

JULY 2012

**CONTRACT COMPLIANCE AUDIT OF THE CENTER
FOR TRANSPORTATION EXCELLENCE, LLC
FOR THE PERIOD
MAY 1, 2010 THROUGH APRIL 30, 2012**



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July 20, 2012

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202



Dear Honorable Members:

The Erie County Comptroller's Office has completed an audit of the contract by and between the Center for Transportation Excellence, LLC (CTE) and the County of Erie through the Department of Social Services (DSS), for the period May 1, 2010 through April 30, 2012.

We¹ conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. Our objectives were to: (1) determine whether CTE was in compliance with the provisions of the contract; (2) to confirm that a sample of 2011 transportation trips were for valid medical appointments; and (3) test the validity of CTE's call audits. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Management of CTE is responsible for establishing and maintaining a system of internal control. The objectives of such a system are to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with management's authorization and are recorded properly. Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected.

This audit was chosen due to the high cost of Medicaid within Erie County. In 2011, over 200 million was spent on Medicaid by Erie County. For this project, we collaborated with CTE and the Erie County Department of Social Services ("DSS") in order to assess potential fraud by both Medicaid recipients and transportation vendors. In this report we present recommendations and solutions to the findings discovered in

¹ In this report, "We" and "Our" refers to the Erie County Comptroller's Office.

the course of this audit, to assist both CTE and DSS in minimizing the opportunities for recipients and vendors to commit Medicaid fraud.

In our opinion, internal control over contract monitoring was adequate to ensure compliance with the terms of the contract.

Sincerely,



David J. Shenk
Erie County Comptroller

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Executive Summary

- Internal control over operations was adequate to ensure contract compliance.
- No follow-up is done by CTE or DSS for appointments that were found to be invalid by CTE's call audits.
- DSS has not followed up on the recipients with excessive voided trips.
- Nearly 20% of recipients scheduled for courtesy trips exceeded the two-trip limit.
- Market share restrictions were not exceeded in 2011.
- Several of the monthly reports issued by CTE had calculation errors.
- CTE does not track daily trip vendor "no-shows".
- CTE is in compliance with most of the required call center standards.
- Client surveys have not been performed.
- CTE has billed DSS, and received payment in a timely manner.
- CTE provided the required monthly reports within 15 business days after month's end, as required by the contract.
- Confirmations were sent to medical providers to verify that Medicaid recipients had valid medical appointments on the date they were scheduled for transportation.

Reporting Requirements

Draft copies of this report were provided to CTE and DSS for their review. Their comments to our draft were considered in the preparation of this report. Their responses to this report are included in Appendix 4 together with our comments.

Background

The Medicaid program was created as part of the Social Security Amendments of 1965. It is currently the third largest source of health insurance in the United States – after employer-based coverage and Medicare. In general, Medicaid provides health insurance to three segments of the population: (1) low-income families and individuals; (2) older Americans and individuals with disabilities; and (3) supplemental low-income Medicare beneficiaries who need supplemental coverage for services not covered by Medicare. Federal Medicaid laws have specific mandatory and optional eligibility

groups, as well as mandatory and optional covered services. Each state establishes its own eligibility standards, benefit package, payment rates, and program administration under the broad federal guidelines.

The federal, state, and local governments fund the Medicaid program. The federal government contributes between 50% and 83% of the cost of the medical services provided under Medicaid, known as the Federal Matching Assistance Percentage (FMAP) to states. New York State's standard FMAP is 50%. New York State and Erie County share the remaining 50%. The County's local share is 25%, but the annual maximum payment is capped at the 2005 total local share plus a 3% maximum annual increase.² Annual Medicaid spending is increasing annually, but because the counties' annual increase is capped at 3%, the overall local share percentage is decreasing annually. New York and California are the only two states that pass Medicaid costs on to their counties. The remaining 48 states absorb the Medicaid costs not covered by FMAP. In 2010, Medicaid cost Erie County \$201 million, or 95% of property tax revenues.

Federal regulation 42 CFR 431.53 requires all states that receive Federal Medicaid funds to assure transportation for Medicaid beneficiaries to and from medical appointments, known as Non-Emergency Medical Transportation (NEMT). Transportation can occur via private vehicle (potentially with mileage reimbursement), public transportation, taxi, or ambulette (a vehicle with wheelchair or stretcher carrying capacity). In order to obtain transportation services, the Medicaid recipient's physician must document medical need. Payment for transportation expenses are only made for the least expensive available mode of transportation suitable to the Medicaid recipient or to an individual providing transportation services on behalf of the Medicaid recipient's needs, as determined by the prior authorization official (NYCRR Title 18 § 505.10 (e)(3)).

In 2009, New York State Medicaid NEMT cost New York State over \$370 million – about \$200 million of which was spent on ambulette service. New York accounts for about 15% of all nonemergency Medicaid transportation spending in the country, according to a 2001 report by the Community Transportation Association of America, and spends more than California, New Jersey, and Florida combined.

Unlike other New York State counties, Erie County Medicaid recipients do not automatically qualify for transportation services. A medical provider must document a medical need, and the Medicaid recipient is required to complete a social history form. Erie County DSS Medicaid Utilization Review Unit (MUR) takes up to 45 days to approve or deny the recipient's transportation request. Transportation approval is granted for a period of 6 months to 1 year. The approval states the transportation type approved (taxi, wheelchair, or stretcher), whether a personal attendant/aide is allowed to accompany the recipient, any additional assistance required from the transportation

² Beginning in 2008 counties were allowed to choose to contribute as their local share a fixed percentage of local sales tax as a substitute for costs capped by a trend factor. To date, Monroe County is the only county that has chosen this method.

company (such as a 2-man transport), and whether there are any restrictions on the number/type of medical appointments. Other counties in New York State grant transportation authorization based simply on medical necessity as documented by the recipient's medical provider.

In 2007, Erie County issued a request for proposal (RFP) to contract for a NEMT mobility manager. CTE won the bid, and has been the county's mobility manager since 2008.

Paul Snyder III, CEO of Snyder Corporation created CTE in late 2005. CTE's grand opening was held in September 2007, and they have since operated the Buffalo call center 24 hours a day and 7 days a week.

A Medicaid recipient calls CTE to schedule all transportation appointments. Trips are then assigned to one of sixteen Medicaid-authorized transportation vendors (see Appendix 2 for a list of NEMT providers in Erie County). Vendor assignment is based on several criteria, including transportation vehicle type, trip location, hours of operation, and fleet size.

CTE schedules appointments for three types of transportation: taxi, wheelchair, or stretcher. A taxi cab is used for ambulatory recipients. Wheelchair and stretcher transports are provided by ambulette. The ambulette transportation vendors' drivers are required to provide any assistance the recipient requires to get from their front door (including apartment, nursing home, etc.) to the door of their medical provider. This assistance includes help climbing or descending stairs, ramps, curbs, or other obstacles; opening and closing doors; and accessing the vehicle. The transportation vendor is not allowed to bill for assistance provided, even if it requires the use of a second employee. Ambulette drivers are not allowed to provide any medical treatment to the recipient during transport. Ambulance transport must be arranged for recipients that require, or may require, medical intervention during the transport.

Medical appointments must generally be scheduled in the Medicaid recipient's common medical marketing area (CMMA), which varies depending upon the recipient's place of residence (for example, some residences within the city of Buffalo have a CMMA with a 13 mile radius). The CMMA is the geographic area from which a community customarily obtains its medical care and services. Transportation to an appointment outside of a recipient's CMMA must be authorized by MUR.

Transportation vendors submit claims to, and are paid directly by Medicaid. The trip cost includes a base fee plus mileage. Medicaid regulations restrict reimbursement for transportation to only appointments for valid Medicaid services. Transportation to appointments that are not covered by Medicaid, or trips to pick up medical supplies or prescriptions are not billable to Medicaid.

Table One: Current NEMT Reimbursement Rates³

Transportation Type	Base Rate	Mileage (per Mile)
Ambulette – Stretcher	\$79.00	\$2.00
Ambulette – Wheelchair	\$27.50	\$2.00
Ambulette - Wheelchair (Off-Hours Transport)	\$57.50	\$2.00
Ambulette - Wheelchair (Group Rides/Multi Load Trip)	\$14.50	\$1.00
Taxi	\$7.75	\$2.80
Taxi - (Group Rides/Multi Load Trip)	\$3.88	\$2.80

Audit Findings

I. Internal Control

We found that CTE's internal controls over monitoring contract compliance were adequate. The use of a software system produced by in-house programmers and monitoring by CTE management provides reasonable assurance that CTE is following the requirements stipulated in the contract.

II. CTE's Call Audits

CTE is required by the contract to verify 1% of scheduled (future) trips and 2% of completed trips with the medical provider with whom the Medicaid recipient had an appointment to see. For the 2011 call audits, 231 of the provider responses indicated that the client did not have a valid medical appointment. Of the 231 trips, 186 were completed, and billed to Medicaid by the transportation vendor. Forty-three (43) of the appointments found to be invalid had a transportation status of either void or cancelled (the Medicaid recipient was not transported, nor was the trip billed to, or paid for by Medicaid). The remaining two trips were not in the data file provided by CTE. Both of these clients had passed away prior to the appointment date.

CTE generates a monthly report with all of the trips selected for audit and the medical providers' responses, which is provided to DSS. CTE only reports the results, but does nothing further with the trips that are found to not be associated with a valid medical appointment. Presently there is no follow-up by DSS on the trips to appointments that the medical provider denies that there was a valid medical appointment with the recipient on that date.

³ Reimbursement rates provided by the New York State Department of Health Medicaid Transportation Policy Unit, and are current as of 3/20/2012.

In 2011, CTE confirmed 8,181 trips. Of the total confirmed, 1,272 of the confirmed trips had both legs of the same appointment (the trip to the medical provider's office and the return trip home) listed as trips that were audited. The result is that trips for only 6,909 (or 84%) unique appointments were verified during the year.

We tested the percentage of completed trips that were subjected to CTE's call audit. Seven of the 12 months were below the 2% contract requirement. We were unable to test the percentage of scheduled trips audited by CTE, as we were unable to determine the number of trips that were for future scheduled appointments for each month.

WE RECOMMEND that DSS review the Audit Call Summary report provided by CTE for entries that show that the client did not have a valid medical appointment. Further investigation into these trips should be done by DSS to confirm that a valid medical appointment did not exist for the completed trip. A recipient found to have been transported for an invalid medical appointment should be counseled by DSS.

WE ALSO RECOMMEND that CTE verify 1% of scheduled and 2% of completed appointments, rather than trips, to ensure a larger sample of medical appointments are being audited. The contract language should also be changed to reflect this recommendation.

Further, **WE RECOMMEND** that DSS review the Audit Call Summary report to ensure that CTE is verifying at least 1% of future appointments and 2% of completed appointments each month. CTE should also add the percentage of scheduled and completed appointments audited to the Audit Call Summary report each month.

III. Voided Trips

A trip status of void occurs when the transportation vendor arrives to pick up the recipient and the recipient is either not there or declines the transportation. Transportation vendors can only bill Medicaid for loaded miles (miles driven while transporting the recipient to a valid Medicaid appointment), so voided trips result in a waste of vendor resources (time, vehicles, gasoline, etc.), that are not reimbursable. Because we did not have access to vendor records we could not attach a dollar value to these wasted resources.

Per the CTE monthly reports, there were 10,048 voided trips in 2011, with 2,627 recipients being responsible for these voids. The recipients with the most voids are:

Table Two: Recipients with the Most Voided Trips in 2011

Recipient # ⁴	Total Voided Trips
682	95
63	67
2453	65
1182	63
1070	60
1642	56
1651	53
173	49
375	48
865	46
Total	602

Additionally, 33 recipients had 10 or more voids in a single month. A table showing these recipients can be found in Appendix 3.

WE RECOMMEND that DSS review the recipients with excessive void trips. The recipients should be counseled on the transportation process. DSS and CTE Management should consider implementing a policy which requires recipients with multiple voids to call-in to the transportation vendor an hour before their appointment to confirm that they will be using the transportation service for their scheduled appointment. We were informed that this practice is done in other New York State counties in attempts to reduce the number of voided trips.

IV. Courtesy Trips

As previously mentioned, Erie County Medicaid recipients do not automatically qualify for transportation. MUR conducts and investigation based on the information provided on the medical and social forms to determine if the recipient is eligible for NEMT services. Because of the NEMT review process, Erie County Medicaid recipients may be entitled to courtesy trips. Courtesy trips are NEMT trips scheduled for recipients that do not have a current transportation approval. Reasons for courtesy trips include:

- The recipient's application for transportation is under review.
- The recipient is being discharged from a hospital or nursing facility.
- The recipient has a follow-up appointment from a surgical procedure.
- The recipient has a one-time transportation issue.

⁴ Recipients were assigned a recipient number for reporting purposes. Reports with recipient names were provided to MUR for follow-up.

As Erie County is the only county in New York State that conducts a review process for NEMT, it is also the only county in New York that offers courtesy trips.

Per the contract beginning May 1, 2011, *“CTE can authorize up to (2) one-way NEMT trips prior to a client receiving approval from MUR.”* According to the CTE monthly reports, there were 9,347 Courtesy Trips in 2011 costing Medicaid \$224,335.21 (Erie County’s share was approximately \$56,083.80). These totals do not include stretcher transport amounts, as they were omitted from CTE’s monthly Courtesy Trips report. We noted that, 5,484 Medicaid recipients were scheduled for one or more courtesy trips in 2011. Of these courtesy trip recipients, 1,587 or 19.8%, exceeded the contract-imposed two one-way trip maximum. CTE cannot deny a courtesy trip for a recipient if the recipient meets one or more of the criteria listed above, and does seek approval for these trips from MUR when requests for courtesy trips occur during regular business hours.

Given that there are a number of situations that warrant a courtesy trip regardless if the two trip maximum is exceeded, CTE cannot control the number of courtesy trips that a recipient receives. Because Medicaid pays no matter how many courtesy trips a recipient uses, **WE RECOMMEND** that CTE and DSS take the necessary steps to either revise the language or remove this requirement from the contract altogether.

V. Multi Load Trips

A multi load trip is a NEMT trip with two or more Medicaid recipients being transported together. When a multi load trip occurs, the transportation vendor bills Medicaid for the base rate for both recipients plus the mileage for the distance from the location where the first recipient was picked up, to the destination of the last recipient. According to CTE’s monthly reports, there were 20,684 multi load trips in 2011, which resulted in a Medicaid savings for taxi and wheelchair transportation of \$219,285.81 (stretcher transports cannot be multi load trips) – or a savings of approximately \$54,821.45 for Erie County.

The CTE Complaints by Provider Summary Report was reviewed for Medicaid recipient complaints about being transported with other recipients. The complaints were then compared to the Trip Summary Report – Multi Load Trips, to verify the transportation vendor had multi load trips in the month of the complaint. We found ten instances, with four different vendors, where there were recipient complaints about a multi load trip, yet the vendor did not bill any trips to Medicaid as multi load trips in that month. In part, this could be due to some trips transporting Medicaid recipients with private pay/private insurance clients. Transportation vendors are limited to billing for trip mileage once, when transporting one or more Medicaid recipients. If the trips noted above transported only Medicaid recipients, the vendor overbilled Medicaid, by billing the same mileage for two or more recipients.

CTE is currently working on a software update that would group trips that have a “logical likelihood” of being able to be multi loaded. The software would then schedule these

trips with the same transportation vendor, and alert the vendor to the likelihood of being able to multi loads these trips.

WE RECOMMEND that DSS review the Complaints by Provider Summary Report for recipients complaints of being transported with one or more other recipients, and verify that the vendor had multi load trip billings in that month. If there continues to be a discrepancy with recipients complaining of multi load trips, yet the transportation is not billing for such trips, the information collected should be forwarded on to the Office of the Medicaid Inspector General (OMIG) or the New York State Attorney General's Medicaid Fraud Control Unit (MFCU) for investigation.

WE ALSO RECOMMEND that CTE continue to work toward implementing the new software upgrade that would alert transportation vendors to the likelihood of being able to multi load trips.

VI. Market Share Restrictions

The principal owner of CTE, Paul Snyder III, also has ownership rights in PLS III d/b/a We Care Transportation and Snyder Transportation, LLC d/b/a First Call, both of which are NEMT vendors in Erie County. The contract places the following market share restriction on these vendors: Taxi – 15%, Wheelchair Van – 60%, and Stretcher Transport – 80%. The vendors did not exceed their market share restriction in 2011. Their percentage of annual trips for 2011 was: 8.27% - Taxi, 51.33% - Wheelchair Van, and 53.20% - Stretcher Transport.

CTE's software auto-assigns NEMT trips scheduled at least 48 hours in advanced based on several criteria, including: vendors' hour of operations, fleet size, and geographic location. The software also takes into account the market share restrictions for these two vendors.

As CTE is in compliance with this provision, **WE RECOMMEND** continued monitoring to ensure that market share restrictions for We Care Transportation and First Call are maintained.

VII. CTE Monthly Reports

CTE provides a series of monthly reports to MUR as required by the contract. Several of these reports contain errors. The report issues are listed in Table Three.

Table Three: CTE Report Issues

Report Name	Issue
Call Center Report	Prior to August 2011, the report calculated averages incorrectly when the data was in a time format (mm:ss). In August, the report format changed, and the errors no longer occurred.
Trip Distribution Report – Assigned Trips	The trip totals on this report should equal the sum of the trips on the Completed Trips, Pending Trips, Cancelled Trips, and Void Trips reports. There were small differences for 9 out of 12 months, with the net difference for the year being (0) – stretcher, (15) – taxi, and (10) – wheelchair.
Trip Summary Report – Completed Trips	<i>No issues.</i>
Trip Summary Report – Pending Trips	<i>No issues.</i>
Trip Summary Report – Cancelled Trips	<i>No issues.</i>
Trip Summary Report – Void Trips	<i>No issues.</i>
Trip Summary Report – Completed Courtesy Trips	The report had incorrect subtotals/totals for “# of trips completed” for all 12 months. The report omits the category of Stretcher transportation. A courtesy trip listing provided by CTE showed Stretcher courtesy trips did occur in 2011, but were not included on the report.
Trip Summary Report – Multi Load Trips	The report had incorrect subtotals/totals for September and November 2011.
Trip Summary Report – Late Trips	The completed trips by vendor do not match the totals on the Trip Summary Report – Completed Trips. In some instances, the completed trip amount on this report is more than double the assigned trips for the vendor. This artificially decreases the percentage of late trips.
Complaints by Provider (Summary)	<i>No issues.</i>
Audit Call Summary	The totals given for the completed and scheduled trips do not match the detail provided. The report also has trips in callback, scheduled, and routed statuses, which are not listed with the report totals.
Void Trips by Client	<i>No issues.</i>
Transported Client Report	The report had incorrect subtotals/totals for all 12 months. The source of this error is unknown. An example of the error is: (0 – stretcher) + (0 – taxi) + (11 – wheelchair) = 12 clients transported.

WE RECOMMEND that CTE Management review the reports with issues noted above, and take the appropriate steps necessary to ensure their accuracy. Periodically the reports should be checked against the trip details to ensure the trips reported are correct.

VIII. Provider Scheduling and Service Standards

The contract requires that CTE use “commercially reasonable efforts to ensure that Providers meet the following minimum standards: ... (vi) No-Show. No more than 3% of a Provider’s scheduled trips may be missed (or “no-show”) by such Provider in any day.” CTE does not track/report on transportation vendor no-shows. CTE feels that one way this is indirectly monitored is through the Complaints by Provider Summary report, and that a transportation vendor not showing up for a scheduled appointment at all is a very rare occurrence (the transportation vendor may however be late for the appointment).

WE RECOMMEND that CTE begin tracking transportation vendor no-shows. Included as a no-show should be instances where the transportation vendor has not shown up as of the recipient’s appointment time, and the recipient cancels the scheduled transportation prior to the vendor’s arrival. The Complaints by Provider Summary report has multiple complaints each month where the recipient is calling to complain that their transportation is so late that they cannot be seen by their medical provider and must reschedule their appointment. Developing a report that shows vendor no-shows and appointments the recipient must reschedule due to the vendor not arriving in a timely manner would clearly illustrate which vendors are having excessive timeliness issues.

IX. Contract Reporting Requirements – Call Center

The contract requires that CTE maintain specific call center standards and report on them monthly. The call center standards and CTE’s call center operation results for 2011 are contained in Table Four.

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Table Four: Call Center Contract Requirements

Standard	Result
Establish reporting systems to provide monthly reporting of: (i) numbers of incoming calls;	CTE received 291,304 calls in 2011.
(ii) number of calls receiving busy signals;	Because of the use of a telephone auto-attendant, calls do not receive busy signals.
(iii) average time until there is a response from the Contractor's automated voice response system;	CTE did not report this statistic until August 2011. For August – December 2011, the average time until the automated voice response system responds was 2.77 minutes. This is an acceptable wait time.
(iv) number of calls directed to an automated voice response system;	CTE did not report this statistic until August 2011. For August – December 2011, 791 calls went to the voice response system.
(v) number of calls abandoned while in Contractor's queue;	In 2011, 36,257 calls were abandoned while in queue.
(vi) average and maximum time spent in the Contractor's queue before abandonment of calls;	CTE reports on the daily average time spent in queue before a call is abandoned, however they do not report on the maximum queue time.
(vii) the number of calls that reach CTE staff.	229,590 calls, or 78.81%, of incoming calls reached staff.
Fewer than 5% of calls should receive busy signals.	CTE does not report on the number of calls receiving busy signals.
Average abandonment rates should be no more than 7%.	In 2011, the average abandonment rate was 11.69%, and the overall annual abandonment rate was 12.45%, both above the 7% contract standard.
Average queue time of 5 minutes or less.	The 2011 average queue time for calls that were answered was 0.64 minutes. The overall average queue time for answered, abandoned, and calls transferred to voice mail was 1.72 minutes. These are acceptable wait times.
Average time associated with abandoned calls will be less than 5 minutes.	The average time associated with abandoned calls was 1.75 minutes in 2011. This is an acceptable wait time.

There was a computer issue in July 2011, which resulted in loss of call center data from July 9 – 31, 2011. As a result, all annual totals and averages do not take into consideration these 23 days of date.

WE RECOMMEND that CTE add to the Call Center report the maximum time calls spent in queue before being abandoned, as required by the contract.

Since calls do not receive busy signals due to the use of a telephone auto-attendant, **WE RECOMMEND** that the provision requiring the reporting of the number of calls receiving a busy signal be removed from the contract during the next contract negotiation.

WE ALSO RECOMMEND that the contract standard requiring an average call abandonment rate of less than 7% be reviewed, and possibly revised in the next contract negotiation. The average queue (wait time) of an abandoned call was 1.75 minutes, which is within the 5 minute standard as established by the contract. Given that calls are answered or transferred to voice mail in a timely manner, it is difficult to control the number of calls that recipients terminate before being serviced.

WE ALSO RECOMMEND that call center and trip data continue to be backed-up on a regular basis and stored off-site, in order to prevent possible future data losses.

X. Client Survey

The contract specifies that CTE is to implement an annual client survey, which must be approved by DSS prior to issuance. According to CTE, DSS waived this contract requirement as they did not feel a survey issued and reviewed by CTE would be impartial. CTE was told that a survey would be done by DSS. DSS has said that they felt CTE initiating a survey would give them an unfair advantage in the bidding process for the upcoming RFP for regional mobility management centers.⁵ DSS also feels that the Complaints by Provider Summary Reports are a form of the survey. A formal client survey was not conducted by CTE or DSS.

Because neither CTE nor DSS feel that a client survey is necessary, **WE RECOMMEND** that CTE and DSS take steps to ensure that the language requiring a survey in the contract be removed when the next contract is negotiated or renewed.

XI. Monthly Reports and Contract Payments

The annual rate of the contract is \$925,284, payable in monthly installments of \$77,107. CTE properly invoiced DSS and all payments made by DSS were made in a correct and timely manner.

In addition, CTE is required to provide the monthly reports to DSS within 15 business days after month-end. Representatives from DSS stated that these reports have been received in a timely manner.

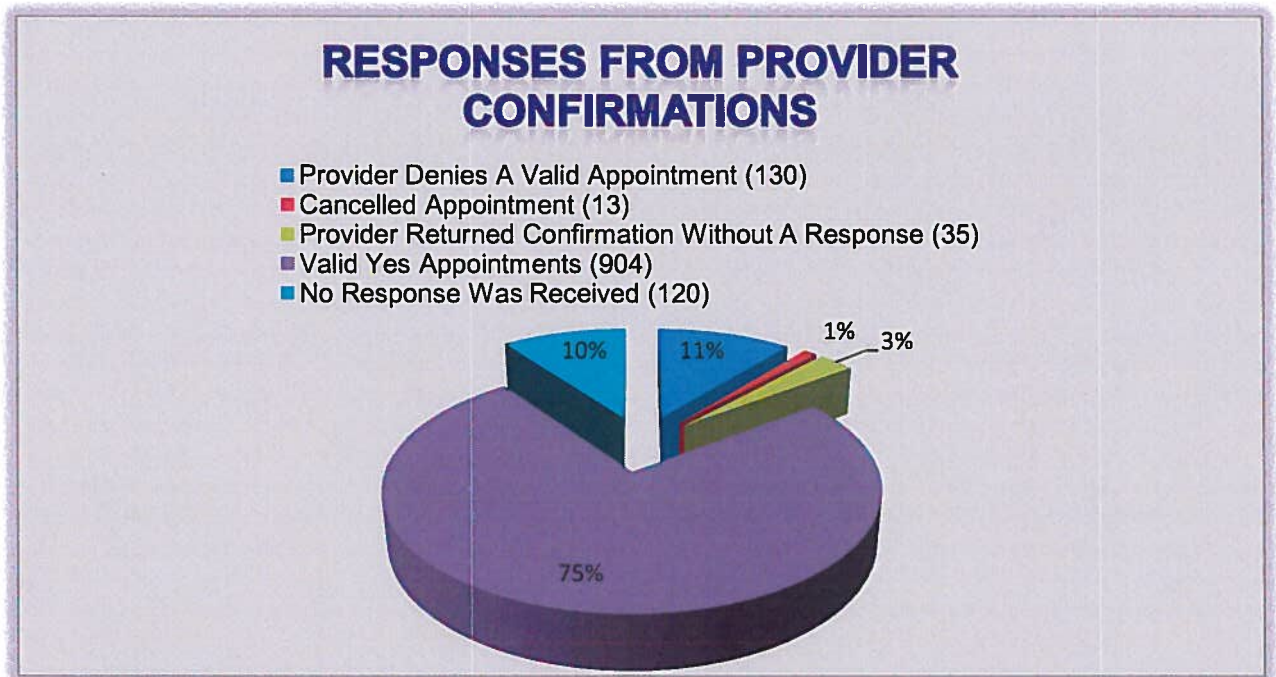
⁵ New York State will be breaking the state down into Regional Mobility Management Centers in the near future. An RFP will be issued by the state for a mobility manager for each region.

Both the CTE and DSS are in compliance with these contract provisions.

XII. Confirmations Mailed to Medical Providers

CTE provided a list of 2011 Erie County Medicaid NEMT trips – a total of 430,961 trips. We selected a random sample of 393 Medicaid medical providers (1,202 appointments or about 2,404 trips). Confirmation letters were mailed to each of these providers, asking them to confirm whether the recipient attended a valid medical appointment on a specific date. Our objectives were to determine if Medicaid recipients were being transported to valid medical appointments, and to test the validity of the results of CTE's call audits. The results of the mailing were:

Table Five: Medical Providers' Confirmation Responses



As part of this sample we sent letters to providers confirming appointments that did not exist. Twenty-three providers confirmed a total of 37 appointments as having occurred, yet these appointments did not exist.

The sample included 66 appointments that were also verified by CTE as part of their call audits. We had the same result as CTE for 51 (77%) of the appointments. There were four appointments that CTE confirmed was valid, yet our response from the provider was that the appointment was not valid. There were eight appointments that CTE found not to be valid, yet the provider response was that the appointment was valid. The medical provider did not return the confirmation letter for the remaining three appointments.

It is important to note that the Medicaid recipient may have had a valid appointment with a different provider in the same building as the provider receiving the confirmation letter. The data file contained the following data columns: Drop Off Name, Drop Off Name 2, Drop Off Provider Name, and Address. In some instances, different providers were listed in the columns for the same appointment. It appears the data in the "Drop Off Provider Name" pre-fills based on the address. For example, all of the recipients transported to Roswell Park Cancer Institute that had a "Drop Off Name" of "Roswell-taxi-100 Car," and a "Drop Off Name 2" of "Roswell PARK Cancer," had the same nurse listed as the "Drop Off Provider Name."

Our confirmation sample yielded an 87% response rate. Of the responses returned, providers denied a valid appointment existed for 10% of the appointments where transportation of the recipient had occurred. Given that the medical provider the recipient had an appointment with was not always clear, it is likely that the actual percentage of recipients transported without a valid appointment is less than 10% in our sample. In our opinion, because of the issue with the data and the unreliability of the physician responses, we are not able to effectively determine whether the recipients in our sample were transported to valid Medicaid medical appointments, or confirm the accuracy of CTE's call audits.

Auditor's Comments

CTE's Software & Mileage Savings

CTE's computer software was designed and is maintained by in-house computer programmers. The software has several efficiencies built in to the system:

- Call Center Module
 - CTE's software interfaces with the Erie County Medicaid Database. It allows the call center agent to access the recipient's Medicaid and transportation approval statuses.
 - The interface with the database pre-fills the vehicle type (stretcher, taxi, or wheelchair van) and any assistance/equipment (2-man transport, extra-wide wheelchair, etc.) that is indicated in the client's transportation approval.
 - CMMA's vary based on the recipient's residence. The software determines whether the destination address is within the recipient's CMMA, and alerts the call center agent if the destination is outside of the CMMA, if the client does not have prior authorization for appointments outside of their CMMA. The call center agent contacts MUR for authorization for travel to an appointment outside of the recipient's CMMA if necessary.
 - Several times each day the system pools the trips that have been scheduled and not yet assigned to a transportation vendor. It then auto-

assigns trips to vendors based on several characteristics (vendor's hours, fleet size, vehicle types, location, etc.).

- Transportation Vendor Module
 - The vendor module lists all trips the vendor has each day.
 - The vendor is able to see the shortest route for each trip calculated by the software.
 - The software automatically calculates the total amount to be billed for the trip (base cost and mileage).
 - The vendor enters the trip status upon completion of the trip. The trip is either completed, cancelled, or voided.
 - CTE then pools the completed trips into a file which is sent to Computer Services Corporation. The file is returned with prior authorization numbers (PA), which are accessible to the transportation vendor for billing purposes. Each trip receives a unique PA number. Prior to CTE, one PA number would be assigned for multiple trips.
 - CTE's software locates the trip origin and trip destination by longitude and latitude points.

- Complaint Module
 - Tracks complaints initiated by both the recipient and the transportation vendor.
 - After the complaint is registered, an email is automatically sent to the call center manager and the transportation vendor president/owner. The transportation vendor is required to respond within 72 hours.
 - Allows the system to block scheduling a recipient's trip with a specific vendor at the recipient's or vendor's request.
 - Compiles the monthly complaints and prints a Complaints by Provider Summary Report.

Using Microsoft MapPoint, CTE's software calculates the shortest route between the trip origination and destination, and calculates the number of miles. The number of miles the transportation vendor is able to bill for is capped at the miles in the shortest route as calculated by the software.

Prior to CTE being contracted for mobility management services, transportation vendors billed for trip mileage using the information provided by the drivers. According to CTE's reports, by capping the mileage billing at the number of miles in the shortest route, there was a savings to Medicaid of \$842,538.24 (approximately \$210,634.56 to Erie County) for 2011.

Results of Exit Conference

An exit conference was held on May 24, 2012 with CTE's Director of Operations and the General Counsel of Snyder Corporation. The contents of the report were discussed and some changes have been made to the final report.

Following our exit meeting, copies of the draft report were forwarded to the Commissioner of Social Services and representatives of MUR.

We request that management of CTE and DSS prepare a written response to our office and the County Executive concerning the findings and recommendations. The final response should be submitted to our office, the County Executive, the Erie County Legislature, and the Erie County Fiscal Stability Authority by July 13, 2012.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Hon. Mark C. Poloncarz, County Executive
Carol M. Dankert, Commissioner, Department of Social Services
Robert W. Keating, Director, Budget and Management
Paul L. Snyder III, CEO, Center for Transportation Excellence
Erie County Fiscal Stability Authority

APPENDIX 1 - Acronyms Used in Report

CFR – Code of Federal Regulations

CMMA - (common medical marketing area) the geographic area from which a community customarily obtains its medical care and services.

CTE – Center for Transportation Excellence, LLC

DSS – Erie County Department of Social Services

FMAP – (Federal Matching Assistance Program) the percentage of Medicaid costs reimbursed by the Federal Government. The percentage is based on a state's relative wealth, with lower per capita income states receiving a higher percentage. Percentages range from 50% to 83%.

MFCU – (Medicaid Fraud Control Unit) – a bureau of the New York State Attorney General's Office responsible for investigating Medicaid fraud by providers and recipients.

MUR – (Medicaid Utilization Review) the division of the Erie County Department of Social Services that is responsible for approving Medicaid transportation.

NEMT – (Non-emergency medical transportation) transportation to and from Medicaid medical appointments and services that is available only when the recipient has no other means of transportation.

NYCRR – New York Code Rules and Regulations

OMIG – (Office of Medical Inspector General) – an independent entity within the New York State Department of Health responsible for conducting and coordinating fraud, waste, and abuse control activities for all state agencies responsible for services funded by Medicaid. Investigates both provider and recipient fraud.

PA – (Prior Authorization) – the number received from Computer Services Corporation authorizing the NEMT trip. The PA number is required to submit a claim to Medicaid.

RFP – (Request for Proposal) a request for bids on goods or a service issued by Erie County.

APPENDIX 2 - Erie County NEMT Transportation Providers

Vendor Name	Vendor Address	Stretcher	Taxi	Wheelchair
Albert's Taxi Service ⁶	65 Insbrook Ct. East Amherst, NY 14051		✓	
Aries Transportation	100 River Rock Dr., Suite 203 Buffalo, NY 14207	✓	✓	✓
Buffalo Transportation	71 Military Rd. Buffalo, NY 14207	✓	✓	✓
Caring Harts Transportation	4077 Main St. Strykersville, NY 14151			✓
Carrier Coach	271 Buffalo Rd. Gowanda, NY 14070		✓	✓
Dale Association	33 Ontario St. Lockport, NY 14094		✓	
Elderwood Transport	1142 Wehrle Dr., Suite 2 Williamsville, NY 14221			✓
First Call (Snyder Transport)*	401 E Amherst St. Buffalo, NY 14207	✓	✓	✓
Lake Shore Behavioral Health	255 Delaware Ave., Suite 300 Buffalo, NY 14202		✓	
Liberty / Yellow Cab	1524 Kenmore Ave. Buffalo, NY 14216		✓	
Mary Agnes Manor	307 Porter Ave. Buffalo, NY 14201		✓	
McDonald's Bus / Taxi Service	248 Sargent Rd. Cowelsville, NY 14037		✓	
Quaker Taxi	1171 Union Rd. West Seneca, NY 14224		✓	
Smart Ride	1202 Jefferson Ave. Buffalo, NY 14208		✓	
Taxi Unlimited ⁷	129 69 th St, Niagara Falls, NY 14304		✓	
We Care Transportation*	401 E Amherst St. Buffalo, NY 14207	✓	✓	✓

* - Snyder-owned company

⁶ Vendor became an Erie County NEMT provider in May 2011.

⁷ Vendor became an Erie County NEMT provider in October 2011.

APPENDIX 3 - Medicaid Recipients with 10 or More Voids in a Single Month⁸

Recipient #	January	February	March	April	May	June	July	August	September	October	November	December
63						11						
118	11											
173				11	16		10					
279										21		
339						11						
565								10				
576								12	10	11		
680											12	
682	10				11	15						
746	13	24										
807							12					
865							11	10				
1037				16								
1070		13										
1110									10			
1182			14		10							
1363	10	10	17									
1382			11									
1432		10										
1635	14											
1642				14	10	11						
1651										10	18	
1670										10		
1686		14										
1774											20	
1788							10					
1846		10										
1899					13							
2002						12	12					
2332	14											
2404												10
2453					10	10						
2459									10			

⁸ Recipients were assigned a recipient number for reporting purposes. Reports with recipient names were provided to MUR for follow-up.

APPENDIX 4 – Auditee Responses

Responses from both the Department of Social Services and CTE follow.



COMPTROLLER'S
RECEIVED

12 JUN 27 AM 11:04

County of Erie

MARK C. POLONCARZ
COUNTY EXECUTIVE

DEPARTMENT OF SOCIAL SERVICES

June 26, 2012

David J. Shenk
Erie County Comptroller

The attached report is in response to the Erie County Comptroller's Audit of the contract between the Center for Transportation Excellence and the Department of Social Services for the period of May 1, 2010 – April 30, 2012.

As noted in the report, the Department agrees with many of the findings and recommendations. Contract negotiations with CTE will begin in September and we are committed to strengthening our working relationship with the provider by integrating the aforementioned recommendations.

In addition, items, IIB and V as identified in the report have been addressed immediately by Department staff. Meetings have been scheduled with CTE to clarify expectations that they are to monitor both future and completed appointments as well as to share our plan to more diligently review reports of multi loading.

At this time I would like to thank the Comptroller's Office for providing us with recommendations to strengthen our transportation oversight role and the professional manner in which this audit was conducted. The information provided will be beneficial to our Medicaid Utilization Review team as we work toward our shared goal of an efficient cost effective medical transportation service.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol Dankert".

Carol Dankert, Commissioner

cc: Mark C. Poloncarz, Erie County Executive
Erie County Legislative Chairman
Erie County Fiscal Control Board

**DSS RESPONSE TO THE
CONTRACT COMPLIANCE AUDIT OF
THE CENTER FOR TRANSPORTATION EXCELLENCE,LLC
FOR THE PERIOD MAY 1, 2010 THROUGH APRIL 30, 2012**

I. INTERNAL CONTROL

DSS RESPONSE – Not applicable to DSS, specific to CTE

II. CTE'S CALL AUDITS

A. DSS RESPONSE – DSS affirms the finding and offers an alternative corrective action plan.

In order for DSS to accurately confirm whether a client had a valid medical appointment, the information provided by the office of the medical provider must be verified. There appears to be evidence within the audit that suggest that the responses from the medical vendor (written or verbal) may not always be accurate. Follow-up by DSS would be labor intensive, and in our opinion require the following steps:

1. Once CTE identifies an invalid trip; DSS would then have to contact the medical vendor by phone or mail to confirm the appointment.
2. If the medical vendor states that the client did not keep the appointment, DSS would need to contact the client to obtain their explanation.
3. If the client states that they were at the appointment and the medical vendors response is incorrect, DSS would need to investigate further for supporting documentation.
4. If client does not have documentation of actual appointment, but is adamant that they did attend appointment, DSS would have to perform a further review of the client's medical record. The client would have to provide written agreement to allow representatives of DSS to review their medical record at the office of the specific medical provider.
5. Despite invalid appointment(s), client may have a serious medical condition (ex: dialysis) and discontinuing transportation approval could result in serious ramifications. DSS through the Medical Transportation Unit would need to seek approval from NYSDOH before discontinuing NEMT services to any client.

In order to complete this work in DSS it would require two additional staff. Since other mobility managers in the state are required to complete this work, we will include this component in future contract negotiations with CTE.

B. DSS RESPONSE – DSS agrees with recommendation

DSS will change the next contract to reflect CTE's verification of 1% of scheduled and 2% of completed appointments, rather than trips.

DSS will monitor to ensure that CTE is verifying at least 1% of future appointments and 2% of completed appointments each month and that CTE immediately add the percentage of scheduled and completed appointments to the Audit Call Summary Report.

III. VOIDED TRIPS

DSS RESPONSE – DSS affirms the finding and offers an alternative corrective action plan

DSS will incorporate this component into the contract with CTE since it is also required of mobility managers across NYS. CTE should be contacted every time a medically required appointment is scheduled, rescheduled or cancelled. As CTE is the centralized Mobility Manager for all non-emergency medical appointments, it would be most efficient for CTE to orientate all clients on the protocols regarding communication expectations related to scheduling, changing and cancelling appointments.

Once CTE orientates each client regarding the appropriate protocols for scheduling appointments, it may become necessary for them to re-orientate or counsel clients if the procedures are not being followed.

If CTE is still unsuccessful after orientating and counseling a client in regards to proper procedures for appointments, CTE should then contact DSS. DSS would have to determine the medical complexity of the client's condition and whether discontinuance would have a negative impact on the client's medical condition. Regardless of the client's medical condition or number of voided trips, DSS will consult with the Medical Transportation Unit of NYSDOH before discontinuing any client's transportation service.

IV. COURTESY TRIPS

DSS RESPONSE – DSS agrees with recommendation

At next contract DSS will change the contract language to read that CTE can authorize up to four (4) one-way NEMT trips prior to receiving approval from MUR. Contract language will also be added that CTE will not be required to contact DSS for approval if the recipient is being discharged from a hospital or nursing facility, has a follow-up appointment from a surgical procedure or has a one-time transportation issue.

V. MULTI LOAD TRIPS

DSS RESPONSE – DSS is in agreement with recommendation

DSS will review "Complaints by Provider Report" to determine if the complaint was due to multi loading. The report will then be compared to "Trip Summary Report/Multi Load Trips" to determine if the vendor billed as multi load. Appropriate findings will be referred to OMIG or MFCU.

VI. MARKET SHARE RESTRICTIONS

DSS RESPONSE – Not applicable to DSS, specific to CTE

VII. **CTE MONTHLY REPORTS**

DSS RESPONSE – Not applicable to DSS, specific to CTE

VIII. **PROVIDER SCHEDULING AND SERVICE STANDARDS**

DSS RESPONSE – Not applicable to DSS, specific to CTE

IX. **CONTRACT REPORTING REQUIREMENTS – CALL CENTER**

DSS RESPONSE – DSS is in agreement with recommendation

At next contract DSS will review with CTE the current call abandonment rate and determine a more appropriate measure.

X. **CLIENT SURVEY**

DSS RESPONSE – DSS is in agreement with recommendation

DSS will continue to monitor monthly reports to determine if a client survey is needed. DSS does not see the value of having CTE perform a client survey regarding the performance of CTE. If it is determined that a survey is necessary, DSS will have an independent party conduct the survey. This was done in 2011 as DSS utilized the School of Social Work Research, SUNY at Buffalo (report available upon request).

XI. **MONTHLY REPORTS AND CONTRACT PAYEMNTS**

DSS RESPONSE – Not applicable to DSS, specific to CTE

XII. **CONFIRMATION MAILED TO MEDICAL PROVIDERS**

DSS RESPONSE – Not applicable to DSS, specific to CTE

DSS CONCLUSION

DSS will continue to have ongoing meetings and conversations with CTE as issues arise and changes are needed in regards to policies. DSS meets with CTE Director, Call Center Supervisor, and other appropriate staff on a quarterly schedule. DSS and CTE also communicate by e-mail and telephone several times per week.

Finally, NYSDOH is continuing with plans to implement Regional Mobility Mangers throughout NYS. Under this model, the state will contract with one Mobility Manager to service the non-emergency medical transportation needs of multiple counties within a geographic region. The Regional Mobility Manager when selected will be required to perform the traditional tasks of a mobility manager as well as the work currently done by the local district. It is anticipated that NYSDOH will solicit proposals from Mobility Managers for the Western Region in 2013.



CENTER FOR
TRANSPORTATION
EXCELLENCE

**COMPTROLLER'S
RECEIVED**

12 JUL -2 AM 2:39

Hon. David J. Shenk
Erie County Comptroller's Office
Division of Audit & Control
95 Franklin Street
Buffalo, New York 14202

June 25, 2012

Re: June 29 2012 Contract Compliance Audit

Hon. David J. Shenk:

The Center for Transportation Excellence (CTE) was very gratified to learn the result of the Contract Compliance Audit of the Center for Transportation Excellence for the period May 1, 2010 through April 30, 2012 in which it is was stated: "In our opinion, internal control over contract monitoring was adequate to ensure compliance with the terms of the contract". This statement is a testimonial to the efforts of the Center for Transportation Excellence and the Erie County Department of Social Services whose joint efforts have resulted in an effective Medicaid transportation service delivery and compliance control system for Erie County.

Moreover, the Center for Transportation Excellence takes great pride in the accomplishments that have been realized during these past four years, not the least of which was recognized in the your Audit Report: In 2011, \$842,538.24 in taxpayer savings was attributed to the CTE's proprietary software that capped mileage reimbursement to transportation providers. Although these savings are very measurable, the benefits of an efficient Medicaid Transportation Manager produce far more than mere savings. Erie County and the Center for Transportation Excellence have teamed up to produce an operating model that far exceeds systems used in other counties in our state.

Your audit examined all aspects of the CTE's NEMT reservation, trip distribution, trip verification, prior approval, trip audit, complaint resolution and reporting systems. This is the very first review of the systems and practices that were jointly established by the Center for Transportation Excellence and the Erie County Department of Social Services. Some of the recommendations are directed at the Erie County Department of Social Services and others are directed at the Center for Transportation Excellence. The Center for Transportation Excellence generally agrees with the recommendations offered and will work with the Erie County Department of Social Services to implement measures that will address the recommendations made as set forth below. While many of your recommendations suggest changes to the existing contract or are aimed at DSS rather

than CTE, we welcome your insights and take seriously your recommendations that directly impact CTE responsibilities under the contract negotiated by the County. This response letter will address each of the recommendations that were directed towards the Center for Transportation Excellence in the June 2012 report:

Page 9 – *“We Also Recommend that CTE verify 1% of scheduled and 2% of completed appointments, rather than trips, to ensure a larger sample of medical appointments are being audited. The contract language should also be changed to reflect the recommendation. CTE should also add the percentage of scheduled and completed appointments audited to the Audit Call Summary report each month”*

A larger audit sample would only be beneficial if the MUR office were to implement the Comptroller’s Office recommendation and follow up with recipients and transportation providers in relation to potentially invalid trips. If MUR is unable to provide monitoring or enforcement, a larger audit sample would not produce any useful results. Pages 17 and 18 the Comptroller’s Report provides an in depth review of the reliability of trip audit information as supplied by the Medical providers and wrote, “In our opinion, because of the issue with the data and the unreliability of physician responses, we are not able to effectively determine whether the recipients in our sample were transported to valid Medical appointments, or confirm the accuracy of the CTE’s call audits”. If the reliability of the physicians’ responses can not be improved, a larger audit sample serves no purpose.

Page 10 – *“We Recommend that DSS and CTE Management consider implementing a policy which requires recipients with multiple voids to call-in to the transportation vendor an hour before their appointment to conform that they will be using the transportation service for their scheduled appointment”.*

The CTE will work with the Erie County Department of Social Services in the hope of minimizing void trips. The method suggested by the Comptroller’s Office is one of several methods used across the state to deal with this problem. The CTE will work with Social Services to develop an appropriate solution.

Page 11 – *“Since CTE cannot control the number of courtesy trips that a recipient receives and because Medicaid pays no matter how many courtesy trips a recipient uses, We Recommend that CTE and DSS take the necessary steps to either revise the language or remove the requirement from the contract altogether”.*

The Center for Transportation Excellence fully supports this notion and will meet with Erie County Department of Social Services management in order to comply with the Comptroller’s Office recommendation.

Page 12 – *“We Also Recommend that CTE continue to work toward implementing the new software upgrade that would alert transportation vendors to the likelihood of being able to multi load trips”.*

The Center for Transportation Excellence has a team of software engineers currently working on the development of this particular enhancement. I am unable to supply a specific timetable for the implementation of this software upgrade but the topic is on the team's current development agenda and it will receive the required resources to bring it to reality.

Page 14 – *“We Recommend that CTE Management review the reports with issues noted above, and take the appropriate steps necessary to ensure accuracy. Periodically the reports should be checked against trips details to ensure the trips reported are correct”.*

The Center for Transportation Excellence will review the computation inaccuracies noted and will remedy and continue to monitor all of the reports submitted to the county for accuracy.

Page 14 – *“We Recommend that CTE begin tracking transportation vendor no-shows.*

The Center for Transportation Excellence will have our software engineers enhance our Complaint Resolution module so that recipient complaints that indicate that excessively late service, causing the recipient to not see the physician as scheduled, will be noted as a “Vendor No-Show”. Such instances will be reflected on a monthly report supplied to the county.

Page 16 – *“We Recommend that CTE add to the Call Center report the maximum time calls spent in queue before being abandoned, as required by the contract”*

“Since calls do not receive busy signals due to the use of a telephone auto-attendant, We Recommend that the provision requiring the reporting of the number of calls receiving a busy signal be removed from the contract during the next contract negotiation”.

“We Also Recommend that the contract standard requiring an average call abandonment rate of less than 7% be reviewed, and possibly revised in the next contract negotiation”.

“We Also Recommend that call center and trip data continue to be backed-up on a regular basis and stored off-site, in order to prevent possible future data losses”.

The contract between Erie County and the Center for Transportation Excellence was negotiated and written many months before the CTE acquired our telephony system or actually began servicing recipients. Neither county representatives nor CTE representatives knew exactly what measurements should be taken in order to achieve acceptable service levels. Also unknown during the contract negotiations were the limitations of the telephony system to potentially deliver what was outlined

in the contract. After four years of servicing the county and the Medicaid recipients the needs of both are well known. The Center for Transportation Excellence will meet with the Erie County Department of Social Service to better outline important and necessary call center service delivery standards. This newly formed framework will be reflective of the needs of the county and the recipients while being mindful of any technological limitations that may exist.

Page 16 – “Because neither CTE nor DSS feel that a client survey is necessary, We Recommend that CTE and DSS take steps to ensure that the language requiring a survey in the contract be removed when the next contract is negotiated or renewed”.

The Center for Transportation Excellence fully supports this suggestion and will work with the county to comply with this recommendation.

The Center for Transportation will use the recommendations made by the Comptroller’s Office to further improve and enhance the service and control that is supplied to New York State, Erie County and the eligible recipients of New York State Medicaid. The Center for Transportation Excellence will begin taking immediate steps pursuant to our responses above to enhance client service and provide additional taxpayers savings. The CTE will also meet and work with the Erie County Department of Social Services with the intention of also assisting the DSS with compliance to recommendations that were directly aimed at the DSS.

Finally, for the sake of accuracy, please be advised that Appendix 2 on page 22 contained two inaccuracies. Although listed on the chart as supplying taxi transportation, Aries Transportation and We Care Transportation are not authorized and do not supply taxi transportation to Erie County Medicaid recipients.

Sincerely,
Center for Transportation Excellence



Daniel T. Skulicz
Director

Cc: Mark Poloncarz, Erie County Executive
Honorable Members of the Erie County Legislature
Erie County Fiscal Stability Authority

APPENDIX 5 – Auditor Clarification

In their response, CTE commented on the accuracy of Appendix 2 with respect to taxi service provided by Aries Transportation and We Care Transportation. Management of CTE stated that these two vendors were not authorized and therefore do not supply taxi transportation to Erie County Medicaid recipients. However, CTE's Trip Distribution Reports (Assigned Trips) that we utilized for our testing indicate that these vendors did provide such taxi transportation for some of the months during our audit period.