2004	2005	2006	2007
Medicaid	3,568,887	3,827,106	3,460,010	3,179,665	3,463,603	4,197,997
Children with Special Health Care Needs	33,992	17,102	15,174	17,299	20,230	16,460
Texas Indigent Cancer Patients	6,776	5,440	4,208	4,376	3,265	2,309
Totals	3,609,655	3,849,648	3,479,392	3,201,340	3,487,098	4,216,766

^a The former Department of Health operated the Medical Transportation Program prior to March 1, 2004.

Source: TxDOT Medical Transportation Program. This data was not audited.

Figure 1



^a The former Department of Health operated the Medical Transportation Program prior to March 1, 2004.

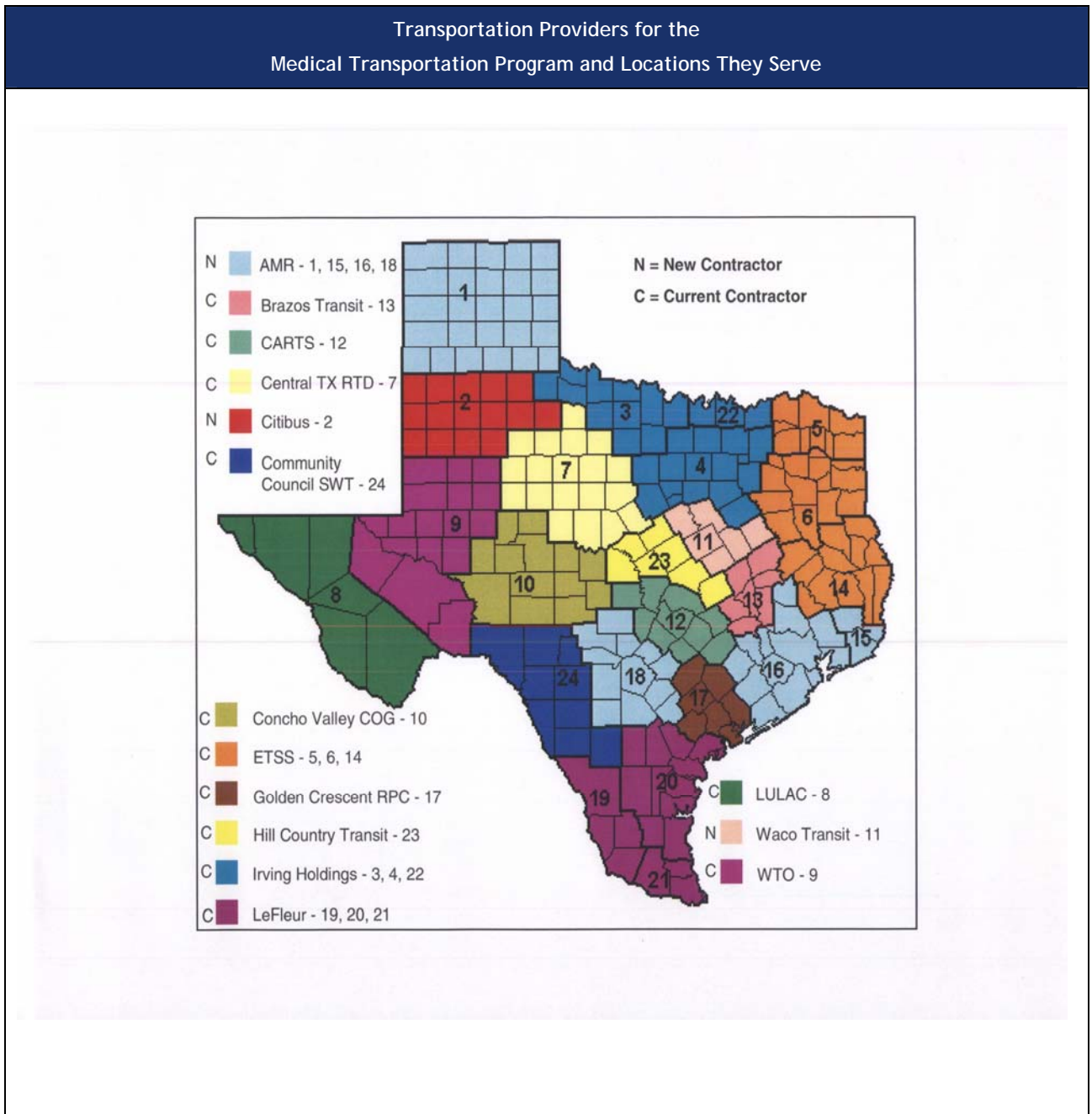
^b Funds for fiscal years 2000 through 2003 were appropriated to the former Department of Health.

Source: TxDOT Medical Transportation Program and Finance Division. This data was not audited.

Maps of Transportation Service Areas, Number of Eligible Recipients, Number of One-Way Trips, Monitoring Activity, and Complaints

Figure 2 lists the 15 transportation providers for the Medical Transportation Program and the service areas in which they provide services.

Figure 2



Source: TxDOT.

Figure 3 shows the total number of eligible recipients who used the Medical Transportation Program from July 1, 2006, to April 30, 2007.

Figure 3

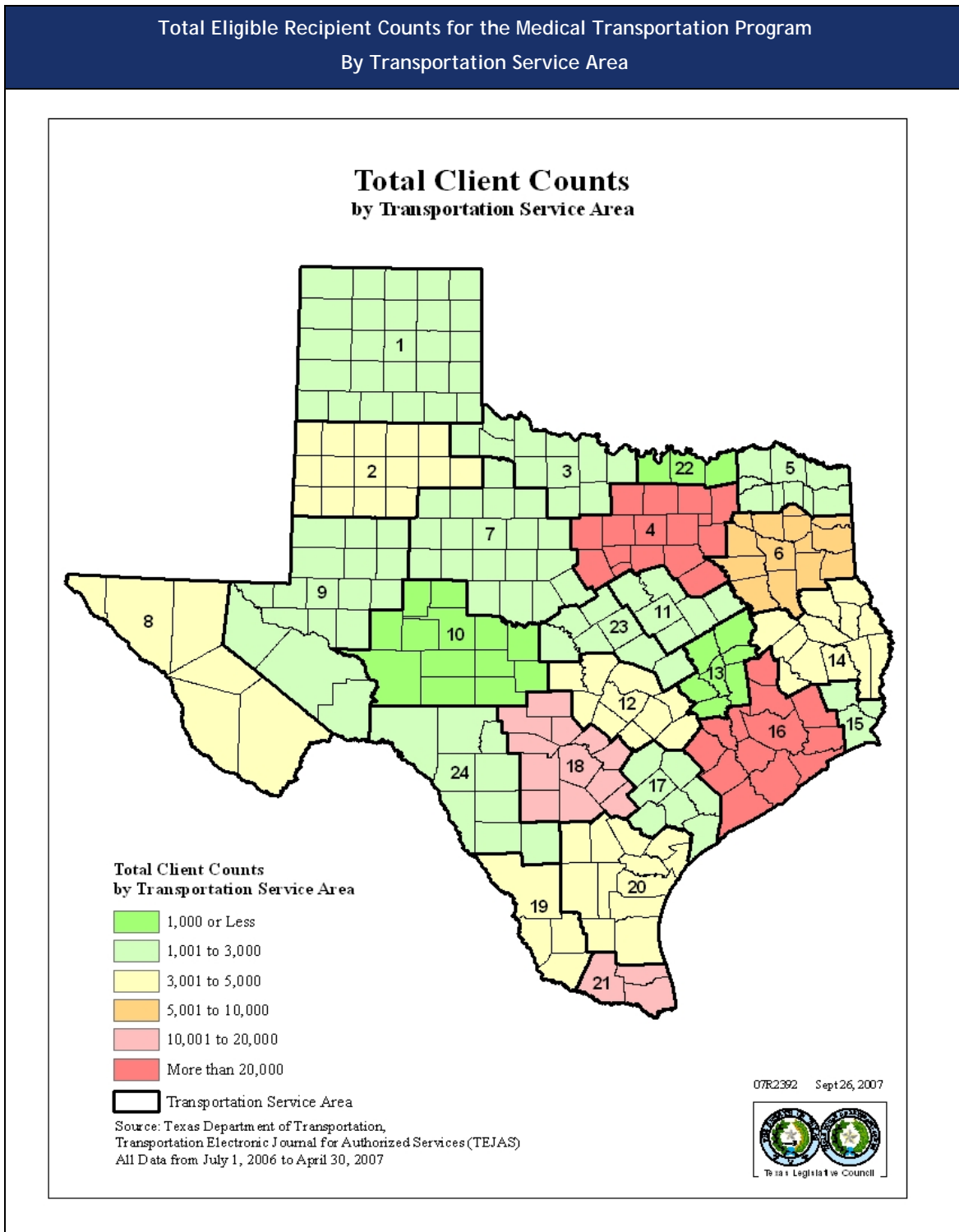


Figure 4 shows the number of one-way trips eligible recipients used to go to health care appointments.

Figure 4

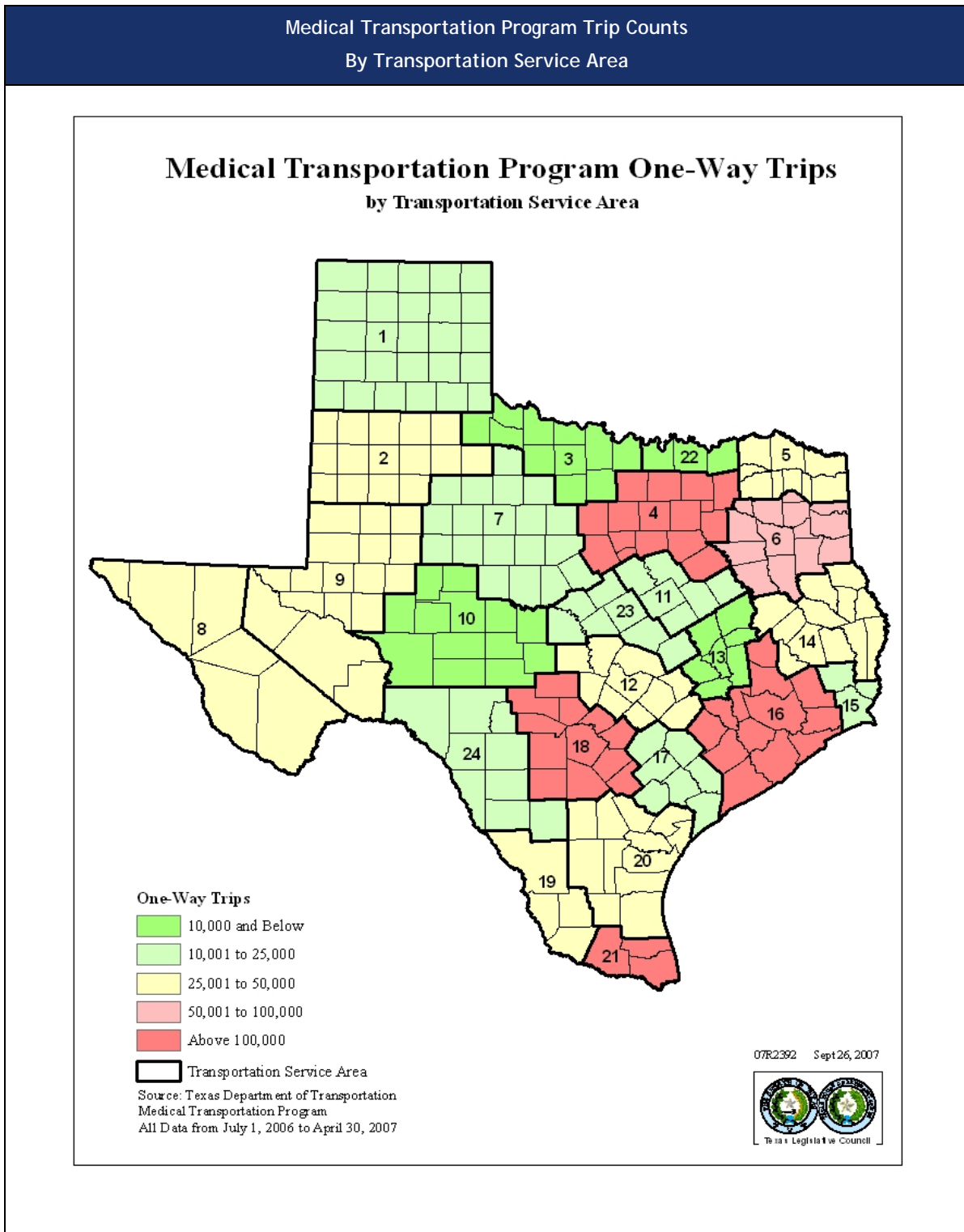


Figure 5 shows monitoring activity performed by TxDOT contract specialists from June 2006 to June 2007.

Figure 5

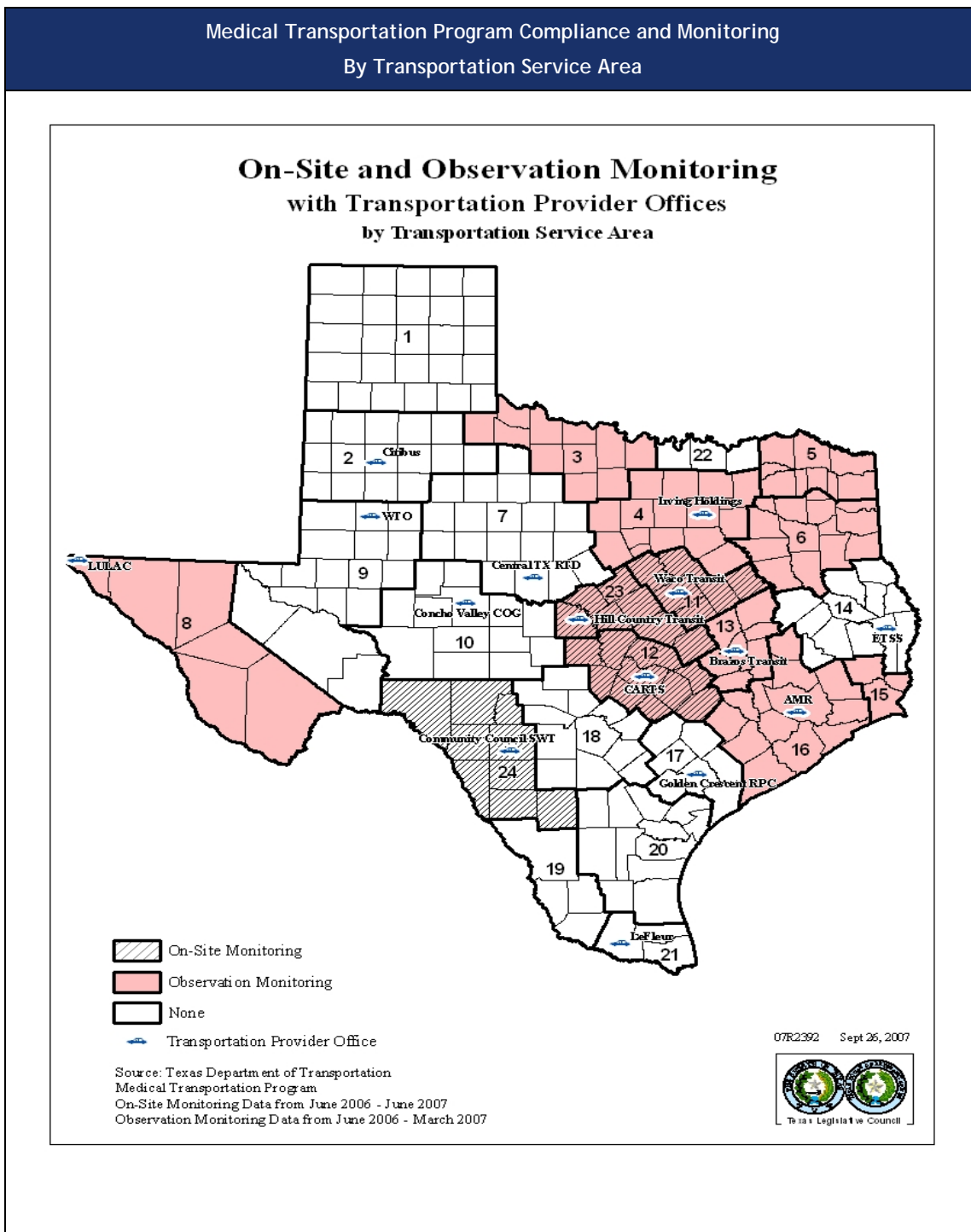
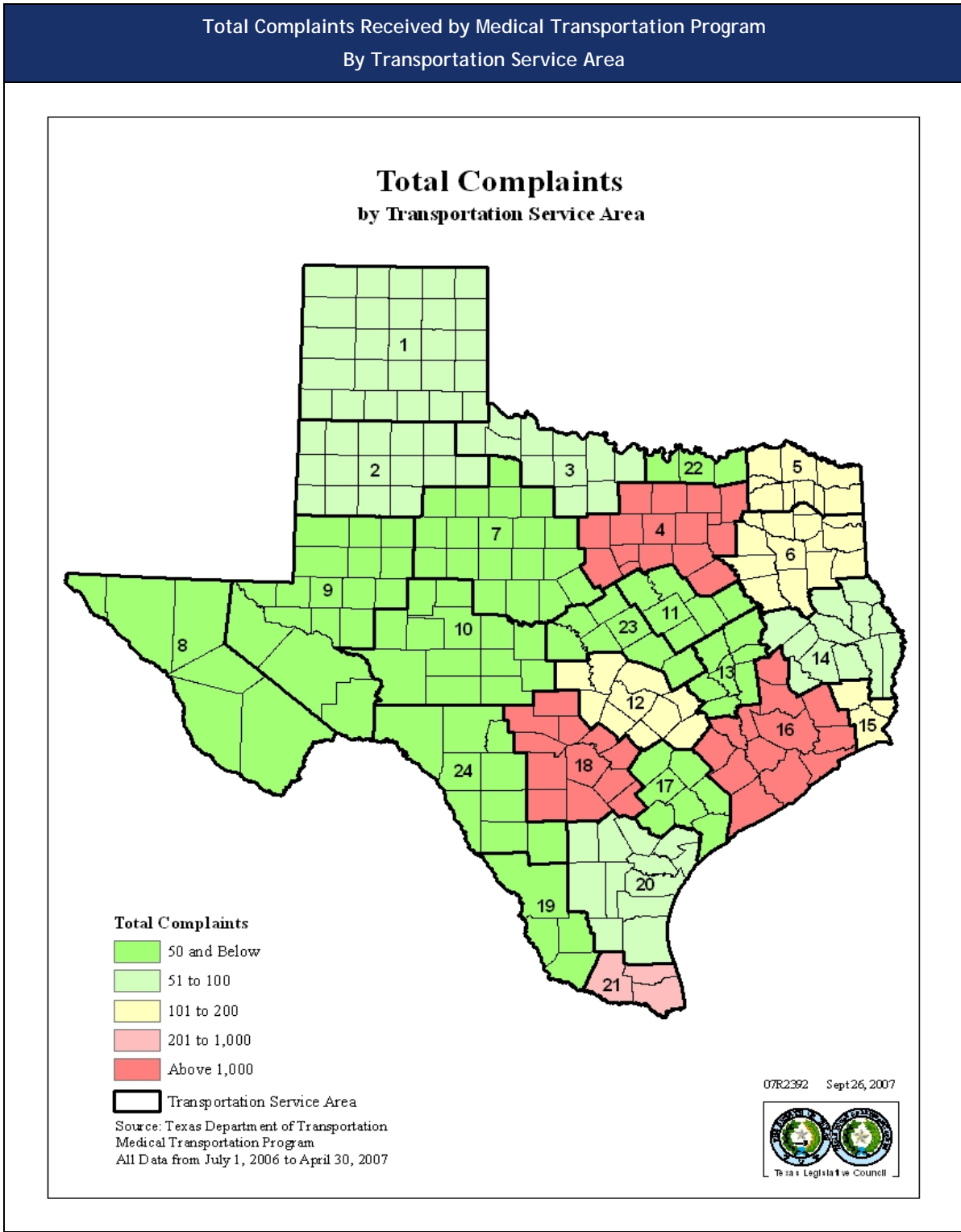


Figure 6 shows the number of complaints received about the Medical Transportation Program from July 2006 to April 2007.

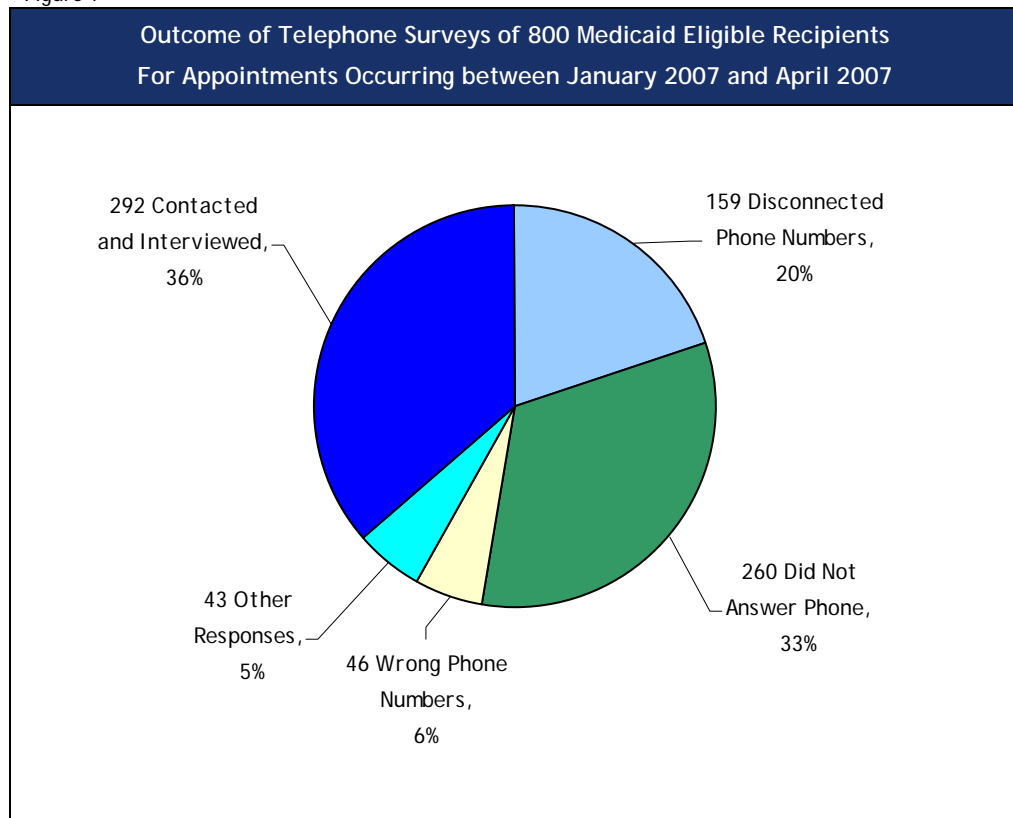
Figure 6



Results from Survey of Medical Transportation Program Eligible Recipients

Auditors conducted telephone surveys of 800 eligible recipients who had used the Medical Transportation Program from January 2007 to April 2007. Auditors conducted the surveys in both Spanish and English. The survey was administered in June 2007 and July 2007. Of 800 calls, the telephone survey produced 292 responses (see Figure 7).

Figure 7



To conduct the survey, auditors performed an analysis drawn from data collected from TxDOT's information system (the Transportation Electronic Journal for Authorized Services or TEJAS) that records trips scheduled for eligible recipients. A sample of eligible recipients was selected from TEJAS to obtain a fair representation by transportation service area. The TEJAS system contained 1.3 million claims representing one-way trips provided to eligible recipients from January 2007 to April 2007.

Overall, the survey results indicated that the Medical Transportation Program's eligible recipients are generally picked up in time for their health care appointments. However, approximately 38 percent had to wait for more

than one hour to be picked up from their health care provider and returned home. Tables 7 through 10 summarize the results of the telephone surveys.

Table 7

How Often Did the Transportation Contractor Call You the Day Before Your Appointment to Schedule Your Pick Up Time?		
Answer	Number of Responses	Percent of Responses
Always	158	54%
Usually	41	14%
Half the time	13	4%
Sometimes	31	11%
Never	49	17%
Total	292	100%

Table 8

How Often Were You Picked Up at the Time Scheduled by the Contractor?		
Answer	Number of Responses	Percent of Responses
Always	153	52%
Usually	63	21%
Half the time	14	5%
Sometimes	28	10%
Never	34	12%
Total	292	100%

Table 9

How Often Did You Get to Your Appointment on Time?		
Answer	Number of Responses	Percent of Responses
Always	177	61%
Usually	70	24%
Half the time	12	4%
Sometimes	27	9%
Never	6	2%
Total	292	100%

Table 10

How Long Did You Have to Wait After Calling the Number the Driver Gave You for Your Return Trip?		
Answer	Number of Responses	Percent of Responses
Less than 1 Hour	180	62 %
1 - 2 Hours	82	28 %
More than 2 Hours	30	10%
Total	292	100 %

Of the 292 respondents, 57 were taken to another location (see Table 11). Of the 57 respondents, 42 (74 percent) were taken to a pharmacy after their appointment. Thirteen of the 57 respondents reported being picked up or dropped off at a location other than their home, not including a pharmacy.

Table 11

Did You Go Anywhere, Besides Home, After Your Appointment?		
Answer	Number of Responses	Percent of Responses
Pharmacy	42	74%
Grocery Store	0	0%
Another Appointment	2	4%
Other	13	22%
Total	57	100%

Results of Survey of Medical Transportation Program Transportation Providers and Their Subcontractors

Auditors conducted a Web-based survey of Medical Transportation Program transportation providers and subcontractors. Auditors obtained e-mail addresses for the Medical Transportation Program's 15 transportation providers from TxDOT and e-mail addresses for 52 subcontractors of the four transportation providers auditors visited. E-mails providing the Web-link to complete the survey were sent to the transportation providers and subcontractors. The number of responses was as follows:

- 15 of 15 (100 percent) transportation providers responded.
- 14 of 52 (27 percent) subcontractors responded.²

Tables 12 through 15 summarize the results of the Web-based survey. Tables 14 and 15 summarize transportation providers' and subcontractors' responses about the Transportation Electronic Journal for Authorized Service (TEJAS) system, which the Medical Transportation Program uses to schedule appointments and process claims.

Table 12

On an Average Day, How Many Trips Are Scheduled by TxDOT Call Center Staff without Two-days Advance Notice?		
Answer	Number of Responses	Percent of Responses
Fewer than 10	15	52%
10 - 25	3	10%
25 - 50	4	14%
More than 50	7	24%
Total	29	100%

² Three e-mail addresses for subcontractors were returned as undeliverable.

Table 13

Do You Receive Payments for Medical Transportation Services Provided in a Timely Manner?		
Answer	Number of Responses	Percent of Responses
Always	9	31%
Usually	13	45%
Half the time	2	7%
Sometimes	3	10%
Never	2	7%
Total	29	100%

Table 14

Do You Find the TEJAS System Reliable? (This applies only to providers.)		
Answer	Number of Responses	Percent of Responses
Always	3	20%
Usually	10	67%
Half the time	2	13%
Sometimes	0	0%
Never	0	0%
Total	15	100%

Table 15

Describe Any Problems You Have Had with the TEJAS System or Other Areas of the Medical Transportation Program		
Answer	Number of Responses	Percent of Total Respondents
TEJAS goes down periodically.	4	14%
No TEJAS contact at TxDOT after business hours.	2	7%
There is no penalty for eligible recipients who frequently are "no shows"; no payment to contractors by TxDOT for "no shows."	11	38%
Call center staff enter inaccurate information (for example, wrong addresses).	11	38%

Describe Any Problems You Have Had with the TEJAS System or Other Areas of the Medical Transportation Program		
Answer	Number of Responses	Percent of Total Respondents
TxDOT doesn't provide a two-day advance notice to contractors when scheduling trips.	9	31%
Total	29	100%

In addition to asking structured questions in the Web-based survey, auditors invited the transportation providers and their subcontractors to provide comments about any concerns they had regarding any aspect of the Medical Transportation Program. From these responses, auditors identified several areas of concern. Tables 16 and 17 summarize these issues.

Table 16

Concerns Expressed by Transportation Providers Number of Eligible Recipients and Percent of Transportation Service Areas Represented by the Contractors Responding				
Area of Concern	Number of Eligible Recipients in Transportation Service Area	Percent of the 24 Transportation Service Areas Represented	Percent of Providers Concerned	Number of Providers Expressing Concern
Department call center problem	11,682	21%	33%	5
Eligible recipient abuse of the system	69,415	42%	33%	5
Medical Transportation Program management complaint	126,492	75%	60%	9
Program changes needed	3,357	4%	7%	1
Total	140,948			

Table 17

Concerns Expressed by Transportation Provider Subcontractors Number of Eligible Recipients and Percent of Transportation Service Areas Represented by the Contractors Responding			
Area of Concern	Number of Eligible Recipients in Transportation Service Area	Percent of the 14 Subcontractors Concerned	Number of Subcontractors Expressing Concern
Department call center problem	48,153	46%	6
Eligible recipients abuse of the system	75,125	54%	7
Medical Transportation Program management complaint	63,636	46%	6
Provider management	75,125	62%	8
Total Eligible Recipients	140,948		

Figures 8 and 9 contain the survey instruments auditors used to survey Medical Transportation Program eligible recipients, transportation providers, and transportation providers' subcontractors.

Figure 8

Eligible Recipient Survey

Hello, my name is _____ with the State of Texas. We're following up with Medicaid clients who used Medical Transportation Services in the past six months to see if you are satisfied with the service provided. Are you the person who received the service or a parent or guardian of the recipient of the service?

We would greatly appreciate your help in improving services by answering just a few brief questions. Can you give us about 5

1. How often did the transportation contractor call you the day before your appointment to schedule your pick up time?

Always	Usually	Half the Time	Sometimes	Never	Comments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2. How often were you picked up at the time scheduled by the contractor?

Always	Usually	Half the Time	Sometimes	Never	Comments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. How often did you get to your appointment on time?

Always	Usually	Half the Time	Sometimes	Never	Comments:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

4. How long did you have to wait after calling the number the driver gave you for your return trip?

Less than 1 Hour
 1-2 Hours
 More than 2 Hours

Comments:

5. Did you go anywhere, besides home, after your appointment?

Pharmacy
 Grocery Store
 Another appointment
 Other: Please specify: _____

6. Is there any other information or concerns that you would like to share?

Client Medicaid Number :

Client First Name :

Client Last Name :

Figure 9

Transportation Provider and Subcontractor Survey

The State Auditor's Office is conducting an audit of the Medical Transportation Program at the Texas Department of Transportation. We would appreciate your assistance in providing feedback on your experiences with the Medical Transportation Program.

Your specific survey responses will remain confidential. The State Auditor's Office work papers are not subject to disclosure under the Public Information Act. A summary of survey results, which will not include specific providers, may be published in our audit report. Please contact Stacey Williams, Project Manager at (512) 936-9614 or Lucien Hughes, Assistant Project Manager, (512) 936-9676 if you have any questions.

Contact Information (Optional)

Transportation Service Provider Name	
Address	
Phone Number	
Your Service Areas	

Questions

1. On an average day, how many trips are scheduled by TxDOT call center staff without 2 days advance notice?

Less than 10	10 – 25	25 – 50	More than 50	Comments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2. Do you receive payments from the Medical Transportation Program in a timely manner?

Always	Usually	Half the Time	Sometimes	Never	Comments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. Do you find the TEJAS System reliable?

Always	Usually	Half the Time	Sometimes	Never	N/A	Comments:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

4. Describe any problems you have had with TEJAS. (Leave blank if answering N/A to Question 3.)

5. Please list any concerns or additional comments you would like to provide regarding your experience with the Medical Transportation Program.

Overall Management Response

TxDOT concurs with the recommendations of the audit. While the audit indicates that additional controls of the program are necessary, TxDOT has made significant progress towards improved management of the Medical Transportation Program (MTP) to date. When TxDOT assumed responsibility for MTP, one of the priorities was to establish processes, procedures and strengthen program operations. To that end, TxDOT has procured new service contracts, reorganized for Frew reporting requirements, consolidated call centers, restructured program operations and centralized the claims processing function; all of which required a tremendous amount of resources. Final implementation of some of these changes took place during the timeframe of the audit. Therefore, staff resources that might have been utilized for contract monitoring activities and finalizing policies and procedures were focused on call center close-out, implementing new contracts and addressing client service complaints associated with the start up of new transportation service providers. Some of the results from these changes are:

- *reduced number of contracts from 52 to 15*
- *simplified rate structure to 2 rates per service area (formerly 300+ rates)*
- *streamlined claims processing, and*
- *increased efficiencies and staff performance at the call centers.*

We strongly believe that these recommendations are opportunities for TxDOT to continue to enhance the program, prior its transition to HHSC.

Recent State Auditor's Office Work

Recent SAO Work		
Number	Product Name	Release Date
06-051	A Status Report on the Department of Transportation's Medical Transportation Program	August 2006

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