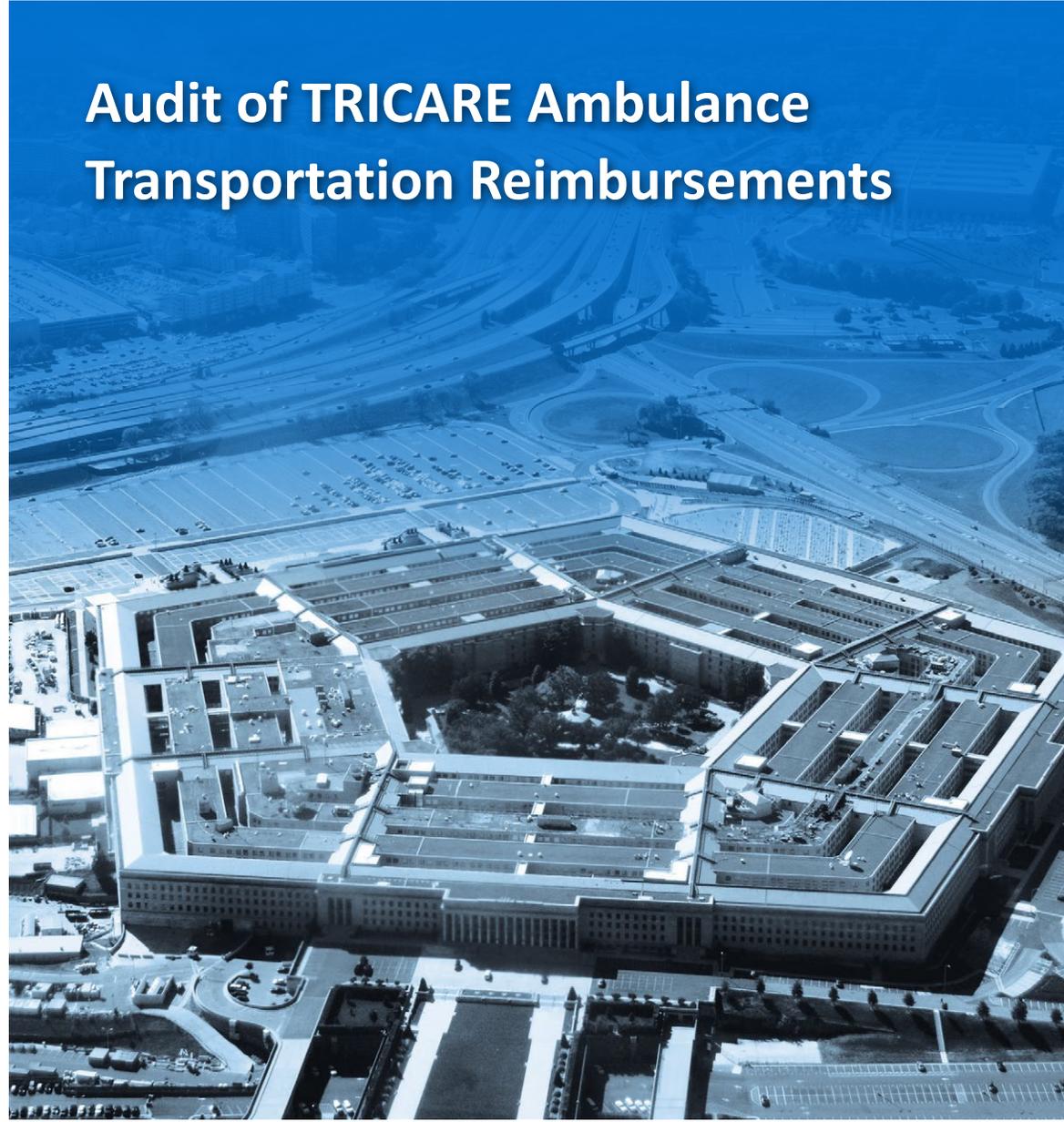


# INSPECTOR GENERAL

*U.S. Department of Defense*

AUGUST 17, 2022



## Audit of TRICARE Ambulance Transportation Reimbursements

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





# Results in Brief

## *Audit of TRICARE Ambulance Transportation Reimbursements*

August 17, 2022

### Objective

The objective of this audit was to determine whether the Department of Defense (DoD) paid providers for ambulance transport claims in accordance with TRICARE reimbursement requirements.

### Background

TRICARE is the DoD's worldwide healthcare program available to beneficiaries in the U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marine Corps, and U.S. Coast Guard. TRICARE-eligible beneficiaries may include active duty Service members and their families, retired Service members and their families, National Guard and Reserve members and their families, survivors, and others.

The Defense Health Agency (DHA) issued multiple contracts to provide Managed Care Support to the TRICARE program for the East Region, West Region, and Overseas Program. The DHA also provides coverage worldwide for TRICARE-eligible beneficiaries who have both Medicare Part A and B, called TRICARE for Life.

According to the Code of Federal Regulations (CFR), TRICARE covers civilian ambulance service when medically necessary in connection with otherwise-covered services and supplies and a covered medical condition. Further, the CFR states that before payment of benefits, an appropriate claim must be submitted that includes sufficient information as to beneficiary identification, the medical services and supplies provided, and double coverage information. Providers must also document that the care or service shown on the claim was rendered.

### Background (cont'd)

Between October 1, 2015, and September 30, 2020, the DHA, through its contractors, paid 1,304,761 claim line items, valued at \$358,127,551, for ground ambulance transport claims (including mileage claims) with paid amounts of more than \$50. From the universe of 1,304,761 ambulance claim lines, we developed and reviewed a stratified, statistically representative sample of 182 claim line items, valued at \$70,635.77.

### Finding

The DHA, through its contractors, made improper payments for ground ambulance transportation services. We found that the DHA improperly paid \$28,516.97 on 85 of the 182 claims in our statistical sample. These improper payments occurred because DHA personnel, and their contractors, did not:

- provide documentation, or sufficient documentation, for 74 claims, valued at \$24,126.76, to support whether the payments for ground ambulance transports were paid in accordance with TRICARE reimbursement requirements; or
- have adequate controls in place for 11 claims, valued at \$4,390.21, to prevent overpayments on improperly billed claims; prevent payments on claims that did not meet TRICARE and Medicare definitions of medical necessity; or prevent payment on claims that did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes.

In addition, the Military Health System Data Repository (MDR) contained inaccurate and incomplete transport and payment information. These issues occurred because DHA personnel did not:

- have adequate controls in place to ensure accurate and complete submissions of claim data in the MDR; and
- require the TRICARE Overseas contractor to obtain and record all transport data elements for ambulance services received overseas.

As a result, without sufficient medical documentation and adequate controls, the DHA will continue to incur millions of dollars in improper payments on ground ambulance transports, while also missing the opportunity to potentially recover at least



# Results in Brief

## *Audit of TRICARE Ambulance Transportation Reimbursements*

### **Finding (cont'd)**

an estimated \$118.85 million paid to ambulance transport providers for ground ambulance transports. Based on the statistical sample of 182 claims, valued at \$70,635.77, and the improper payments identified on 85 claims, valued at \$28,516.97, we statistically projected that the DHA, through its contractors, improperly paid at least \$118.85 million of the \$358.1 million paid to ambulance transport providers for ground ambulance transportation services performed between October 1, 2015, and September 30, 2020. In addition, improper payment estimations and reporting will be understated; inaccurate and incomplete data will affect the DHA's ability to review and report on data for ground ambulance transports; and overseas transport claims will not have accurate baseline costs for future comparison. Finally, without adequate controls to prevent overpaying for services not provided, the DHA will continue to waste funds that could otherwise enhance the quality of healthcare for beneficiaries.

### **Recommendations**

Among other recommendations, we recommend that the DHA Director:

- reinforce contractor requirements to obtain documentation necessary to support medical necessity of ambulance transports;
- review the 74 unsupported claims and 11 improperly paid claims and recoup any overpayments made to providers, while also using payment recapture audits, as defined in OMB guidance, to identify and recover other overpayments to ambulance providers outside of our sample;
- review TRICARE policy to determine whether recoveries are allowed from TRICARE contractors based on statistical projections of improper payments for ambulance claims outside our sample, and based on the outcome of this review, determine the best course of action for recovering projected improper payments;

- review the 74 unsupported claims and 11 improperly paid claims to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA Program Integrity Office;
- ensure samples for quarterly, annual, and external claim audits include ground ambulance transport claims; and
- implement data quality reviews of TRICARE overseas ambulance transport data to identify instances where the coding is incomplete or inaccurate.

### **Management Comments and Our Response**

The Acting Assistant Secretary of Defense for Health Affairs (ASD(HA)), responding for the DHA Director, agreed with all 12 recommendations. The Acting ASD(HA)'s comments and action taken was sufficient to close one recommendation. In addition, the Acting ASD(HA)'s comments addressed the specifics for nine other recommendations; therefore, those recommendations are resolved but open.

Although the Acting ASD(HA) agreed with the recommendations to reinforce requirements to obtain documentation to support medical necessity of ambulance transports and ensure samples for audits include ground ambulance transport claims, the actions planned did not meet the intent of the recommendations. Therefore, the two recommendations are unresolved. We request that the DHA Director provide additional comments for those two recommendations on the final report, along with commenting on the projected potential monetary benefits of \$118.85 million.

Please see the Recommendations Table on the next page for the status of recommendations.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Health Agency	1.a, 3.a	1.b, 1.c, 1.d, 2.b, 2.c, 2.d, 3.b, 3.c, 4	2.a

Please provide Management Comments by September 19, 2022.

**Note:** The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – DoD OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

August 17, 2022

MEMORANDUM FOR DIRECTOR, DEFENSE HEALTH AGENCY

SUBJECT: Audit of TRICARE Ambulance Transportation Reimbursements  
(Report No. DODIG-2022-122)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

This report contains two recommendations that are considered unresolved because management officials did not fully address the recommendation. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, these recommendations will remain unresolved until an agreement is reached on the actions to be taken to address the recommendations. Once an agreement is reached, the recommendations will be considered resolved but will remain open until documentation is submitted showing that the agreed-upon actions are complete. Once we verify that the actions are complete, the recommendations will be closed.

This report contains nine recommendations that are considered resolved. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations will remain open until documentation is submitted showing that the agreed-upon actions are complete. Once we verify that the actions are complete, the recommendations will be closed.

This report contains one recommendation that is considered closed as discussed in the Recommendations, Management Comments, and Our Response section of this report. This recommendation does not require further comments.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, within 30 days please provide us your comments concerning specific actions in process or alternative corrective actions proposed on the recommendations. For the resolved recommendations, within 90 days please provide us documentation showing that the agreed-upon action has been completed. Your response should be sent as a PDF file to [REDACTED]. Responses must have the actual signature of the authorizing official for your organization.

We appreciate the cooperation and assistance received during the audit. Please direct questions to me at [REDACTED].

A handwritten signature in cursive script that reads "Carol N. Gorman".

Carol N. Gorman  
Assistant Inspector General for Audit  
Cyberspace Operations & Acquisition,  
Contracting, and Sustainment

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# Introduction

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## Objective

We determined whether the DoD paid providers for ambulance transport claims in accordance with TRICARE reimbursement requirements. Between October 1, 2015, and September 30, 2020, the Defense Health Agency (DHA), through its contractors, paid 1,304,761 claim line items, valued at \$358,127,551, for ground ambulance transport claims (including mileage claims) with paid amounts of more than \$50. See Appendix A for our scope, methodology, and prior audit coverage related to the objective.

## Background

### ***Defense Health Agency and the DoD TRICARE Program***

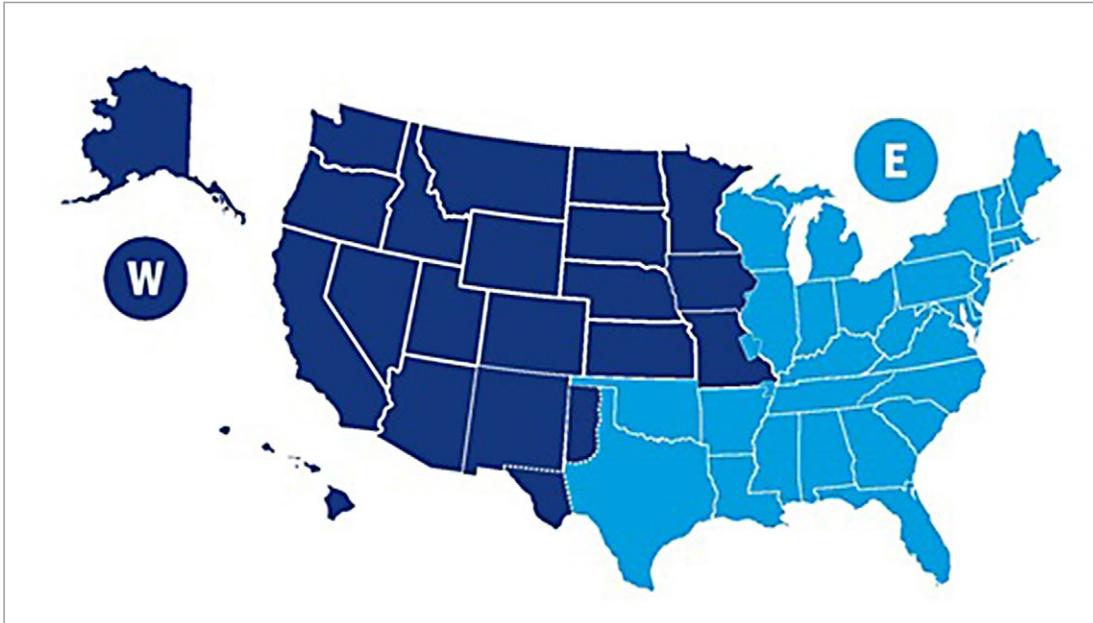
The Office of the Assistant Secretary of Defense for Health Affairs is the principal staff element for all policies, programs, and activities regarding DoD health and force health protection. The DHA, a major element of the Office of the Assistant Secretary of Defense for Health Affairs, supports the delivery of integrated, affordable, and high-quality health services to Military Health System beneficiaries and is responsible for driving greater integration of clinical and business processes across the Military Health System.

TRICARE is the DoD's worldwide healthcare program and is available to beneficiaries in the U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marine Corps, and the U.S. Coast Guard. TRICARE-eligible beneficiaries may include active duty Service members and their families, retired Service members and their families, National Guard and Reserve members and their families, survivors, and others. TRICARE brings together military and civilian healthcare resources and is managed by the DHA in two stateside regions: TRICARE East and TRICARE West.<sup>1</sup> Each TRICARE region is operated by a Regional Director, who reports to and operates under the authority, direction, and control of the Director, DHA.

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<sup>1</sup> Before January 1, 2018, the TRICARE program was divided into three health care service regions in the United States—North, South, and West.

Figure 1. Current TRICARE Regions in the United States



Source: TRICARE.

Additionally, the DoD, through the DHA, has a mission to provide TRICARE services to eligible beneficiaries in locations outside the 50 United States and the District of Columbia through the TRICARE Overseas Program. Finally, the DHA also provides coverage worldwide for TRICARE-eligible beneficiaries who have both Medicare Part A and B, called TRICARE for Life.

### ***TRICARE Managed Care Support Contracts***

The DHA issued multiple contracts to provide Managed Care Support to the TRICARE program for the East Region, West Region, and Overseas Program. For the East and West regions, two regional contractors assist the TRICARE regional directors and military hospital commanders in operating an integrated healthcare delivery system. For the Overseas Program, the TRICARE Overseas Program contract was awarded to supplement the services that are provided to active duty Service members and their families via the direct-care system and provide comprehensive health care support services in designated remote overseas locations. Further, the Managed Care Support Contractors (MCSCs) are required to assist the Military Health System in operating an integrated healthcare delivery system combining resources of the military's direct medical care system and the contractor's managed-care support to provide health, medical, and administrative support services to TRICARE-eligible beneficiaries. As part of this requirement, the MCSCs are required to establish and maintain automated claims processing systems for TRICARE claims in accordance with the TRICARE benefit policy.

The MCSCs are also required to capture and report TRICARE Encounter Data related to claims adjudication in accordance with TRICARE manuals. The MCSCs receive positive or negative financial incentives based on multiple performance metrics, including claims processing accuracy. The DHA's contracts with the MCSCs are for outcomes of accurate claims rather than processes of how to adjudicate the claims.

The DHA assesses the MCSCs' compliance with TRICARE claims processing and payment performance standards through quarterly and annual compliance reviews. The DHA uses the compliance review results to report the Agency's improper payment error rate for the Military Health Benefits Program, which is published annually in the DoD Agency Financial Report. The reviews consist of stratified samples, either by payment amount or by other claims-based parameters, such as type of care and/or type of provider. For each claim selected for review, the contractor is required to provide a copy of each claim submission, claim related correspondence, other claim-related documentation, such as medical reports and medical review records, coding sheets, all authorization and referral forms and their supporting documentation, referrals for civilian medical care, the explanation of benefits, and current patient/family history.

The DHA also contracts with a third party to evaluate claims for both the quarterly and annual compliance reviews. The claims are evaluated for the accuracy of both payment determinations by the MCSCs and payment record coding procedures used by the MCSCs. The DHA can order focused studies to identify if claims reimbursements for a specific type of medical procedure, type of service, or type of durable medical equipment comply with TRICARE requirements. The purpose of the focus studies is to assist the DHA in identifying various areas of the TRICARE health benefits program which may have a higher than average risk of improper payments.

### ***Guidance on Ambulance Services***

According to the Code of Federal Regulations (CFR), civilian ambulance service is covered when medically necessary in connection with otherwise-covered services, supplies, and a covered medical condition. However, ambulance service cannot be used instead of taxi service and is not payable when the patient's condition would have permitted use of regular private transportation. Additionally, vehicles such as medicabs or ambicabs, which function primarily as public transportation carriers that transport patients to and from their medical appointments, do not qualify for benefits for the purpose of TRICARE payment.<sup>2</sup> Further, to

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<sup>2</sup> Title 32 CFR section 199.4. The CFR cites the Civilian Health and Medical Program of Uniformed Service (CHAMPUS), which is now known as TRICARE.

permit proper, accurate, and timely claim adjudication and payment, the CFR requires submittal of an appropriate claim that includes sufficient information as to beneficiary identification, the medical services and supplies provided, and double-coverage information. In addition, providers must be able to document that they rendered the care or service shown on the claim. The CFR also requires legible documentation of medical records to be prepared as soon as possible after rendering care. Providers should annotate rendering of the treatment described and documentation of observations. Providers must maintain appropriate medical records to accommodate utilization review and to substantiate that billed services were actually rendered. All care rendered and billed must be appropriately documented in writing by the provider. Without sufficient documentation of the care billed, the claim or specific services on the claim should be denied.<sup>3</sup>

### ***TRICARE Ambulance Service Guidance***

TRICARE covers different levels of emergency and non-emergency ground ambulance transport. Ambulance service is defined as transportation by means of a specifically designed vehicle for transporting the sick and injured that contains a stretcher, linens, first aid supplies, oxygen equipment, and such other safety and life-saving equipment as is required by state and local law, and is staffed by personnel trained to provide first aid treatment. Transport levels vary according to the qualifications of the ambulance crew and the level of medical care provided. The transport levels for emergency and non-emergency ground ambulance transports are basic life support (BLS) and advanced life support (ALS).

TRICARE covers ambulance transports to the nearest appropriate facility, as well as the return transport, for a beneficiary to obtain medically necessary services.<sup>4</sup> Ambulance service cannot be used instead of taxi service and is not payable when the patient's condition would have permitted use of regular private transportation; nor is it payable when transport or transfer of a patient is primarily for having the patient nearer to home, family, friends, or personal physician.

The TRICARE Reimbursement Manual requires DHA to follow the Medicare Claims Processing Manual and base reimbursement on Medicare's Ambulance Fee Schedule.<sup>5</sup> The Medicare Claims Processing Manual states that the level of service determines payments and requires the service to be medically necessary.<sup>6</sup> Payment under Medicare's Ambulance Fee Schedule includes a base rate payment plus a separate payment for mileage, and covers both the transport of the beneficiary

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<sup>3</sup> 32 CFR sec. 199.7.

<sup>4</sup> Medically necessary means it [the service] is appropriate, reasonable, and adequate for the condition.

<sup>5</sup> TRICARE Reimbursement Manual 6010.61-M, April 1, 2015, Chapter 1, Section 14, "Ambulance Services," Revision C-41, September 20, 2019.

<sup>6</sup> Medicare Claims Processing Manual, chapter 15, "Ambulance," October 4, 2019.

to the nearest appropriate facility and all items and services associated with such transport. The Medicare Claims Processing Manual also refers to the Medicare Benefit Policy Manual for instructions regarding coverage of ambulance services. The Medicare Benefit Policy Manual states that medical necessity is established when the patient's condition is such that use of any other method of transportation is contraindicated.<sup>7</sup> In addition, the Manual states that in any case in which some means of transportation other than an ambulance could be used without endangering the individual's health, whether or not such other transportation is actually available, no payment may be made for ambulance services.

### ***TRICARE Overseas Guidance***

The guidance pertaining to ambulance transports differs depending on whether the service is provided in the United States or overseas. Overseas providers have 3 years to file a claim for services provided in locations outside the United States. The TRICARE Operations Manual directs the TRICARE Overseas contractor to reimburse claims at the lesser of the billed amount, the negotiated reimbursement rate, the CHAMPUS Maximum Allowable Charge, or the Government-established fee schedules (when applicable), unless a different reimbursement rate has been established as described in TRICARE Policy Manual.

The TRICARE Overseas contractor is not required to look for medical necessity. Prior to September 10, 2020, the TRICARE Operations Manual did not require the TRICARE Overseas contractor to develop claims for diagnosis or transfer information for ambulance services received overseas.<sup>8</sup> The contractor was only required to ensure that the charges on claims appeared reasonable and customary for a transport based on their experience and cultural practices.

As of September 10, 2020, the TRICARE Overseas contractor is required to use the coding requirements established for ambulance charges, and develop claims for diagnosis and transfer information for ambulance services received overseas. The TRICARE Overseas contractor is also required to use the diagnosis, if provided, or may use available in-house methods such as claims history when processing the claim.

### ***TRICARE Reimbursement of Ambulance Services***

The level of service provided, not the vehicle used, determines TRICARE payment of ambulance services. Providers have 1 year to file a claim for services provided in the 50 United States and the District of Columbia. The DHA adopts Medicare's

<sup>7</sup> Medicare Benefit Policy Manual, chapter 10, "Ambulance Services," April 13, 2018.

<sup>8</sup> TRICARE Operations Manual 6010.59-M, April 1, 2015, Chapter 24, Section 7, "Ambulance/Aeromedical Evacuation Services," Revision C-1, March 10, 2017.

Ambulance Fee Schedule (AFS) as the TRICARE CHAMPUS Maximum Allowable Charge for ambulance services. Payment under the AFS includes a base rate payment plus a separate payment for mileage. Providers bill for emergency or nonemergency ambulance transports and their associated mileage on separate claim lines using the Healthcare Common Procedure Coding System codes, or Current Procedural Terminology (CPT) codes, shown in Table 1 below.<sup>9</sup>

*Table 1. Healthcare Common Procedure Coding System Codes for Ambulance Transports*

Code	Description
A0425	BLS mileage (per mile) or ALS mileage (per mile)
A0426	Ambulance service, ALS, non-emergency transport, Level 1
A0427	Ambulance service, ALS, emergency transport, Level 1
A0428	Ambulance service, BLS, non-emergency transport
A0429	Ambulance service, BLS, emergency transport
A0433	Ambulance service, ALS, Level 2
A0434	Ambulance service, specialty care transport

Source: Medicare Claims Processing Manual, Chapter 15, "Ambulance," October 4, 2019.

## ***Military Health System Data Repository***

The Military Health System Data Repository (MDR) is a centralized data repository that captures, validates, integrates, distributes, and archives the DHA corporate health care data. One of the key benefits of the MDR is that it serves as the central point for collection and archiving data integration. The MDR receives and validates data from the DoD worldwide network of more than 260 health care facilities. Finally, the MDR applies data quality edits to maximize the value of the DHA corporate data.

## ***Guidance on Improper Payments***

Public Law defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including an overpayment or underpayment) under a statutory, contractual, administrative, or other legally applicable requirement.<sup>10</sup> Federal regulations also state that documentation of medical records must be legible and prepared as soon as possible after the rendering of care.<sup>11</sup>

<sup>9</sup> CPT is a medical code set that is used to report medical, surgical, and diagnostic procedures and services to entities such as physicians and health insurance companies. Healthcare Common Procedure Coding System is a code set developed by the Centers for Medicare and Medicaid based upon CPT, with the first level of coding being identical to CPT.

<sup>10</sup> Public Law 116-117, "Payment Integrity Information Act of 2019," Section 2, "Improper Payments," March 2, 2020 codified as 31 USC 3351(4).

<sup>11</sup> 32 CFR sec. 199.7.

Office of Management and Budget (OMB) guidance defines an improper payment as any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). In addition, when an agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment must also be considered an improper payment.<sup>12</sup>

OMB guidance further states that improper payment estimates evaluate a small number of payments in a program or activity to determine if the payments were improper or proper. The results of these reviews are then extrapolated to the universe of payments in a program or activity to determine the program or activity's annual improper payment amount and rate. Additionally, the OMB guidance provides that payment recapture audits are not statistical samples, and instead are targeted examinations of high-risk payments, which most likely can be cost-effectively recaptured.<sup>13</sup>

In FY 2020, the Military Health Benefits Program was 1 of 11 DoD programs required to report an improper payment estimate. In FY 2020, the DHA reported \$23 billion in total spending and \$339 million in estimated improper payments for the Military Health Benefits Program.

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<sup>12</sup> OMB Memorandum M-15-02, Subj: Appendix C to OMB Circular A-123, "Requirements for Effective Estimation and Remediation of Improper Payments," October 20, 2014.

OMB Memorandum M-18-20, Subj: Transmittal of Appendix C to OMB Circular A-123, "Requirements for Payment Integrity Improvement," June 26, 2018.

OMB updated Appendix C to OMB Circular A-123, "Requirements for Payment Integrity Improvement," on March 5, 2021. Appendix C to OMB Circular A-123 states that if a program cannot discern whether a payment is proper or improper as a result of insufficient or a lack of documentation, the payment is considered an unknown payment. We utilized the prior OMB Circulars that were in place from FY2015 through FY2020 that aligned with the scope of this audit.

<sup>13</sup> OMB Memorandum M-15-02, Subj: Appendix C to OMB Circular A-123, "Requirements for Effective Estimation and Remediation of Improper Payments," October 20, 2014.

A payment recapture audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments, that is specifically designed to identify overpayments. It is not an audit in the traditional sense covered by Government Auditing Standards. Rather, it is a detective and corrective control activity designed to identify and recapture overpayments, and, as such, is a management function and responsibility.

## Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.<sup>14</sup> We identified internal control weaknesses regarding the DHA and TRICARE contractors' processing, review, and coding of ambulance transport claims, and MDR data entry.

We will provide a copy of the final report to the senior officials responsible for internal controls in the Defense Health Agency.

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<sup>14</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013 (Incorporating Change 1, June 30, 2020).

## Finding

### **DHA Made Improper Payments for Ground Ambulance Transportation Services**

The DHA made improper payments for ground ambulance transportation services processed by the TRICARE East, TRICARE West, TRICARE Overseas, and TRICARE for Life contractors. We developed and reviewed a stratified, statistically representative sample of 182 claim line items, and found that the DHA improperly paid \$28,516.97 on 85 of the 182 claims in our statistical sample. See Appendix B for a summary of the results of our review of sampled claims. We statistically project that the DHA, through its contractors, improperly paid at least \$118.85 million of the total \$358.1 million paid to ambulance transport providers for ground ambulance transportation services performed between October 1, 2015, and September 30, 2020. See Appendix C for a summary of potential monetary benefits. These improper payments in our sample occurred because DHA personnel, and their contractors, did not:

- provide documentation, or sufficient documentation, for 74 claims, valued at \$24,126.76, to support whether the payments for ground ambulance transports were paid in accordance with TRICARE reimbursement requirements; and
- have adequate controls in place for 11 claims, valued at \$4,390.21, to prevent payments of improperly billed claims; prevent payments on claims that did not meet TRICARE and Medicare definitions of medical necessity; or prevent payment on claims that did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes.

In addition, the Military Health System Data Repository (MDR) contained inaccurate and incomplete transport and payment information. These issues occurred because DHA personnel did not:

- have adequate controls in place to ensure accurate and complete submissions of claim data in the MDR; and
- require the TRICARE Overseas contractor to obtain and record all transport data elements for ambulance services received overseas.

As a result, without sufficient medical documentation and adequate controls, the DHA will continue to incur millions of dollars in improper payments on ground ambulance transports, while also missing the opportunity to potentially recover at least an estimated \$118.85 million paid to ambulance transport providers for

ground ambulance transports.<sup>15</sup> In addition, improper payment estimations and reporting will be understated, considering in FY 2020, the DHA only reported \$339 million in estimated improper payments for all DHA payments; inaccurate and incomplete data will affect the DHA’s ability to review and report on ground ambulance transport data; and overseas transport claims will not have accurate baseline costs for future comparison.<sup>16</sup> Finally, without adequate controls to prevent payment for services not provided, the DHA will continue to waste funds that could otherwise enhance the quality of healthcare for beneficiaries.

## DHA Made Improper Payments for Ground Ambulance Transports Processed by its TRICARE Contractors

The DHA improperly paid for ground ambulance transport claims processed by the TRICARE East, TRICARE West, TRICARE Overseas, and TRICARE for Life contractors. Specifically, the DHA made improper payments for 85 claims, valued at \$28,516.97, of the 182 claims we reviewed. We developed and reviewed a stratified, statistically representative sample of 182 claim line items. Table 2 lists the number of sample claim-line items by TRICARE contractor.

*Table 2. Number of Sample Ambulance Transport Claims by TRICARE Contractor*

TRICARE Contractor	Number of Sample Claims
TRICARE East	90
TRICARE West	50
TRICARE Overseas	23
TRICARE for Life	19

Source: The DoD OIG.

To determine whether the payment to the provider was proper, we reviewed the supporting documentation, when provided, and identified whether the transport was to an allowable destination and medically necessary, whether the provider billed the level of service actually provided, and whether the claim included a valid ZIP code, among other elements. See Appendix A for the methodology we used to review the provided documentation.

<sup>15</sup> Based on the statistical sample of 182 claims, valued at \$70,635.77, and the improper payments identified on 85 claims, valued at \$28,516.97, with a 95-percent confidence level, we project at least \$118.85 million in potential recoverable improper payments that the DHA, through its contractors, could recover from ambulance providers.

<sup>16</sup> During the course of our audit, DoDIG Report No. DODIG-2022-052, “Audit of the Defense Health Agency’s Reporting of Improper Payment Estimates for the Military Health Benefits Program,” was issued and identified significant weaknesses with the DHA improper payment methodology, further contributing to an understatement of improper payment reporting.

Based on our review, the DHA improperly paid 85 claims (46.7 percent), valued at \$28,516.97, of the total 182 claims, valued at \$70,635.77, in our sample. Out of the total 85 claims that were improperly paid, these improper payments occurred because the DHA, through its TRICARE contractors, did not:

- provide supporting documentation or only provided a claim form for 67 claims (36.81 percent), valued at \$20,432.81;
- provide sufficient documentation for 7 claims (3.85 percent), valued at \$3,693.95, to support whether the transport was medically necessary or covered according to the CFR and TRICARE Policy Manual;<sup>17</sup>
- have adequate controls in place to prevent payments of 7 claims (3.85 percent), valued at \$2,643.73, that were improperly billed by the provider;
- have adequate controls in place to prevent payments of 3 claims (1.65 percent), valued at \$1,678.53, that did not meet the TRICARE and Medicare definitions of medical necessity; and
- have adequate controls in place to prevent payment of 1 claim (0.55 percent), valued at \$67.95, that did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes.

See Appendix B for a summary of documentation provided and conclusions for our review of each sample ground ambulance transport claim.

## **DHA Did Not Provide Sufficient Supporting Documentation for Ground Ambulance Transport Claims**

We considered these improper payments because the supporting documentation for 38 claims, valued at \$9,863.50, did not exist; the DHA, and its contractors, only provided a claim form for 29 claims, valued at \$10,569.31; and the DHA, and its contractors, provided insufficient documentation for 7 claims, valued at \$3,693.95, to support whether the ambulance transports were medically necessary or covered according to the CFR and TRICARE Policy Manual.<sup>18</sup>

<sup>17</sup> 32 CFR sec. 199.4.

TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, "Ambulance Service," Revision C-52, September 20, 2019.

<sup>18</sup> 32 CFR sec. 199.4.

TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, "Ambulance Service," Revision C-52, September 20, 2019.

Non-institutional providers and suppliers use claim forms to bill for TRICARE services. Providers submit information regarding the ambulance transport on the claim form, including diagnosis, date of service, CPT, and origin and destination modifiers. In addition to submitting a claim form, providers must be able to document that the care or service shown on the claim form was rendered. Examples of additional documents to support that services were rendered include, but are not limited to, medical records, trip reports, patient care reports, and provider billing invoices.

According to the CFR, providers must maintain appropriate medical records to accommodate medical necessity reviews and to substantiate that billed services were actually rendered. All care rendered and billed must be appropriately documented in writing. TRICARE should deny the claim or specific services on the claim without sufficient documentation. In addition, providers must be able to document that the care or service shown on the claim was provided.<sup>19</sup>

*However, the DHA did not provide any documentation, or provided insufficient supporting documentation, for 74 claims processed by the TRICARE East, TRICARE West, TRICARE Overseas, and TRICARE for Life contractors.*

We sent several requests for supporting documentation through the DHA for the 182 sample claims to the TRICARE contractors and providers. However, the DHA did not provide any

documentation, or provided insufficient supporting documentation, for 74 claims processed by the TRICARE East, TRICARE West, TRICARE Overseas, and TRICARE for Life contractors. According to the TRICARE contracts, contractors are required to provide supporting documentation to the DHA within 45 calendar days in response to compliance reviews. The contracts state that if a claim is selected for review and the contractor cannot produce the claim or the claim is not auditable, the claim would be considered unsupported and payment errors would be assessed. We provided DHA personnel with more than 90 days to coordinate with the TRICARE contractors and providers to obtain supporting documentation for the claims in our sample. See Appendix D for a summary of the team’s coordination efforts to obtain supporting documentation for the ground ambulance transport claims in our sample.

In addition to supporting documentation, for an ambulance transport to be proper and reimbursed, it must be medically necessary. To determine medical necessity, we used Medicare’s AFS Medical Conditions List to compare the patient condition to the ambulance level of service.<sup>20</sup> While the AFS Medical Conditions List is intended to be comprehensive, there could be unusual circumstances that warrant the need for ambulance services for conditions not on the List. In those instances in which the patient condition was not on the List, we reviewed the supporting documentation for justification of the ground ambulance transport.

<sup>19</sup> 32 CFR sec. 199.7.

<sup>20</sup> Medicare’s AFS Medical Conditions List helps providers and suppliers to communicate the patient’s condition to Medicare contractors, as reported by the dispatch center and observed by the ambulance crew.

We concluded that documentation for claims was insufficient when the DHA and their contractors either:

- did not provide supporting documentation or only provided a claim form, or
- provided documentation that was insufficient to support whether the transport was medically necessary or covered according to the CFR and TRICARE Policy Manual.

### ***Insufficient Documentation for Ground Ambulance Transport Claims Processed by the TRICARE East, TRICARE West, and TRICARE for Life Contractors***

The DHA did not provide supporting documentation or only provided a claim form for 67 ground ambulance transport claims, valued at \$20,432.81, of the 159 sample claims processed by the TRICARE East, TRICARE West, and TRICARE for Life contractors.

We consider these improper payments because the DHA did not provide supporting documentation for these claims in response to our review. The 67 claims were for ground ambulance transports and mileage to destinations such as hospitals and skilled nursing facilities.

*The DHA did not provide supporting documentation or only provided a claim form for 67 ground ambulance transport claims, valued at \$20,432.81, of the 159 sample claims processed by the TRICARE East, TRICARE West, and TRICARE for Life contractors.*

In addition, while the DHA did provide supporting documentation for two claims, valued at \$1,090.36, the documentation was insufficient to support whether the ambulance transports were medically necessary or covered according to the CFR and TRICARE Policy Manual.<sup>21</sup> For example, the DHA, through its TRICARE West contractor, paid an ambulance transport provider \$689.95 for a specialty care transport in August 2017. The supporting documentation that DHA personnel provided included the claim form and emergency department provider notes; however, the documentation did not include an ambulance trip report, patient care report, or any other documentation to support an ambulance transport actually

<sup>21</sup> 32 CFR sec. 199.4.

TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, "Ambulance Service," Revision C-52, September 20, 2019.

occurred or that a specialty care transport was rendered and medically necessary. Therefore, without further medical documentation, we could not determine whether the payment made to the ambulance transport provider was proper.

These 69 claims were improperly paid because the DHA could not provide documentation to support whether the ground ambulance transports occurred, were medically necessary, or covered according to the CFR and TRICARE Policy Manual. Without sufficient documentation for ambulance claims to support whether an ambulance transport actually occurred, was medically necessary, or covered, the DHA, through its contractors, should not pay for the service and deny the claim according to the CFR. By paying for these 69 unsupported ambulance transports, the DHA and TRICARE will continue to incur improper payments contributing to the projected estimate of \$118.85 million in potential recoverable improper payments (see Appendix A and C). Therefore, the DHA should reinforce contractor requirements to obtain documentation necessary to support medical necessity of ambulance transports and require the TRICARE contractors to re-educate providers about the importance of submitting supporting documentation with claims and in response to requests for post-payment reviews. In addition, the DHA should review these 69 unsupported claims to determine whether they were properly paid to the ambulance transport providers and recoup the payments that were not proper. Also, the DHA should review TRICARE policy to determine whether recoveries are allowed from TRICARE contractors based on statistical projections of improper payments for ambulance claims outside our sample that may not have documentation. Based on the outcome of the DHA's review of policies, DHA officials should determine the best course of action for recovering projected improper payments on unsupported ambulance claims. Finally, the DHA should also review claims without documentation to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA Program Integrity Office.<sup>22</sup>

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<sup>22</sup> The Program Integrity Office at the DHA in Aurora, Colorado is the central coordinating agency for allegations of fraud and abuse within the TRICARE program.

## ***Insufficient Documentation for Ambulance Transport Claims Processed by the TRICARE Overseas Contractor***

While the DHA provided some supporting documentation for all 23 sample claims processed by the TRICARE Overseas contractor, for 5 claims, valued at \$2,603.59, the documentation was insufficient to support whether the ambulance transports were medically necessary or

covered according to the CFR and TRICARE Policy Manual.<sup>23</sup>

For example, the DHA, through its TRICARE Overseas contractor, paid an ambulance transport provider \$888.49 for a BLS emergency transport in October 2018. However, the documentation that the provider submitted to process

*For example, the DHA, through its TRICARE Overseas contractor, paid an ambulance transport provider \$888.49 for a BLS emergency transport in October 2018. However, the documentation that the provider submitted to process the claim did not include a diagnosis code or any medical documentation to support the patient's diagnosis.*

the claim did not include a diagnosis code or any medical documentation to support the patient's diagnosis. Because of that, we could not determine whether the transport was medically necessary and, therefore, proper.

*These improper payments occurred because, during the time our sample claims were submitted and paid, the TRICARE Operations Manual did not require the TRICARE Overseas contractor to obtain documentation related to patient diagnosis or transport information to support medical necessity for ambulance services received overseas.*

These improper payments occurred because, during the time our sample claims were submitted and paid, the TRICARE Operations Manual did not require the TRICARE Overseas contractor to obtain documentation related to patient diagnosis or transport information to support medical

necessity for ambulance services received overseas.<sup>24</sup> The Manual also stated that without a diagnosis, claim attachments, or other claims for the episode of care from which a diagnosis can be determined, the claim shall be processed using a general diagnosis. In addition, the DHA, through the TRICARE Overseas Program contract, did not require the contractor to look for medical necessity when processing ambulance transport claims. Specifically, the TRICARE Overseas contract stated that due to cultural differences in the delivery of health care

<sup>23</sup> 32 CFR sec. 199.4.

TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, "Ambulance Service," Revision C-52, September 20, 2019.

<sup>24</sup> TRICARE Operations Manual 6010.59-M, April 1, 2015, Chapter 24, Section 7, "Ambulance/Aeromedical Evacuation Services," Revision C-1, March 10, 2017.

overseas, some charges may be payable under TRICARE if they are attendant to the delivery of health care and they are determined to be reasonable and customary for a particular overseas location.

On September 10, 2020, the DHA revised the TRICARE Operations Manual to require the TRICARE Overseas contractor to use the coding requirements established for ambulance charges, and develop claims for diagnosis and transfer information for ambulance services received overseas.<sup>25</sup> The TRICARE Overseas contractor is now required to use the diagnosis if provided, or may use available in-house methods such as claims history when processing the claim. In addition, the provider must include a diagnosis with the claim.

The DHA incorporated the updated Manual into the new TRICARE Overseas contract that started on September 1, 2021. While the DHA incorporated the updated Manual into the contract, DHA personnel still questioned whether the updated requirements were appropriate. DHA personnel stated that some countries, by law, do not allow ambulance providers to identify a diagnosis for the patient because they are only transporting the patient from one place to another and are not considered the treating physician. However, TRICARE personnel still must ensure ambulance transports are medically necessary and that claims payments comply with TRICARE and other applicable federal criteria. Without sufficient documentation to support medical necessity of TRICARE Overseas ambulance claims, the DHA will continue to improperly pay for ground ambulance transport claims, which contribute to the projected estimate of at least \$118.85 million in potential recoverable improper payments (see Appendix A and C). Therefore, the DHA should conduct a review to determine which countries allow diagnoses to be included on ambulance transport claims and enforce the TRICARE Overseas contractor requirement to obtain documentation to support diagnosis and transport information for ambulance transport claims in those countries. For countries that do not allow diagnoses to be included on ambulance transport claims, the DHA should enforce the TRICARE Overseas contractor requirement to obtain documentation to support the transport and develop policy to determine medical necessity without the ambulance transport diagnoses. In addition, the DHA should require the TRICARE Overseas contractor to educate ambulance providers in the TRICARE Overseas region about the importance of submitting supporting documentation with claims and implement review procedures to monitor compliance. The DHA should also review these five unsupported claims to determine whether they were properly paid to the ambulance transport providers and recoup payments that were not proper.

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<sup>25</sup> TRICARE Operations Manual 6010.59-M, April 1, 2015, Chapter 24, Section 7, "Ambulance/Aeromedical Evacuation Services," Revision C-72, September 10, 2020.

Lastly, the DHA should review TRICARE policy to determine whether recoveries are allowed from the TRICARE Overseas contractor based on statistical projections of improper payments for overseas ambulance claims outside our sample that do not have documentation to support the medical necessity of the ambulance transport. Based on the outcome of the DHA's review of policies, DHA officials should determine the best course of action for recovering projected improper payments on ambulance claims that do not have medical necessity documentation.

## DHA Improperly Paid Providers for Ground Ambulance Transports

The DHA, through the TRICARE East, West, and Overseas contractors, improperly paid 11 ambulance transport claims, valued at \$4,390.21, to providers. Specifically:

- Seven claims, valued at \$2,643.73, were improperly billed by the provider at higher levels of service than the provider furnished and noted in the supporting documentation;
- Three claims, valued at \$1,678.53, did not meet the TRICARE and Medicare definitions of medical necessity; and
- One claim, valued at \$67.95, did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes.

### ***DHA Paid for Ambulance Transport Claims That Were Improperly Billed***

The DHA improperly paid providers for seven ambulance transport claims, valued at \$2,643.73, due to improper billing. Specifically, the DHA paid providers for ambulance transports that providers improperly billed with higher levels of service than the service that the beneficiaries actually received as noted in supporting documentation. For example,

*Specifically, the DHA paid providers for ambulance transports that providers improperly billed with higher levels of service than the service that the beneficiaries actually received as noted in supporting documentation.*

providers furnished non-emergency transports that they billed and received payment for as emergency transports, and furnished an ALS Level 1 emergency transport that they billed and received payment for as an ALS Level 2 transport.

The Medicare Claims Processing Manual states that the level of service, not the vehicle used, determines payment for ambulance claims, and requires that the service is medically necessary.<sup>26</sup> In addition, the Manual states that since there are

<sup>26</sup> Medicare Claims Processing Manual, Chapter 15, "Ambulance," October 4, 2019.

marked differences in resources necessary to furnish the various levels of ground ambulance services, different levels of payment are appropriate based on the various levels of service.

The Manual outlines that Relative Value Units (RVUs) are a way to set a numeric value for ambulance services relative to the value of a base level ambulance service. According to the Manual, an RVU expresses the constant multiplier for a particular type of service (including, where appropriate, an emergency response). The Manual assigns an RVU of 1.00 to the BLS of ground service and higher RVU values are assigned to the other types of ground ambulance services, which require more service than BLS. Table 3 lists the RVU multipliers by ambulance service level.

*Table 3. Relative Value Unit Multiplier by Ambulance Service Level*

Service Level	Relative Value Unit
Ambulance service, BLS	1.00
Ambulance service, BLS Emergency	1.60
Ambulance service, ALS Level 1	1.20
Ambulance service, ALS Level 1 Emergency	1.90
Ambulance service, ALS Level 2	2.75
Ambulance service, Specialty Care Transport	3.25
Paramedic ALS Intercept (PI)	1.75

Source: Medicare Claims Processing Manual, Chapter 15, "Ambulance," October 4, 2019.

Therefore, the level of service furnished by the ambulance provider affects the ambulance claim's billing and pricing. As a result, if providers do not accurately bill ground ambulance transport claims for the level of service actually furnished, the DHA could overpay for ground ambulance transport claims.

The provider improperly billed and the DHA, through the TRICARE East and West contractors, improperly paid the following two examples of ambulance transport claims.

- The DHA, through the TRICARE East contractor, paid \$391.78 for an ambulance claim that the provider submitted as an ambulance service, ALS Level 1 emergency. However, the provider noted in the supporting documentation several times that the transport mode to the destination was non-emergent. Therefore, the provider improperly billed and TRICARE improperly paid this claim at a higher level of service than the level of service actually furnished and noted in the supporting documentation.

- The DHA, through the TRICARE West contractor, paid \$740.57 for an ambulance claim submitted as an ambulance service, ALS Level 2. We determined that an ambulance transport was medically necessary and the documentation supported that the provider furnished an ambulance service, ALS Level 1 emergency; however, we could not identify anything in the documentation to support that the provider furnished an ambulance service, ALS Level 2. We followed up with DHA and TRICARE West personnel to determine whether the provider furnished an ambulance service, ALS Level 2. Both DHA and TRICARE personnel identified that the documentation does not support that the provider furnished an ambulance service, ALS Level 2, and that the provider should have billed the claim as an ambulance service, ALS Level 1 emergency. Therefore, the provider improperly billed and TRICARE improperly paid this claim at a higher level of service than the level of service actually furnished and noted in the supporting documentation.

*Both DHA and TRICARE personnel identified that the documentation does not support that the provider furnished an ambulance service, ALS Level 2, and that the provider should have billed the claim as an ambulance service, ALS Level 1 emergency.*

### ***DHA Paid for Ambulance Transport Claims That Were Not Medically Necessary***

The DHA improperly paid for three ambulance transport claims, valued at \$1,678.53, that did not meet the TRICARE and Medicare definitions of medical necessity. TRICARE defines medical necessity as appropriate, reasonable, and adequate for the patient’s condition. The TRICARE Policy Manual also specifically excludes reimbursement for medicabs or ambicabs, which function primarily as public passenger transportation for patients to and from their medical appointments.<sup>27</sup> The Medicare Claims Processing Manual limits payment to the level of service provided and only when the service provided is medically necessary and reasonable.<sup>28</sup> The Medicare Benefit Policy Manual states that medical necessity is established when the patient’s condition is such that use of any other method of transportation is contraindicated. In any instance in which some means of transportation other than an ambulance could be used without endangering the individual’s health, whether or not such other transportation is actually available, no payment may be made for ambulance services.<sup>29</sup>

<sup>27</sup> TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, “Ambulance Service,” Revision C-52, September 20, 2019.

<sup>28</sup> Medicare Claims Processing Manual, Chapter 15, “Ambulance,” October 4, 2019.

<sup>29</sup> Medicare Benefit Policy Manual, Chapter 10, “Ambulance Services,” April 3, 2018.

The requirement of medical necessity is considered met when supporting documentation indicates that certain patient conditions are met. These conditions include, but are not limited to, the patient:

- was transported in an emergency situation, e.g., as a result of an accident, injury or acute illness, or needed to be restrained to prevent injury to the beneficiary or others;
- required oxygen or other emergency treatment during transport to the nearest appropriate facility;
- exhibits signs and symptoms of acute respiratory distress or cardiac distress such as shortness of breath or chest pain; or
- was bed-confined before and after the ambulance trip.

The following two examples of TRICARE East and TRICARE Overseas ground ambulance transport claims did not meet the requirements of medical necessity.

- The DHA, through its TRICARE East contractor, paid \$123.44 for mileage charges related to the ambulance transport of an individual from his residence to an orthopedic clinic for a follow-up appointment, even though the patient could have used means of transportation other than an ambulance, without endangering the individual's health. The claim documentation for the ambulance transport indicated the patient had a fractured femur and the ambulance personnel listed their impression of the patient as generalized weakness. While the listed diagnosis code aligned with conditions generally used to communicate patient condition for ambulance transport claims, the claim documentation indicated the patient was able to use crutches to maneuver stairs at his residence as well as transfer himself between stretchers. The patient's ability to maneuver on crutches precluded the necessity of ambulance transport and the entirety of the claim is therefore an improper payment. Additionally, the patient incurred no financial liability from the transport, such as copays or deductibles. The patient had an additional 26 other ambulance transport claims outside of our sample. Eleven of the additional ambulance transports or associated mileage claims, totaling \$1,845.31, were to or from a physician's office. The other 15 claims were claims associated with transport to a hospital. The TRICARE East contractor stated that the patient's series of ambulance transports were the result of a motorcycle accident and a persistent infection that followed. However, the ability of the patient to maneuver on crutches may also have allowed him to use means of transportation other than an ambulance, without endangering the individual's health. TRICARE East personnel have initiated a review of the patient's claims and plans to coordinate the results and any potential collection action with the DHA.

- On an overseas claim, the DHA paid \$880.72 for an ambulance transport, even though the diagnosis on the claim did not align with diagnoses generally used for ground ambulance transport claims. This claim was for the transport of a patient from a residence to a medical facility and the supporting documentation listed the patient diagnosis as a cancerous tumor of the mouth. This indicated the patient could have used other modes of transportation without endangering their health. The supporting documentation did not identify any unusual circumstances related to the claim's diagnosis code. Therefore, the patient's condition, based on the claim's diagnosis code and accompanying information in the supporting documentation, did not meet TRICARE's requirements of medical necessity.

### ***DHA Paid for a Ground Ambulance Transport Claim That Did Not Meet Requirements for Point-of-Pickup ZIP Codes***

The DHA improperly paid for a ground ambulance transport mileage claim, valued at \$67.95, which did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes. The TRICARE Reimbursement Manual requires that all claims for services

include a valid and accurate ZIP code for the point-of-pickup and refers to the Medicare Claims Processing Manual for ZIP code requirements.<sup>30</sup> The Medicare Claims Processing Manual states that the point-of-pickup is the

*The TRICARE Reimbursement Manual requires that all claims for services include a valid and accurate ZIP code for the point-of-pickup and refers to the Medicare Claims Processing Manual for ZIP code requirements.*

location of the beneficiary at the time he or she is placed on board the ambulance, and only the point-of-pickup ZIP code will be used to adjudicate and price the ambulance claim, not the point of drop-off.<sup>31</sup> Further, the Manual states that the point-of-pickup ZIP code determines the payment, and claims without a ZIP code must not be processed and returned to the provider.

In this example, the DHA, through the TRICARE East contractor, paid \$67.95 for mileage charges related to an emergency ambulance transport from a scene of an accident to a hospital. The provider submitted the claim form, but did not include a point-of-pickup ZIP code for the Florida address where the pickup occurred. In the claim supporting documentation, the provider included a pickup location multiple times without including a ZIP code. Lastly, the narrative describing the ambulance transport and incident included in the documentation stated the

<sup>30</sup> TRICARE Reimbursement Manual 6010.61-M, April 1, 2015, Chapter 1, Section 14, "Ambulance Services," Revision C-41, September 20, 2019.

<sup>31</sup> Medicare Claims Processing Manual, Chapter 15, "Ambulance," October 4, 2019.

ambulance arrived on scene of the MacDill Air Force Clinic, but did not include a ZIP code for the clinic. Therefore, without a point-of-pickup ZIP code on the claim form, this claim should have been returned back to the provider as unprocessable.

### ***The DHA Did Not Have Adequate Controls to Prevent Improper Payments***

While the DHA and its TRICARE contractors had some controls in place, these 11 improper payments occurred because the controls were not adequate to prevent payments of improperly billed claims or claims that did not meet medical necessity requirements or point-of-pickup ZIP code requirements. One of the primary controls the DHA has in place to review and identify problems with medical claims, including ground ambulance transport claims, is quarterly and annual reviews. The DHA reviews approximately 2,000 medical claims in its quarterly reviews and 10,000 medical claims in its annual reviews. However, between January 1, 2018, and June 30, 2020, only 42 ambulance transport claims were included in the DHA's quarterly or annual reviews.<sup>32</sup> The total number of errors identified on the claims was 87, including 42 miscalculated ambulance reimbursements, 10 cost-share/deductible errors, 27 documentation incomplete or submitted late, 4 with incorrect explanation of benefits, and 4 with incorrect pricing. Errors for 11 of the 42 ambulance claims the DHA reviewed were eventually reconciled through the contractor rebuttal process.<sup>33</sup> The remaining 31 ambulance claims contained errors that the DHA did not remove through the TRICARE contractor rebuttal process for services such as air ambulance transports, transports between hospitals, and mileage reimbursements for ground ambulance transports. The DHA identified 27 claims with pricing or cost share errors, 2 with incomplete audit documentation, and 2 with incorrect explanation of benefits.

Most of the claim errors identified during the DHA's quarterly and annual compliance reviews fell out of the scope of our audit, as we did not include application of AFS rates and patient cost shares in our reviews. However, similar to our audit, the DHA identified erroneous claims during its compliance reviews

*However, similar to our audit, the DHA identified erroneous claims during its compliance reviews due to a lack of support for medical necessity of transport, missing point-of-pickup ZIP codes, and lack of audit documentation.*

due to a lack of support for medical necessity of transport, missing point-of-pickup ZIP codes, and lack of audit documentation. Unlike our results, the DHA compliance reviews did not identify ground ambulance

<sup>32</sup> The 42 claims included both fixed and rotary wing air ambulances, which were not included in our review.

<sup>33</sup> The rebuttal process provides the TRICARE contractor an opportunity to submit rebuttal comments and additional documentation if it disagrees with the Government's error assessment of a claim.

transport claims that had been coded as emergent or ALS, while supporting documentation clearly stated non-emergent or BLS. The DHA also does not have policies or controls for scenarios in which the claim's coding does not match the claim's supporting documentation, nor would the TRICARE contractors flag these claims for review prior to payment.

The TRICARE contractors had a similar control mechanism in place to review medical claims, including ambulance transport claims. While this review could identify problems with claims, it was not adequate for ambulance claims since ambulance transport claims

would rarely be selected for pre- or post-payment review. Specifically, TRICARE East contractor personnel stated that they do not review ambulance transport claims submitted with emergency diagnoses and automatically pay those claims through their

*TRICARE East contractor personnel stated that they do not review ambulance transport claims submitted with emergency diagnoses and automatically pay those claims through their system. TRICARE West contractor personnel stated that their system automatically pays all ground ambulance transports, with two exceptions.*

system. TRICARE West contractor personnel stated that their system automatically pays all ground ambulance transports, with two exceptions.<sup>34</sup> In addition, the TRICARE Overseas contractor was not required to develop claims for diagnosis or transfer information for ambulance services received overseas. Further, personnel from all three TRICARE contractors stated that they assume and trust that providers are billing claims accurately.

While quarterly and annual reviews can be effective controls, when a universe of claims is in the hundreds of thousands, ambulance transports are often not in the sample. Further, since ground ambulance transport claims are regularly paid automatically because of an emergency diagnosis or because they fall below a dollar threshold, the controls to prevent payments of improperly billed claims and claims that do not meet medical necessity or point-of-pickup ZIP code requirements are not effective. Without adequate controls on ambulance claims, the DHA will continue to make improper payments, including overpayments, which contributed to the projected estimate of \$118.85 million in potential recoverable improper payments (see Appendix A and C). Therefore, the DHA and its TRICARE contractors should ensure samples for quarterly, annual, and external claim audits include ground ambulance transport claims. Specifically, they should review claim forms and supporting documentation to:

<sup>34</sup> The two exceptions noted by the TRICARE West contractor are claims billed with a modifier showing the beneficiary died after the ambulance was called, and claims possibly related to a global skilled nursing facility stay.

- ensure the level of service billed matches the level of service or transport mode furnished and noted in the supporting documentation;
- ensure claims meet the TRICARE and Medicare definitions of medical necessity; and
- ensure claims meet TRICARE Reimbursement and Medicare Claims Processing Manual point-of-pickup ZIP code requirements.

In addition, the DHA should review these 11 claims, recoup the overpayments made to the ambulance providers, and use payment recapture audits, as defined in OMB guidance, to identify and recover other overpayments to ambulance providers outside of our sample. Lastly, the DHA should review these claims to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA Program Integrity Office.

## **Other Concerns Regarding the DHA's Management of TRICARE Ambulance Transportation Reimbursements**

In addition to the improper payments, we identified several other concerns regarding the DHA's management of the reimbursement of TRICARE ambulance transportation services. Specifically, we identified the MDR contained inaccurate and incomplete ambulance transport and payment information. The MDR is the centralized data repository that captures, validates, integrates, distributes, and archives DHA corporate health care data. TRICARE contractors populate the MDR monthly via TRICARE Encounter Data. The MDR is intended to provide timely and accurate support information to those charged with making decisions and managing health care delivery within the DoD. The MDR further facilitates enterprise wide decision-making, supports strategic planning, and allows for the practice of proactive health care management. Finally, the MDR is used to identify patients for disease management programs and to monitor patients' use of services.

Most of the incomplete and inaccurate data occurred on overseas ambulance claims. Specifically, 20 of the 23 overseas ambulance transport claims in our sample had inaccurate or incomplete origin and destination modifiers, diagnosis codes, or CPT codes. The origin and destination modifiers as well as the diagnosis codes are used to determine whether a claim is allowable. While the CPT code is used to identify the level of service provided to the patient and determines the rate of reimbursement for the claim. Inaccurate claims data further limits the usefulness of the MDR to assist the DHA in identifying fraud, waste, or abuse; as well as its ability to make informed decisions related to the TRICARE program.

## **Origin and Destination Modifiers Were Left Blank on Overseas Ground Ambulance Transport Claims**

*The TRICARE Overseas contractor did not input a claim origin or destination into the MDR for 20 of the 23 overseas claims in our sample, valued at \$13,618.21, even though this information was identifiable in the supporting documentation.*

The TRICARE Overseas contractor did not input a claim origin or destination into the MDR for 20 of the 23 overseas claims in our sample, valued at \$13,618.21, even though this information was identifiable in the supporting documentation. According to the

TRICARE Policy Manual, coverage is limited to the following: emergency transfers to or from a beneficiary's place of residence, accident scene, or other location to a civilian hospital, Military Treatment Facility/Enhanced Multi-Service Market, or Veterans Health Administration hospital and transfers between these facilities and civilian hospitals.<sup>35</sup> Incomplete origin and destination fields limits the DHA's ability to use the MDR to identify improperly paid ground ambulance transport claims to unallowable locations.

## **Diagnosis Codes Were Not Specific on Overseas Ground Ambulance Transport Claims**

The TRICARE Overseas contractor did not code three claims, valued at \$2,024.77, with a more specific claim diagnosis that existed in the claim documentation.

Diagnosis codes are used to communicate the on-scene condition of the patient and the reason for the transport. At the time of our review, the TRICARE Operations Manual did not require the TRICARE Overseas contractor to obtain patient diagnosis information for ambulance services provided overseas. However, the Manual did require the TRICARE Overseas contractor to use any provided diagnosis when processing a claim.<sup>36</sup>

*Therefore, the TRICARE Overseas contractor did not use the provided diagnoses for these three claims. Although the diagnosis code for the claim was not explicitly given, the patients' specific conditions were provided and could be translated to an appropriate and more specific diagnosis code.*

Therefore, the TRICARE Overseas contractor did not use the provided diagnoses for these three claims. Although the diagnosis code for the claim was not explicitly given, the patients' specific conditions were provided and could be translated to an appropriate and more

<sup>35</sup> TRICARE Policy Manual 6010.60-M, April 1, 2015, Chapter 8, Section 1.1, "Ambulance Service," Revision C-52, September 20, 2019.

<sup>36</sup> TRICARE Operations Manual 6010.59-M, April 1, 2015, Chapter 24, Section 7, "Ambulance/Aeromedical Evacuation Services," Revision C-1, March 10, 2017.

specific diagnosis code. For example, the supporting documentation for one of the sample claims indicated that the patient was conscious with tablet intoxication. The claim data input into the MDR indicated the patient diagnosis was other than general symptoms and signs. However, this condition more closely resembled the emergency diagnosis of poisoning by unspecified drugs, medicaments and biological substances, undermined, initial encounter. Without specific or accurate claim diagnoses, the DHA's ability to use the MDR to practice proactive health care management and identify patients for disease management programs is limited.

### ***Current Procedural Terminology Codes Were Not Accurate on Overseas Ground Ambulance Transport Claims***

The TRICARE Overseas contractor did not have the most accurate CPT code entered in the MDR data for eight of the overseas sample claims, valued at \$7,253.82. According to the TRICARE Operations Manual, claims received with a narrative description of services provided shall be coded by the TRICARE Overseas contractor with coding as accurate as possible based upon the level of detail provided in the narrative description or as directed by the TRICARE Overseas

*On these eight claims, the TRICARE Overseas contractor coded all claims with the same A0429 code: Ambulance service, BLS, emergency transport, which was not as accurate-coding according to the supporting documentation for these claims.*

contractor. On these eight claims, the TRICARE Overseas contractor coded all claims with the same A0429 code: Ambulance service, BLS, emergency transport, which was not as accurate-coding according to the supporting documentation for these claims.

The TRICARE Overseas contractor

stated that the CPT code for overseas ambulance claims would not likely impact claim reimbursement because they pay overseas claims as billed if they appear reasonable and customary for the particular overseas location. However, the TRICARE Overseas contractor would be unable to determine reasonable and customary rates for different types of ambulance services if the claims are not accurately coded. For example, ambulance transport rates in the United States can vary by up to 3.25 times the cost for a specialty care transport compared to a non-emergency basic life support transport. Therefore, if claims are not coded with as accurate-coding as possible according to supporting documentation, it will be very difficult to determine the reasonableness of ambulance transport charges.

### ***Inaccurate Amount Paid in the MDR***

One claim in our sample did not have an accurate amount paid in the MDR. Specifically, the amount paid in the MDR for the claim was \$818.07, but the actual amount paid by the DHA for the claim was \$409.03. According to the MDR data element definitions, the amount paid field represents the amount paid by TRICARE for each line item. For this claim, the TRICARE remittance statement indicated that the \$818.07 was the total paid on the claim, including the patient's cost share. The TRICARE East contractor indicated that they originally processed the claim in July 2018 as a point of service due to a processing error by reviewing personnel. The contractor explained that they corrected the claim in November 2018. DHA personnel stated that the MDR usually updates data after reprocessing claims, but could not explain why the sample claim data was not corrected. See Appendix A for further discussion of this claim in regards to data reliability.

### ***The DHA Did Not Have Adequate Controls to Prevent Inaccurate and Incomplete MDR Claim Data***

The inaccurate and incomplete data within the MDR occurred because the DHA did not have adequate controls to ensure the TRICARE contractors entered accurate and complete claim data into TRICARE encounter data, which populates the MDR. DHA personnel stated that TRICARE contractors push claim data into TRICARE Encounter Data records monthly, and the records are then fed into the MDR. The TRICARE Systems Manual outlines required elements to include in the TRICARE Encounter Data records. However, the TRICARE Overseas contractor was not required to develop claims for diagnosis or transfer information for ambulance services received overseas. Therefore, the TRICARE Overseas contractor did not obtain data from the providers for several required MDR data elements. As a result, the MDR data was not as complete and accurate as possible, which degraded the DHA's ability to review and report on transport and payment information for ground ambulance transport data. Further, the overseas ground ambulance transport claims will not have accurate costs to allow for determinations of reasonable and customary costs. This could negatively affect the DHA's ability to identify fraud, waste, or abuse related to TRICARE ambulance transportation services. Therefore, the DHA should implement data quality reviews of TRICARE overseas ambulance transport data to identify instances where the coding is incomplete or inaccurate.

## Management Actions Taken

During the course of our audit, the DHA and its TRICARE contractors took action to improve controls. First, the DHA has engaged the DHA Program Integrity Office for further review of ambulance transport claims. DHA Program Integrity is made up of fraud experts who have the ability to initiate focused audits within the TRICARE program. DHA Program Integrity committed to coordinating with the TRICARE contractors to identify and review ambulance providers with potentially abusive billing practices.

Second, during our review, two sample claims were coded with a GY modifier. The Medicare Claims Processing Manual states that ambulance transport providers may use the GY modifier on line items for non-covered services, such as non-covered mileage, to assign the liability for the service correctly to the beneficiary. When asked how claims with a GY modifier, which signified non-covered services, were paid, the TRICARE East contractor reviewed the sample claims and determined that the billed services were covered according to the TRICARE Reimbursement Manual, and therefore correctly paid. However, these two claims showed that the TRICARE East contractor did not have controls in place to review claims with this modifier, since they were identified as an emergency diagnosis. After reviewing the claims, the TRICARE East contractor proactively took action by:

- submitting a system fix to revise the system logic allowing payment;
- creating a monthly post payment report to monitor claims with GY modifiers; and
- updating claims processing instructions to call out appropriate reimbursement guidelines for the GY modifier and reviewing prior claims paid with GY modifier for potential recoupment.

## Conclusion

As a result, without sufficient medical documentation and adequate controls, the DHA will continue to make millions of dollars in recoverable improper payments on ground ambulance transports. In addition, improper payment estimations and reporting will be understated by millions of dollars; inaccurate and incomplete data will affect the DHA's ability to review and report on ground ambulance transport data; and overseas transport claims will not have accurate baseline costs for future comparison. Finally, without adequate controls to prevent payment for services not provided, the DHA will continue to waste funds that could otherwise enhance the quality of healthcare for beneficiaries.

## Management Comments on the Finding and Our Response

### *Defense Health Agency Comments*

The Acting Assistant Secretary of Defense for Health Affairs (ASD(HA)), responded for the DHA Director. The Acting ASD(HA) stated that because the audit period was from February 2021 through January 2022, the FY 2021 version of OMB Memorandum M-21-19, “Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement” would be applicable to the audit. The DHA noted that the DoD Financial Management Regulation 7000.14R, Volume 4, Chapter 14, “Payment Integrity,” May 2020, states that Appendix C to OMB Circular A-123 is modified and that, unless otherwise noted in the guidance, the requirements found in Appendix C are effective starting in FY 2021. The Acting ASD(HA) further stated that the applicable Appendix C guidance more clearly defines “improper payments” and “unknown payments,” and may be relevant to our audit findings.

### *Our Response*

We disagree that the FY 2021 OMB A-123 Appendix C is the applicable guidance for this audit. The audit universe did not include any ground ambulance transport claims that were processed and paid in FY 2021. As stated in the audit objective and further detailed in Appendix A of this report, the universe included 1,304,761 ground ambulance transport claims that the DHA, through its contractors, processed and paid from FY 2016 through FY 2020. Therefore, the updated OMB A-123 Appendix C guidance was not applicable to the ambulance transport claims that we reviewed. Furthermore, the audit team met with OMB personnel, who stated that the classification of improper payments by the team was appropriate based on the guidance that was effective during the scope of our audit, and that the updated OMB A-123 Appendix C would not apply.

## Management Comments on Potential Monetary Benefits Required

### *Management Comments Required*

The Acting ASD(HA), in her response for the DHA Director, did not comment on the potential monetary benefits. Based on the statistical sample detailed in Appendix A of the 182 claims we reviewed, valued at \$70,635.77, and the improper payments we identified on 85 claims, valued at \$28,516.97, with 95-percent confidence we projected at least \$118.85 million in potential improper payments that the DHA could recover by implementing recommendations 1.b, 2.c, and 3.b. Therefore, we request that the DHA Director provide comments on the potential monetary benefits and what steps the DHA will take to achieve these potential monetary benefits in response to the final report.

## Recommendations, Management Comments, and Our Response

### **Recommendation 1**

**We recommend that the Director of the Defense Health Agency:**

- a. **Reinforce contractor requirements to obtain documentation necessary to support medical necessity of ambulance transports and require the TRICARE contractors to re-educate providers about the importance of submitting supporting documentation with claims and in response to requests for post-payment reviews.**

### *Defense Health Agency Comments*

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the contractor ensures that all ambulance service claims for reimbursement are supported by sufficient documentation of medical necessity and obtains any additional documentation as needed, before claims are processed and paid. The Acting ASD(HA) stated that civilian ambulance service is covered when medically necessary and, from a policy perspective, Section 199.4 of Title 32, CFR, Basic Program Benefits, provides the scope for all TRICARE services establishing medical necessity requirements. Furthermore, the Acting ASD(HA) stated that, subject to all applicable definitions, conditions, limitations, or exclusions specified in Section 199.4 of Title 32, CFR, the TRICARE Basic benefit will pay for medically or psychologically necessary services and supplies required in the diagnosis and treatment of illness or injury, to include “specified professional ambulance service.” Lastly, the Acting ASD(HA) stated that the DHA will reinforce these requirements with the contractor.

### ***Our Response***

Comments from the Acting ASD(HA) did not address the specifics of the recommendation; therefore, the recommendation is unresolved. While the Acting ASD(HA) agreed with the recommendation and stated that the DHA will reinforce requirements with the contractor, she did not identify the specific actions that the DHA will take to reinforce those requirements. The Acting ASD(HA) also did not address how the DHA will require the TRICARE contractors to re-educate providers on the importance of submitting supporting documentation with claims and in response to requests for post payment reviews. We acknowledge that the DHA has policies in place requiring the contractor to ensure all ambulance claims submitted for reimbursement are supported by sufficient documentation and that the CFR requires legible documentation be prepared as soon as possible after rendering care. However, that guidance was not consistently followed. We identified 74 ambulance claims for which neither the provider nor the contractor supported the claim with sufficient documentation. Without sufficient documentation, the claim or specific services on the claim should have been denied. We request that the DHA Director provide additional comments on the final report that address the actions that the DHA will take in response to the recommendation.

- b. Review the 69 unsupported TRICARE East, TRICARE West, and TRICARE for Life claims to determine whether they were properly paid to the ambulance transport providers and recoup the payments that were not proper.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA will review the entire claims package to ensure that the services were paid properly and coordinate, if necessary, with private sector care contractor nurse reviewers for level of care assessments and determinations.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain documentation to support that the DHA reviewed the 69 claims, the actions taken to recoup any improper payments, and the steps the DHA will take to achieve the potential monetary benefits we projected of at least \$118.85 million in potential recoverable improper payments.

- c. **Review TRICARE policy to determine whether recoveries are allowed from TRICARE contractors based on statistical projections of improper payments for ambulance claims outside our sample that may not have documentation. Based on the outcome of the DHA's review of policies, the Director should determine the best course of action for recovering projected potential improper payments on unsupported ambulance claims.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA will review whether recoveries are allowed in accordance with current guidance and determine the best course of action for recovering potential improper payments.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain the results of the review and documentation identifying the course of action the DHA will take to recover the projected potential improper payments.

- d. **Review claims without documentation to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA Program Integrity Office.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA will review the referenced claims. The Acting ASD(HA) stated that the DHA tasked contractors to conduct additional data mining and review of ambulance providers, in addition to circling back from previous requests on ambulance provider oversight for fraud and abuse. The Acting ASD(HA) noted that, in accordance with the TRICARE Operations Manual, Chapter 13, Section 1.3, the contractor is required to perform analyses of professional and institutional health care data associated with type, frequency, duration, and extent of services to identify patterns of fraudulent or abusive practices by providers and beneficiaries.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain documentation to support that the DHA, through its contractors, conducted additional data mining and reviews of ambulance providers to determine potential patterns of abuse, and referred providers to the DHA Program Integrity Office, as warranted.

## ***Recommendation 2***

**We recommend that the Director of the Defense Health Agency:**

- a. Conduct a review to determine which countries allow diagnoses to be included on ambulance transport claims and enforce the TRICARE Overseas contractor requirement to obtain documentation to support diagnosis and transport information for ambulance transport claims in those countries. For countries that do not allow diagnoses to be included on ambulance transport claims, the DHA should enforce the TRICARE Overseas contractor requirement to obtain documentation to support the transport and develop policy to determine medical necessity without the ambulance transport diagnoses.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA considers the recommendation closed. The Acting ASD(HA) stated that the DHA believes the updated manual language for the 2021 TRICARE Overseas Program contract provides the necessary steps in documenting the diagnosis and transport details to support medical necessity and that the DHA will ensure enforcement of the policy through routine Government audits. The Acting ASD(HA) stated that the DHA incorporated the updated TRICARE Operations Manual, Chapter 24, Section 7, language into the 2021 TRICARE Overseas Program contract on September 1, 2021, and requires the TRICARE Overseas contractor to develop claims for diagnosis and transfer information for ambulance services received overseas. According to the contract, the TRICARE Overseas contractor should utilize the diagnosis if provided, or may use available in-house methods. Furthermore, the Acting ASD(HA) stated that the DHA's updated language now supports the requirement to obtain the diagnosis through either the claim, in-house sources, or development processes and determine medical necessity for the movement.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation. We verified that the updated TRICARE Operations Manual and TRICARE Overseas Program contract provide the necessary steps to support medical necessity for TRICARE Overseas claims and require the TRICARE Overseas contractor to develop claims for diagnosis and transfer information for ambulance services received overseas. Therefore, the recommendation is closed and no further comments are required.

- b. Require the TRICARE Overseas contractor to educate ambulance providers in the TRICARE Overseas region about the importance of submitting supporting documentation with claims and implement review procedures to monitor compliance.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA considers the recommendation closed. The Acting ASD(HA) stated that the DHA believes the requirements of the TRICARE Operations Manual to develop and obtain the documentation to determine medical necessity and apply appropriate coding supports the recommendation. The Acting ASD(HA) stated that the 2021 TRICARE Overseas Program contract includes requirements to educate network providers and non-network participating providers, although non-network providers may not be known by the TRICARE Overseas contractor until a claim is received.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. Although the DHA considers the recommendation closed, we cannot close the recommendation until the DHA provides documentation to support that the TRICARE Overseas contractor complied with the contract requirement to educate providers and that DHA personnel are monitoring compliance with the contract requirement.

- c. Review the five unsupported TRICARE Overseas claims to determine whether they were properly paid to the ambulance transport providers and recoup payments that were not proper.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the TRICARE Overseas contractor is reviewing the five referenced claims and will take appropriate action if documentation does not support the payment of the claims. The Acting ASD(HA) stated that once the DHA conducts their review, the DHA will take action in accordance with Program Integrity requirements not limited to just monetary loss improper payments, but also underpayments or statutory improper payments.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain documentation to support that the DHA reviewed the five claims, the actions taken to recoup any improper payments, and the steps the DHA will take to achieve the potential monetary benefits we projected of at least \$118.85 million in potential recoverable improper payments.

- d. Review TRICARE policy to determine whether recoveries are allowed from the TRICARE Overseas contractor based on statistical projections of improper payments for overseas ambulance claims outside our sample that do not have documentation to support the medical necessity of the ambulance transport. Based on the outcome of the DHA's review of policies, the Director should determine the best course of action for recovering projected potential improper payments on overseas ambulance claims that do not have medical necessity documentation.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA will review whether recoveries are allowed in accordance with current guidance and determine the best course of action for recovering potential improper payments.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain the results of the review and documentation identifying the course of action the DHA will take to recover the projected potential recoverable improper payments.

### ***Recommendation 3***

**We recommend that the Director of the Defense Health Agency:**

- a. In coordination with the TRICARE contractors and external third-party auditors, ensure samples for quarterly, annual, and external claim audits include ground ambulance transport claims. Specifically, review claim forms and supporting documentation to ensure the level of service billed matches the level of service or transport mode furnished and noted in the supporting documentation; ensure claims meet the TRICARE and Medicare definitions of medical necessity; and ensure claims meet TRICARE Reimbursement and Medicare Claims Processing Manual point-of-pickup ZIP code requirements.**

#### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA conducted statistically valid sampling based on unbiased randomized sampling in accordance with OMB guidance. The Acting ASD(HA) stated that because random sampling is used, the DHA cannot guarantee that ambulance services will be included in every sample; however, 656 ambulance claims, including emergency claims, were sampled for payment accuracy in the quarterly reviews for the east and west regions during the scope of the audit. Of the 656 reviewed claims, only 31 claims had errors, resulting in 27 pricing or cost share errors, 2 incomplete audit documentation errors, and 2 incorrect explanation of benefit errors. The Acting ASD(HA) stated that the DHA's compliance reviews are designed to determine payment accuracy and not medical necessity or appropriateness of care, although there is often documentation that allows the DHA to determine level of service, especially on emergency claims. Furthermore, the Acting ASD(HA) stated that TRICARE bases the determination for medical necessity on Medicare guidance and is able to determine point-of-pickup zip code requirements from claims packages.

#### ***Our Response***

Comments from the Acting ASD(HA) did not address the specifics of the recommendation; therefore, the recommendation is unresolved. According to documentation provided by DHA during the audit, only 42 ambulance claims were included in the DHA's quarterly and annual compliance reviews between January 1, 2018, and June 30, 2020. DHA personnel also stated that ambulance claims are rarely included in compliance reviews.

Furthermore, as noted in the Acting ASD(HA)'s response, the DHA's compliance reviews are not designed to determine medical necessity or appropriateness of care. We reviewed claim supporting documentation to determine whether the transports were medically necessary, appropriate, billed and paid with the proper level of service supported by documentation, and included point-of-pickup zip codes, all of which are required by TRICARE reimbursement, Medicare claims processing manuals, and the CFR. For 85 of the 182 sample claims we reviewed, we identified weaknesses with respect to adequate documentation, medical necessity, and level of care provided compared to what was billed and paid. Therefore, we request that the DHA Director provide additional comments on the final report that address the actions that the DHA will take in response to the recommendation.

- b. Review the 11 improperly paid claims and recoup the overpayments made to the ambulance providers, while also using payment recovery audits, as defined in OMB guidance, to identify and recover other overpayments to ambulance providers outside of our sample.**

### *Defense Health Agency Comments*

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA has an aggressive and highly effective Payment Recovery Audit program in place. The Acting ASD(HA) stated that once the DHA's review of the 11 claims is completed and verified, any overpayment recoveries will follow the established DHA Payment Recovery Audit procedures.

### *Our Response*

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we obtain the results of the review and documentation supporting the recovery of any improper payments and the steps the DHA will take to achieve the potential monetary benefits we projected of at least \$118.85 million in potential recoverable improper payments.

- c. Review improperly paid claims to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA Program Integrity Office.**

### *Defense Health Agency Comments*

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA will review the improperly paid claims and ensure that services are provided only to eligible beneficiaries by authorized providers and that reimbursement is made to eligible beneficiaries or providers under existing statutes, regulations, and DHA instructions.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. During the course of the audit, DHA personnel noted they engaged the DHA Program Integrity Office for further review of ambulance transport claims and were committed to coordinating with the TRICARE contractors to identify and review ambulance providers with potentially abusive billing practices. We will close the recommendation once we obtain documentation to support that the DHA reviewed the improperly paid claims and referred providers with patterns of abuse, if identified, to the DHA Program Integrity Office.

### ***Recommendation 4***

**We recommend that the Director of the Defense Health Agency implement data quality reviews of TRICARE overseas ambulance transport claims to identify instances where the coding is incomplete or inaccurate.**

### ***Defense Health Agency Comments***

The Acting ASD(HA), responding for the DHA Director, agreed, stating that the DHA considers the recommendation closed. The Acting ASD(HA) stated that the 2021 TRICARE Overseas Program contract requires the contractor to employ an independent third-party subcontractor to review and certify 100 percent of the contractor's audited claims for coding accuracy, which includes ambulance claims.

### ***Our Response***

Comments from the Acting ASD(HA) addressed the specifics of the recommendation; therefore, the recommendation is resolved but open. Although the DHA considers the recommendation closed, we cannot close the recommendation until the DHA provides documentation supporting that the data quality reviews were conducted.

## Appendix A

### Scope and Methodology

We conducted this performance audit from February 2021 through January 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The DoD OIG Data Analytics Team (DAT) obtained a universe of more than 1.9 million ambulance transport claim-lines from the MDR with dates of services from October 1, 2015, through September 30, 2020. The DAT reduced the universe by only including claims associated with ground ambulance transports and removing claim lines with paid amounts of \$50 or less. Our final universe consisted of 1,304,761 emergency and nonemergency ambulance transport claims (886,466 non-mileage claims and 418,295 mileage claims) totaling \$358,127,551 in payments.

### *Predictive Analytic Model*

Using guidance from the TRICARE Policy Manual and TRICARE Reimbursement Manual, the DAT developed a risk-based model to identify claim lines with potential risk factors, such as missing origin and destination codes, unallowable destinations, etc. The DAT then summed the total amount of risk factors for each claim line and established three mutually exclusive groups, or strata, for attribute sampling. The first stratum consists of claim lines with no risks identified, the second consists of claim lines with one risk identified, and the third consists of claim lines with two or more risks identified. The DAT also established a fourth stratum for claims that had destination codes other than hospital or skilled nursing facility, and excluded diagnoses for bed-confined and end stage renal disease.

### *Sample Plan*

The DAT used an attribute sample design that was stratified by the four mutually exclusive strata. Within each stratum, the DAT randomly selected sample sizes based on total amount allowed and error rates within each stratum. Table 4 shows the selected 182 claim line items, with paid amounts totaling \$70,635.77.<sup>37</sup>

<sup>37</sup> According to the MDR data, the total paid amount for these 182 sample claims was \$71,044.81. However, the audit team identified a paid amount discrepancy in the MDR data for one sample claim for \$409.04. Therefore, the actual total amount TRICARE paid for our 182 sample claims was \$70,635.77.

Table 4. Population and Sample Breakdown of Payments

Stratum	Population Size	Total Paid	Sample Size	Sample Total Paid	Sample Improper Payments
First	1,177,948	\$291,269,039	92	\$23,636.65	\$9,912.79
Second	52,819	\$41,712,366	30	\$22,170.30	\$10,635.58
Third	11,193	\$8,821,524	30	\$18,116.90	\$4,082.50
Fourth	62,801	\$16,324,622	30	\$6,711.92	\$3,886.10
<b>Total</b>	<b>1,304,761</b>	<b>\$358,127,551</b>	<b>182</b>	<b>\$70,635.77</b>	<b>\$28,516.97</b>

Source: The DoD OIG.

### ***Review of Documentation and Interviews***

To accomplish our audit objective, we interviewed officials from the DHA and TRICARE East, West, and Overseas contractors. We reviewed TRICARE and other applicable federal criteria.

The team provided a list of the 182 sample ambulance transport claims to DHA personnel on February 9, 2021, to request supporting documentation for each claim. The team provided an initial suspense date of March 31, 2021, to receive documentation. We subsequently granted an extension to April 14, 2021. The team accepted supporting documentation for five additional claims after the April 14, 2021, extension. On May 18, 2021, the team informed the DHA that we would no longer accept any further supporting documentation for the remaining sample claims for which the team had not already received supporting documentation.

For 67 sample claims, the DHA, through its TRICARE contractors, did not provide supporting documentation or only provided a claim form. Therefore, we concluded these claims lacked documentation to support whether the payment to the provider was proper. For the remaining 115 sample claims, TRICARE contractors provided supporting documentation other than a claim form, such as medical records, trip reports, patient care reports, statements of personal injury, etc. For these claims, we reviewed the supporting documentation to determine whether DHA and TRICARE personnel paid the provider in accordance with TRICARE and other applicable federal criteria. Specifically, to determine whether the payment to the provider was proper, we determined whether TRICARE personnel ensured:

- the claim was coded accurately within the MDR;
- the claim was filed within required timeframes;

- the claim included a valid ZIP code and National Provider Identifier;<sup>38</sup>
- the provider was not included on the U.S. Department of Health & Human Services (HHS) List of Excluded Individuals/Entities
- the transport was to an allowable destination;
- the level of service the provider billed was the level of service the provider furnished; and
- the transport was medically necessary.

We also reviewed other ambulance transport claims for patients in our sample to determine whether any duplicates or potential abusive patterns existed. After we completed initial reviews of the 115 sample claims, we met with DHA and TRICARE contractor personnel to obtain further information and discuss discrepancies we identified.

We identified that for seven claims, providers improperly billed and the DHA, through its TRICARE contractors, overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation. For these claims, we met with DHA personnel to determine the amount of overpayment. DHA personnel could not identify the dollar amount that the provider should have billed or that the DHA should have paid. Therefore, we deemed the entire paid amount of these claims as improper payments.

### ***Statistical Projection***

From the 182 ambulance claims in our sample, valued at \$70,635.77, we identified potential recoverable improper payments on 85 claims, valued at \$28,516.97. Specifically:

- 67 claims, valued at \$20,432.81, did not have supporting documentation or only a claim form;
- 7 claims, valued at \$3,693.95, did not have sufficient documentation to support whether the transport was medically necessary or covered according to the CFR and TRICARE Policy Manual;
- 7 claims, valued at \$2,643.73, were improperly billed by the provider;
- 3 claims, valued at \$1,678.53, did not meet the TRICARE and Medicare definitions of medical necessity; and
- 1 claim, valued at \$67.95, did not meet TRICARE reimbursement requirements for ambulance transport point-of-pickup ZIP codes.

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<sup>38</sup> This was not applicable for TRICARE Overseas claims.

The DAT used these sample results to project that, with a 95-percent confidence level, at least \$118,851,848 of the total \$358,127,551 were potentially recoverable improper payments between October 1, 2015, and September 30, 2020, to TRICARE ambulance service providers for ground ambulance claims lines above \$50.

We determined that at least \$118.85 million in potential improper payments is recoverable. We used statistical sampling because it allowed us to review a sample of ground ambulance claims to accomplish the audit objectives instead of reviewing the entire universe of claims. Using a statistical sample allowed for the results of the sample to be projected to the total universe of ground ambulance payments because the statistical sample shares the same characteristics of all payments in the universe. Our statistical sample identified potential recoverable improper payments on 85 claims, valued at \$28,516.97. We extrapolated these results to the universe of payments, and projected at least \$118.85 million in potential recoverable improper payments.

We understand that DHA personnel cannot review every ground ambulance claim to determine whether it was a proper payment and seek recoveries for the amounts deemed improper due to limited resources and time. Therefore, the DHA should review TRICARE policy to determine whether recoveries are allowed from TRICARE contractors based on statistical projections of improper payments for ambulance claims outside our sample that may not have documentation. Based on the outcome of the DHA's review of policies, DHA officials should determine the best course of action for recovering projected improper payments on unsupported ambulance claims.

### ***Criteria***

We evaluated the ambulance transport claims documentation according to the following Federal and DoD criteria.

- Title 32 CFR sections 199.4, 199.7, and 199.14 (2020)
- Public Law 116-117, "Payment Integrity Information Act of 2019," March 2, 2020
- M-18-20 Appendix C to OMB Circular A-123, "Requirements for Payment Integrity Improvement," June 26, 2018
- M-15-02 Appendix C to OMB Circular A-123, "Requirements for Effective Estimation and Remediation of Improper Payments," October 20, 2014
- TRICARE Operations Manual, chapter 24, "TRICARE Overseas Program," section 9, "Claims Processing Procedures," September 10, 2020
- TRICARE Operations Manual, chapter 24, "TRICARE Overseas Program," section 7, "Ambulance/Aeromedical Evacuation Services," March 10, 2017

- TRICARE Operations Manual, chapter 24, “TRICARE Overseas Program,” section 4, “Purchased Care Sector Providers,” June 13, 2017
- TRICARE Policy Manual, chapter 8, “Other Services,” section 1.1, “Ambulance Service,” September 20, 2019
- TRICARE Reimbursement Manual, chapter 1, “General,” section 14, “Ambulance Services,” September 20, 2019
- Medicare Claims Processing Manual, chapter 15, “Ambulance,” October 4, 2019
- Medicare Benefit Policy Manual, chapter 10, “Ambulance Services,” April 13, 2018

## Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed internal controls related to the DHA and TRICARE contractors’ processing, review, and coding of ambulance transport claims, and MDR data entry. However, because our review was limited to these internal control components and underlying principles, it might not have disclosed all internal control deficiencies that could have existed at the time of this audit.

## Use of Computer-Processed Data

We relied on computer-processed data from the MDR to obtain a universe and select a statistical sample of TRICARE ambulance transport claims. Our universe consisted of emergency and nonemergency claims associated with ground ambulance transports, with dates of service from October 1, 2015, through September 30, 2020. We selected a statistical sample of 182 ambulance transport claims, with paid amounts totaling \$70,635.77, to determine whether the DHA, through its contractors, paid providers for ambulance transport claims in accordance with TRICARE reimbursement requirements.

We obtained and made our conclusions for the ambulance transportation claims in our sample based on supporting documentation; therefore, we did not rely on the MDR data and did not assess the reliability of the data for the purposes of our reviews. However, the DAT relied on the MDR data to project the results of our sample reviews across the universe of ambulance transport claims. Therefore, we assessed the reliability of the data for the purposes of the DAT’s projections. To assess the reliability of the claims data for the purposes of the DAT’s projections, we compared the MDR data to supporting documentation provided by the TRICARE East, West, and Overseas contractors for the “Paid” and “CPT” fields. Of the 182 claims reviewed, we only identified one claim with a discrepancy in the

“Paid” field and one claim for which we could not determine reliability of the “Paid” field due to lack of supporting documentation. Therefore, we determined that the data was sufficiently reliable for the purposes of the DAT’s projections.

## Use of Technical Assistance

We received assistance from the DAT to obtain a universe of TRICARE ambulance transport claims with dates of service between October 1, 2015, and September 30, 2020, from the MDR. The DAT used the universe of ambulance transport claims to develop a risk-based sampling model based on risk factors the team identified while reviewing TRICARE and other applicable federal criteria. Using the model, the DAT selected a stratified, statistical sample of ambulance transport claims for the team to review. We provided the DAT with findings of improper payments based on our reviews of the sample claims. The DAT used the results of our reviews to project the results across the universe of ambulance transport claims and identified total improper payments for TRICARE ambulance transportation reimbursements.

## Prior Coverage

During the last 5 years, the DoD OIG and the Department of Health and Human Services Office of Inspector General (HHS OIG) issued eight reports discussing improper payments made by the DHA for TRICARE services and payments related to ambulance transports.

Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/reports.html/>. Unrestricted HHS OIG reports can be accessed at <https://oig.hhs.gov/reports-and-publications/oas/index.asp>.

### **DoD OIG**

Report No. DODIG-2022-052 “Audit of the Defense Health Agency’s Reporting of Improper Payment Estimates for the Military Health Benefits Program,”  
January 11, 2022

The DHA did not have adequate processes to identify improper payments and produce a reliable improper payment estimate for the MHB Program for the FY 2021 reporting period. Specifically, the DHA did not:

- implement effective DHA sampling methodology when developing the improper payment rate, and
- conduct adequate improper payment reviews of Administrative and Other Costs payments or TRICARE West payments.

The DHA could not provide a reliable improper payment estimate because it did not use payment transactions when applying its sampling methodology to the data population. Also, the DHA did not consider the characteristics of its data population before applying its sampling methodology and did not calculate its sample size in accordance with its sampling and estimation methodology. Additionally, the DHA did not complete improper payment reviews for any of the Administrative and Other Costs sub-populations, base its improper payment reviews of TRICARE West medical claims on a payment definition that was in accordance with the PIIA, and conduct medical record reviews in accordance with its sampling and estimation methodology plan. As a result, the DHA is unable to effectively identify improper payments and will not produce a reliable improper payment estimate for the MHB Program for FY 2021.

Report No. DODIG-2018-084 “TRICARE North Region Payments for Applied Behavior Analysis Services for the Treatment of Autism Spectrum Disorder,”  
March 14, 2018

The DHA made improper payments for Applied Behavior Analysis (ABA) services to companies in the TRICARE North Region. The DoD OIG statistically projected that the DHA, through its contractor, improperly paid \$81.2 million of the total \$120.1 million paid to ABA companies in the TRICARE North Region for ABA services performed in 2015 and 2016. The DHA either lacked documentation or had insufficient documentation to support the payment to the ABA companies. The DHA did not detect these improper payments because the DHA did not perform comprehensive medical reviews on a statistically representative sample of ABA claims.

Report No. DODIG-2017-064 “The Defense Health Agency Improperly Paid for Autism-Related Services to Selected Companies in the TRICARE South Region,”  
March 10, 2017

The DHA made improper payments for ABA services to five ABA companies in the TRICARE South Region. Specifically, the ABA companies billed, and the DHA improperly paid for, ABA services under the following conditions: lack of documentation to support ABA services; misrepresentation of the provider who performed the ABA services; billing for ABA services provided while the beneficiary was napping; billing for two services at the same time; unreliable supporting documentation; billing for services while the beneficiary was not present; and billing for services performed by providers who were not authorized by TRICARE. DHA personnel made improper payments because when DHA and contractor personnel selected ABA companies for review, they did not consider that certain indicators may help to identify improper

payments, such as a high percentage of claims billed at the ABA supervisor rate, the highest rate. As a result, the DoD OIG projected that the DHA improperly paid \$1.9 million of the total \$3.1 million paid to the five companies for ABA services performed in CY 2015.

### **HHS OIG**

Report No. A-09-18-03030, "Medicare Incorrectly Paid Providers for Emergency Ambulance Transports from Hospitals to Skilled Nursing Facilities," September 2019

HHS OIG found that Medicare payments to providers for emergency ambulance transports from hospitals to skilled nursing facilities did not comply with Federal requirements. Specifically, providers incorrectly billed all 99 sampled claim lines for emergency ambulance transports that providers indicated were from hospitals to skilled nursing facilities. For these 99 claim lines, Medicare contractors made incorrect payments for 86 of them, totaling \$9,563.

Report No. A-01-17-00506, "Medicare Paid Twice for the Ambulance Services Subject to Skilled Nursing Facility Consolidated Billing Requirements," February 2019

HHS OIG found that Medicare made Part B payments to ambulance suppliers for transportation services that were also included in Medicare Part A payments to skilled nursing facilities as part of consolidated billing requirements. For 78 of the 100 beneficiary days HHS OIG sampled, Medicare made Part B payments that were incorrect.

Report No. A-02-16-01021, "Midwood Ambulance & Oxygen Service, Inc., Billed for Nonemergency Ambulance Transport Services That Did Not Comply with Medicare Requirements," December 2018

HHS OIG found that Midwood did not comply with Medicare requirements for billing nonemergency ambulance transport services for 89 of the 100 claims reviewed. Specifically, Midwood incorrectly billed Medicare for beneficiaries whose conditions did not meet medical necessity requirements and billed for services that did not meet documentation requirements.

Report No. A-09-17-03017, "Medicare Made Improper and Potentially Improper Payments for Emergency Ambulance Transports to Destinations Other than Hospitals or Skilled Nursing Facilities," August 2018

HHS OIG found that Medicare payments to providers for emergency ambulance transports did not comply or potentially did not comply with Federal requirements. Specifically, Medicare made improper and potentially improper payments totaling \$1.9 million.

Report No. A-09-17-03018, "Medicare Improperly Paid Providers for Nonemergency Ambulance Transports to Destinations Not Covered by Medicare," July 2018

HHS OIG found that Medicare made improper payments of \$8.7 million to providers for nonemergency ambulance transports to destinations not covered by Medicare, including the identified ground mileage associated with the transports.

## Appendix B

### Sample Claim Reviews

Of the 182 sample ambulance transportation claims reviewed, we identified improper payments for 85 claims.

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2020150TX 91069 1706195	\$383.24	Yes	Proper Payment	N/A*
TRICARE East	2018135NC 83504 0502355	\$256.56	Yes	Proper Payment	N/A
TRICARE East	2017087NY 401J1 0302085	\$399.19	Yes	Proper Payment	N/A
TRICARE East	2020055PA 95484 1313165	\$205.56	Yes	Proper Payment	N/A
TRICARE East	2019294VA 71249 1110345	\$205.36	Yes	Proper Payment	N/A
TRICARE East	2019056MO 99286 0746285	\$391.78	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE East	2017248ME G5086 4211065	\$364.55	Yes	Proper Payment	N/A
TRICARE East	2020261CO 99848 1412145	\$373.38	Yes	Proper Payment	N/A
TRICARE East	2019108NY 96834 0908105	\$264.22	Yes	Proper Payment	N/A
TRICARE East	2016057GA X0RJN 2243925	\$225.94	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2016083TN V0522 4303805	\$198.33	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE East	2015351OH X3495 0316935	\$303.65	Claim Form Only	Improper Payment	Lack of Documentation

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2020135FL 89835 1612565	\$364.28	Yes	Proper Payment	N/A
TRICARE East	2017296MA 403FG 0144095	\$164.46	No	Improper Payment	Lack of Documentation
TRICARE East	2018282GA 92033 1915445	\$81.07	Yes	Proper Payment	N/A
TRICARE East	2017241PA X3JPS 5824305	\$160.38	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2019297FL 85342 1604045	\$67.95	Yes	Improper Payment	Provider did not include a point-of-pickup ZIP code on the claim
TRICARE East	2018194FL 95480 1538405	\$420.91	Yes	Proper Payment	N/A
TRICARE East	2019126GA 89191 1122205	\$117.92	Yes	Proper Payment	N/A
TRICARE East	2017282NJ X4X81 3826765	\$374.56	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2018080FL X1YMV 2140635	\$397.53	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020246FL 87786 0541215	\$343.32	Yes	Proper Payment	N/A
TRICARE East	2019084GA 86425 0930395	\$98.15	Yes	Proper Payment	N/A
TRICARE East	2018291TX 97354 1330305	\$368.31	Yes	Proper Payment	N/A
TRICARE East	2018061OH 95037 1536465	\$194.33	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2017012IN X3966 5130975	\$206.20	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2019051TX 96092 1037295	\$178.84	Yes	Proper Payment	N/A
TRICARE East	2017146TX X43LN 1614745	\$262.44	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2018229NC 89871 2031335	\$85.22	Yes	Proper Payment	N/A
TRICARE East	2019163SC 94338 1013275	\$418.12	Yes	Proper Payment	N/A

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2017248FL T0771 4417915	\$108.84	Yes	Proper Payment	N/A
TRICARE East	2016347AL X544C 5956615	\$508.84	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020074TN 99316 1335055	\$434.34	Yes	Proper Payment	N/A
TRICARE East	2018360MA 98479 1946455	\$455.97	Yes	Proper Payment	N/A
TRICARE East	2016225MA G0999 0114825	\$238.30	Yes	Proper Payment	N/A
TRICARE East	2017139TX X3YVM 0341645	\$136.69	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2018262OK 96071 1312405	\$211.74	Yes	Proper Payment	N/A
TRICARE East	2017075TX X4FZ4 5404635	\$116.64	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020209NC 86364 1122105	\$270.03	Yes	Proper Payment	N/A
TRICARE East	2017250FL 400C3 0757355	\$397.53	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2017241NJ 400MG 0457085	\$520.00	No	Improper Payment	Lack of Documentation
TRICARE East	2018093RI 99641 1139065	\$197.26	Yes	Proper Payment	N/A
TRICARE East	2019204DE 99130 0809065	\$383.93	Yes	Proper Payment	N/A
TRICARE East	2017125GA X3ZZ8 1207945	\$431.10	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2018282MD 96515 0726285	\$262.13	Yes	Proper Payment	N/A
TRICARE East	2019058TN 94693 1154005	\$113.25	Yes	Proper Payment	N/A
TRICARE East	2017142AL V4199 2118795	\$317.62	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2018178PA 96493 1444155	\$265.34	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE East	2018052TN 93625 0420245	\$133.32	Yes	Proper Payment	N/A
TRICARE East	2018051NC 76259 1026575	\$73.70	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2017208TX X2Q0P 4618115	\$164.32	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020206TN 99564 0721245	\$530.00	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020188OH 98195 1616205	\$315.07	Yes	Proper Payment	N/A
TRICARE East	2018346OH 99360 0618575	\$208.20	Yes	Proper Payment	N/A
TRICARE East	2016165VA X5NHH 0513035	\$222.48	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2016245AL V0308 5823365	\$731.24	Yes	Proper Payment	N/A
TRICARE East	2020008RI 99596 1301575	\$581.83	Yes	Proper Payment	N/A
TRICARE East	2019077GA 88363 0621315	\$591.57	Yes	Proper Payment	N/A
TRICARE East	2020252TX 87445 1048025	\$227.84	Yes	Proper Payment	N/A
TRICARE East	2018192NC 90060 1754305	\$409.03	Yes	Proper Payment	N/A
TRICARE East	2017233ME G3936 2516485	\$861.20	Yes	Proper Payment	N/A
TRICARE East	2019164WI 98367 1301515	\$874.75	Yes	Proper Payment	N/A
TRICARE East	2018323TX 81544 1144375	\$743.76	Yes	Proper Payment	N/A
TRICARE East	2016112IN X5QK0 4448865	\$584.94	Claim Form Only	Improper Payment	Lack of Documentation

*Sample Claim Reviews (cont'd)*

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2017017FL V7655 5825195	\$699.92	Yes	Proper Payment	N/A
TRICARE East	2018156SC 93980 1149535	\$676.56	Yes	Proper Payment	N/A
TRICARE East	2019133GA 88439 1417045	\$674.37	Yes	Improper Payment	Did not meet the TRICARE and Medicare definitions of medical necessity
TRICARE East	2017346NC X4HTS 2956565	\$611.80	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020035IL 96742 1400075	\$608.33	Yes	Proper Payment	N/A
TRICARE East	2016147MN X5DB6 5402735	\$734.74	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020140MI 98785 1705415	\$267.06	Yes	Proper Payment	N/A
TRICARE East	2020071SC 99993 0437185	\$75.00	Yes	Proper Payment	N/A
TRICARE East	2016057TX X5B0T 5816615	\$1,326.80	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2018317AR 97789 0535535	\$400.41	Yes	Improper Payment	Insufficient Documentation
TRICARE East	2017311VA X48WJ 3517915	\$341.02	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020007VA 97332 1034415	\$100.00	Yes	Proper Payment	N/A
TRICARE East	2020016VA 94226 1311315	\$234.49	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2017242VA X4YG2 5824305	\$426.27	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2019144MA 98632 1524235	\$335.99	Yes	Proper Payment	N/A
TRICARE East	2017200VA X4R0Q 5502845	\$422.70	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020143TX 96214 1556315	\$371.33	Yes	Proper Payment	N/A
TRICARE East	2020150PA 99388 0810325	\$271.90	Yes	Proper Payment	N/A

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE East	2016053AL X660H 1327205	\$397.52	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2019170TN 95383 0833385	\$92.24	Yes	Proper Payment	N/A
TRICARE East	2020184GA 98302 0909515	\$123.44	Yes	Improper Payment	Did not meet the TRICARE and Medicare definitions of medical necessity
TRICARE East	2020247SC 95622 1700535	\$83.00	Yes	Proper Payment	N/A
TRICARE East	2017051TX X4T44 5441235	\$104.39	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2019239VA 87286 0813475	\$125.00	Yes	Proper Payment	N/A
TRICARE East	2017200VA X0QV9 4528725	\$414.84	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE East	2020062TN 94311 0508545	\$263.47	Claim Form Only	Improper Payment	Lack of Documentation
TRICARE West	2017193WA X12B7 3122415	\$381.12	Yes	Proper Payment	N/A
TRICARE West	2017150NE X3RMD 1310935	\$305.48	Yes	Proper Payment	N/A
TRICARE West	2018298WA X0BC8 5021365	\$110.55	No	Improper Payment	Lack of Documentation
TRICARE West	2018176MO J4515 4454445	\$397.64	Yes	Proper Payment	N/A
TRICARE West	2017051HI X2KNW 5243475	\$477.24	Yes	Proper Payment	N/A
TRICARE West	2016097CO X4RD3 4259425	\$79.64	No	Improper Payment	Lack of Documentation
TRICARE West	2020294IA 400YC 2734265	\$312.95	Yes	Proper Payment	N/A
TRICARE West	2019010CO X0Q0Y 0955615	\$338.94	No	Improper Payment	Lack of Documentation
TRICARE West	2017357OR X0H8X 5426955	\$234.99	Yes	Proper Payment	N/A
TRICARE West	2018029MO X1N5L 2833355	\$487.51	Yes	Proper Payment	N/A
TRICARE West	2019281MO X16QM 0138315	\$158.55	Yes	Proper Payment	N/A
TRICARE West	2017103CA X3LZF 4203525	\$287.89	No	Improper Payment	Lack of Documentation

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE West	2018130CA X1FX6 4106355	\$418.11	Yes	Proper Payment	N/A
TRICARE West	2019046CA X1J1M 1149165	\$427.65	Yes	Proper Payment	N/A
TRICARE West	2019144CA X0Q93 1033185	\$309.55	Yes	Proper Payment	N/A
TRICARE West	2015352WA X5YD6 0727115	\$434.03	Yes	Proper Payment	N/A
TRICARE West	2019122CA X12QG 2429435	\$427.65	No	Improper Payment	Lack of Documentation
TRICARE West	2017286GA V2247 0548295	\$337.13	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE West	2018067CA C0078 1446335	\$454.62	Yes	Proper Payment	N/A
TRICARE West	2020234WA X1GQH 5126825	\$238.61	Yes	Proper Payment	N/A
TRICARE West	2020083CA J6867 2406925	\$425.23	Yes	Proper Payment	N/A
TRICARE West	2017206TX X41PX 3325255	\$700.27	Yes	Proper Payment	N/A
TRICARE West	2017195WA X10KR 3901905	\$791.20	No	Improper Payment	Lack of Documentation
TRICARE West	2018024AZ J0444 5809095	\$651.96	Yes	Proper Payment	N/A
TRICARE West	2017233NE X5GLK 5311455	\$689.95	Yes	Improper Payment	Insufficient Documentation
TRICARE West	2019022UT 400ZC 2246735	\$740.57	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE West	2018155CO X10QS 5132195	\$788.59	No	Improper Payment	Lack of Documentation
TRICARE West	2016320KS X4123 1619805	\$682.07	No	Improper Payment	Lack of Documentation
TRICARE West	2018164TX X12DH 0215725	\$712.68	Yes	Proper Payment	N/A
TRICARE West	2019291AK X1X9X 4920025	\$863.78	Yes	Proper Payment	N/A

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE West	2019127AZ X09K1 2429435	\$887.73	No	Improper Payment	Lack of Documentation
TRICARE West	2017265MO X0GXF 1457215	\$894.24	No	Improper Payment	Lack of Documentation
TRICARE West	2018004CA X25KL 3331285	\$677.29	No	Improper Payment	Lack of Documentation
TRICARE West	2018058TX X0MC3 3955295	\$712.68	Yes	Proper Payment	N/A
TRICARE West	2020009AK J1384 1600985	\$212.71	Yes	Proper Payment	N/A
TRICARE West	2015289MO X52DZ 4856525	\$160.30	No	Improper Payment	Lack of Documentation
TRICARE West	2018162KS J1245 1935355	\$217.06	Yes	Proper Payment	N/A
TRICARE West	2017289UT X38J2 2003465	\$408.18	Yes	Proper Payment	N/A
TRICARE West	2019010CA X00TN 0955615	\$75.50	No	Improper Payment	Lack of Documentation
TRICARE West	2018325KS X1Y51 2242025	\$307.30	No	Improper Payment	Lack of Documentation
TRICARE West	2016348CA 4B4ZX 5126075	\$69.50	No	Improper Payment	Lack of Documentation
TRICARE West	2019003WY X0LXG 4138005	\$340.56	Yes	Proper Payment	N/A
TRICARE West	2018179CA X1JZC 0944125	\$217.64	No	Improper Payment	Lack of Documentation
TRICARE West	2016006KS X0N8F 1901875	\$380.35	No	Improper Payment	Lack of Documentation
TRICARE West	2017018TX X10VS 3938665	\$72.40	Yes	Proper Payment	N/A
TRICARE West	2017109CA X3Y8J 5458225	\$308.10	Yes	Proper Payment	N/A
TRICARE West	2018226CA X1FR9 3859925	\$392.96	Yes	Improper Payment	Provider improperly billed and TRICARE overpaid for a higher level of service than the level of service actually furnished and noted in the supporting documentation
TRICARE West	2016201WA X397R 5500495	\$307.63	Yes	Proper Payment	N/A
TRICARE West	2016060AZ C4622 5759955	\$270.19	Yes	Proper Payment	N/A
TRICARE West	2018127WA X1V9Z 1447605	\$277.20	Yes	Proper Payment	N/A

*Sample Claim Reviews (cont'd)*

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE Overseas	2018235CRI99988 1648315	\$1,600.00	Yes	Proper Payment	N/A
TRICARE Overseas	2020210DEU99953 0927015	\$989.60	Yes	Improper Payment	Insufficient Documentation
TRICARE Overseas	2018323DEU99773 1508035	\$888.49	Yes	Improper Payment	Insufficient Documentation
TRICARE Overseas	2020281DEU99894 0624455	\$880.72	Yes	Improper Payment	Did not meet the TRICARE and Medicare definitions of medical necessity
TRICARE Overseas	2019080DEU99702 1011555	\$559.21	Yes	Proper Payment	N/A
TRICARE Overseas	2020033DEU99938 1926525	\$840.63	Yes	Proper Payment	N/A
TRICARE Overseas	2016134DEU99952 0958435	\$821.32	Yes	Proper Payment	N/A
TRICARE Overseas	2017074DEU99631 0712595	\$830.57	Yes	Proper Payment	N/A
TRICARE Overseas	2017088DEU99821 1552525	\$644.99	Yes	Proper Payment	N/A
TRICARE Overseas	2016287DEU99942 1020425	\$623.89	Yes	Proper Payment	N/A
TRICARE Overseas	2018096DEU99881 1224545	\$997.60	Yes	Proper Payment	N/A
TRICARE Overseas	2018095DEU99867 1308265	\$885.13	Yes	Proper Payment	N/A
TRICARE Overseas	2019275DEU99800 1650015	\$1,169.54	Yes	Proper Payment	N/A
TRICARE Overseas	2020088DEU99988 1313385	\$713.79	Yes	Proper Payment	N/A

## Sample Claim Reviews (cont'd)

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE Overseas	2020227DEU99820 1022025	\$796.77	Yes	Proper Payment	N/A
TRICARE Overseas	2019301DEU99784 1844465	\$930.19	Yes	Proper Payment	N/A
TRICARE Overseas	2019017DEU99855 1458185	\$1,049.76	Yes	Proper Payment	N/A
TRICARE Overseas	2016321DEU99796 1512295	\$824.34	Yes	Proper Payment	N/A
TRICARE Overseas	2017264DEU99660 1136125	\$127.56	Yes	Improper Payment	Insufficient Documentation
TRICARE Overseas	2019017DEU99815 0340305	\$245.49	Yes	Improper Payment	Insufficient Documentation
TRICARE Overseas	2018115DEU99816 1122395	\$177.81	Yes	Proper Payment	N/A
TRICARE Overseas	2020088DEU99990 1310255	\$146.45	Yes	Proper Payment	N/A
TRICARE Overseas	2016337DEU99747 1303055	\$352.45	Yes	Improper Payment	Insufficient Documentation
TRICARE for Life	2015345VA 95571 0607065	\$82.72	No	Improper Payment	Lack of Documentation
TRICARE for Life	2016212FL 80404 0517155	\$70.03	No	Improper Payment	Lack of Documentation
TRICARE for Life	2019205NY 96876 0540305	\$73.13	No	Improper Payment	Lack of Documentation
TRICARE for Life	2020058CA 88613 0217415	\$253.60	No	Improper Payment	Lack of Documentation
TRICARE for Life	2019267AZ 95742 0640275	\$80.63	No	Improper Payment	Lack of Documentation
TRICARE for Life	2016268VA 93274 1442495	\$84.54	No	Improper Payment	Lack of Documentation
TRICARE for Life	2019200ME 99502 0854275	\$85.69	No	Improper Payment	Lack of Documentation
TRICARE for Life	2016049AR 97924 0539525	\$127.61	No	Improper Payment	Lack of Documentation

*Sample Claim Reviews (cont'd)*

TRICARE Contractor	TRICARE Encounter Data Number	Paid Amount	Documentation Provided?	Claim Review Conclusion	Reason
TRICARE for Life	2016069KY 99238 0531125	\$77.89	No	Improper Payment	Lack of Documentation
TRICARE for Life	2015311MI 99491 0534095	\$140.07	No	Improper Payment	Lack of Documentation
TRICARE for Life	2020147TX 91283 0147115	\$86.58	No	Improper Payment	Lack of Documentation
TRICARE for Life	2016026FL 86469 0725185	\$87.71	No	Improper Payment	Lack of Documentation
TRICARE for Life	2018094MS 98947 1448015	\$225.58	No	Improper Payment	Lack of Documentation
TRICARE for Life	2017117AL 93543 0813355	\$66.87	No	Improper Payment	Lack of Documentation
TRICARE for Life	2017152TX 94242 1517075	\$86.70	No	Improper Payment	Lack of Documentation
TRICARE for Life	2020302GA 99147 1612265	\$69.83	No	Improper Payment	Lack of Documentation
TRICARE for Life	2020041ME 99704 0907075	\$50.09	No	Improper Payment	Lack of Documentation
TRICARE for Life	2019092NJ 98127 0655105	\$50.94	No	Improper Payment	Lack of Documentation
TRICARE for Life	2018006WV 99407 1555395	\$202.45	No	Improper Payment	Lack of Documentation

\* N/A – Not Applicable

Source: The DoD OIG.

## Appendix C

### Potential Monetary Benefits<sup>39</sup>

Recommendation	Type of Benefit	Amount of Benefit	Account
1.b, 2.c, 3.b	Questioned Cost, Unsupported Cost, and/or Disallowed Cost	\$118.85 million	Multiple

Source: The DoD OIG.

Based on the methodology of the statistical sample (discussed in Appendix A) of 182 claims, valued at \$70,635.77, and the improper payments identified on 85 claims, valued at \$28,516.97, with 95-percent confidence we project at least \$118.85 million in potential recoverable improper payments that the DHA could recover from ambulance providers.

<sup>39</sup> The Inspector General Act of 1978, as amended, defines three financial savings categories. The first category is a questioned cost, which is a cost that is questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. The second category is an unsupported cost, which is a cost that is questioned by the OIG because the OIG found that, at the time of the audit, such cost is not supported by adequate documentation. The third category is a disallowed cost, which is a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government. Therefore, for the \$118.85 million in projected recoverable improper payments identified in the report, we have deemed the improper payments as questioned costs or unsupported costs. If the DHA, in a management decision, sustains or agrees that the costs should not be charged to the Government, then they would also be disallowed costs.

## Appendix D

### Coordination Efforts to Obtain Supporting Documentation for Sample Claims

Date	Coordination Efforts
February 9, 2021	The audit team requested supporting documentation for our 182 sample ground ambulance transport claims. The team's DHA point of contact (POC) stated that the TRICARE contractors will request clinical documentation from the providers and, per the contractors, we should expect a minimum of 30 days for them to receive the information.
March 4, 2021	<p>The audit team conducted an entrance conference and discussed the request from February 9. The team provided a formal suspense date of March 31, 2021, to receive documentation. The team noted the importance of this date, and stated that if we did not receive the documentation by this date, we would classify the claims as improper payments.</p> <p>DHA personnel provided the team with supporting documentation for the 23 TRICARE Overseas claims in our sample.</p>
March 5, 2021	The team's DHA POC requested sample items be replaced if the contractors were unable to retrieve documentation. We informed our POC that, due to the randomized statistical sample we pulled, we cannot substitute or exclude claims from the sample if the contractors cannot retrieve supporting documentation. We also reemphasized that if we do not receive supporting documentation for claims, the associated payments would be deemed improper.
March 18, 2021	The audit team sent a followup e-mail checking in on the status of the remaining 159 claims and whether we would be receiving documentation. The DHA POC informed the team that the contractors were in the process of gathering records but did not have an estimated completion date.
March 23, 2021	The audit team sent an additional followup email requesting contractors provide documentation as it becomes available. The team also reiterated our suspense date of March 31, 2021. On the same day, TRICARE West personnel responded stating their subcontractor recently sent out letters requesting medical documentation from providers. TRICARE West personnel also stated that they typically give providers 30 days to respond and if they still had outstanding requests after March 31, they would send out a second letter and follow up with the providers.
March 31, 2021	As of our original suspense date, the audit team received supporting documentation for 28 of the 90 TRICARE East claims in our sample, 0 of the 50 TRICARE West claims in our sample, and 0 of the 19 TRICARE for Life claims in our sample.

*Coordination Efforts to Obtain Supporting Documentation for Sample Claims (cont'd)*

Date	Coordination Efforts
April 1, 2021	<p>A day after our initial suspense date (March 31, 2021), we elevated the concern of lack of documentation to the DHA Audit Liaison, who relayed the message to the DHA Chief of Staff. We informed the DHA Audit Liaison of the lack of documentation provided to the audit team, and informed him that without supporting documentation, the claims may be considered improper payments.</p> <p>Our DHA POC requested an extension to the suspense date for the submission of claim documentation. We granted an extension until April 14, 2021, and reiterated that the team would conclude that DHA and the TRICARE contractors could not produce supporting documentation for any claims not supported by the extended suspense date. Our DHA POC acknowledged.</p>
April 2, 2021	<p>Our DHA POC informed the team that the TRICARE contractors are making phone calls to the ambulance service providers.</p>
April 14, 2021	<p>By our extended suspense date, the audit team received supporting documentation for 59 of the 90 TRICARE East claims in our sample, 28 of the 50 TRICARE West claims in our sample, and 0 of the 19 TRICARE for Life claims in our sample.</p>
April 28, 2021	<p>The audit team received supporting documentation for four additional TRICARE West sample claims after the extended suspense date of April 14, 2021.</p>
May 17, 2021	<p>The audit team received supporting documentation for one additional TRICARE West sample claim after the extended suspense date of April 14, 2021.</p>
May 18, 2021	<p>The audit team informed the DHA that we accepted supporting documentation for the five additional claims after the extended suspense date of April 14, 2021; however, as of May 18, 2021, the team would no longer accept any further supporting documentation for the remaining 67 sample claims for which the team had not already received supporting documentation. At this point, the audit team provided more than twice the contract allowed amount of time (45 days). The audit team received no additional documentation to support sampled ambulance transport claims after this date.</p>

Source: The DoD OIG.

# Management Comments

## Defense Health Agency



**THE ASSISTANT SECRETARY OF DEFENSE**

1200 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1200

**HEALTH AFFAIRS**

MEMORANDUM FOR PROGRAM DIRECTOR FOR AUDIT, FINANCIAL  
MANAGEMENT AND REPORTING, DEPARTMENT OF  
DEFENSE OFFICE OF INSPECTOR GENERAL

SUBJECT: Audit of TRICARE Ambulance Transportation Reimbursements, Project Number  
D2021-D000AX-0073.000

Reference: (a) DoD Financial Management Regulation 7000.14-R, Volume 4, Chapter 14,  
“Payment Integrity,” May 2020  
(b) OMB Memorandum M-21-19, “Transmittal of Appendix C to OMB Circular A-  
123, Requirements for Payment Integrity Improvement,” March 5, 2021

Please find attached our initial response to the subject audit. Our responses were  
coordinated with the Office of the Under Secretary of Defense, Comptroller (OUSDC),  
Financial Policy and Reporting Directorate (FMPR), as required by reference (a).

Per reference (b), since the period audited was from February 2021 through January  
2022, the OMB A-123 Appendix C applicable to the audit should be the version effective in  
Fiscal Year 2021. Reference (a) states, “Appendix C to OMB Circular A-123 (which was last  
updated in June 2018 as OMB Memorandum M-18-20) is hereby modified. Unless otherwise  
noted in the guidance, the requirements found in Appendix C are effective starting in Fiscal Year  
2021.” The applicable Appendix C guidance more clearly defines “improper payments” and  
“unknown payments,” and may be relevant to the audit findings, as noted in our response to the  
recommendations.

In addition, the Defense Health Agency has obtained more information pertaining to  
claims for the audited period that will require time to review and summarize. Once reviewed, we  
will provide updated responses to the recommendations.

Thank you for the opportunity to review and provide comments on the draft report. My  
point of contact is [REDACTED], [REDACTED], or via email at [REDACTED].

MULLEN, SEILEEN.MARIE | Digitally signed by  
MULLEN, SEILEEN.MARIE |  
Date: 2022.06.24  
09:53:22 -04'00'

Seileen M. Mullen  
Acting

Attachment:  
As stated

## Defense Health Agency (cont'd)

**DRAFT REPORT DATED MARCH 08, 2022  
PROJECT NO. D2021-D000AX-0073.000**

**AUDIT OF TRICARE AMBULANCE TRANSPORTATION REIMBURSEMENTS  
PROJECT NO. D2021-D000AX-0073.000**

**DEFENSE HEALTH AGENCY COMMENTS TO THE DEPARTMENT OF DEFENSE  
OFFICE OF THE INSPECTOR GENERAL RECOMMENDATIONS**

**RECOMMENDATION 1:**

**We recommend that the Director of the Defense Health Agency:**

**1a. Reinforce contractor requirements to obtain documentation necessary to support medical necessity of ambulance transports and require the TRICARE contractors to reeducate providers about the importance of submitting supporting documentation with claims and in response to requests for post payment reviews.**

**Response: Concur**

The contractor ensures that all ambulance service claims for reimbursement are supported by sufficient documentation of medical necessity and the contractor obtains any additional documentation to sufficiently support the medical necessity as needed, before claims are processed and paid. Civilian ambulance service is covered when medically necessary in connection with otherwise covered services and supplies and a covered medical condition. From a policy perspective, Section 199.4 of Title 32, Code of Federal Regulations, Basic Program Benefits, provides the scope for all TRICARE services establishing medical necessity requirements. Subject to all applicable definitions, conditions, limitations, or exclusions specified in this part, the TRICARE Basic (*i.e.*, medical) benefit will pay for medically or psychologically necessary services and supplies required in the diagnosis and treatment of illness or injury, including maternity care and well-baby care. Benefits include "specified professional ambulance service". DHA will reinforce these requirements with the contractor.

**1b. Review the 69 unsupported TRICARE east and west claims to determine whether they were properly paid to the ambulance transport providers and recoup the payments that were not proper.**

**Response: Concur**

DHA will review the entire claims package to ensure that the services were paid properly according to TRICARE policy. In addition, DHA will coordinate, if necessary, with private sector care contractor nurse reviewers for level of care assessments and determinations.

## Defense Health Agency (cont'd)

**1c. Review TRICARE policy to determine whether recoveries are allowed from TRICARE contractors based on statistical projections of improper payments for ambulance claims outside our sample that may not have documentation. Based on the outcome of DHA'S review of policies, the director should determine the best course of action for recovering projected potential improper payments on unsupported ambulance claims.**

**Response: Concur**

DHA will conduct a review to determine whether recoveries are allowed in accordance with current guidance and determine the best course of action for recovering potential improper payments.

**1d. Review claims without documentation to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA program integrity office.**

**Response: Concur**

DHA will review the referenced claims. DHA tasked our contractors to do some additional data mining and review of ambulance providers, in addition to circling back from previous requests on ambulance provider oversight for fraud and abuse.

In accordance with the TRICARE Operations Manual (TOM) Chapter 13, Section 1.3, the contractor shall perform analyses of professional and institutional health care data associated with type, frequency, duration and extent of services, to identify patterns of fraudulent or abusive practices by providers and/or beneficiaries. Anti-fraud software program(s) must include both expert (rules-based) and predictive analytics/modeling components. Software must have fraud detection rules-based logic, fraud detection analytics, predictive modeling, and statistical algorithm capabilities, along with the ability to produce comprehensive fraud detection reports and metrics.

### RECOMMENDATION 2

**We recommend that the Director of the Defense Health Agency:**

**2a. Conduct a review to determine which countries allow diagnoses to be included on ambulance transport claims and enforce the TRICARE overseas contractor requirement to obtain documentation to support diagnosis and transport information for ambulance transport claims in those countries. For countries that do not allow diagnoses to be included on ambulance transport claims, the DHA should enforce the TRICARE overseas contractor requirement to obtain documentation to support the transport and develop policy to determine medical necessity without the ambulance transport diagnoses.**

**Response: Concur**

The DHA concurs with the recommendation and considers it closed. DHA believes the updated manual language for the TRICARE Overseas Program (TOP) 2021 contract (TOP2021 contract) provides the necessary steps in documenting the diagnosis and transport details to support

## Defense Health Agency (cont'd)

medical necessity. DHA will ensure enforcement of the medical necessity and development policy through routine Government audits. Prior to the TOP2021 contract, the contractor was not required to develop for diagnosis of ambulance transfers and was allowed to utilize an unlisted diagnosis if one was not present or could not be developed from in-house methods. The TOP2021 contract requires ambulance claims to contain data to certify that the move is medically necessary. The manual language incorporated into the TOP2021 contract (TRICARE Operations Manual (TOM), Chapter 24, Section 7) on September 1, 2021, requires the TOP contractor to develop claims for diagnosis and transfer information for ambulance services received overseas. The TOP contractor shall utilize the diagnosis if provided, or may use available in-house methods. DHA's revised manual requirements now support the requirement of obtaining the diagnosis through either the claim, in-house sources or development processes and determining medical necessity for the movement.

**2b. Require the TRICARE overseas contractor to educate ambulance providers in the TRICARE overseas region about the importance of submitting supporting documentation with claims and implement review procedures to monitor compliance.**

**Response: Concur**

The DHA concurs with the recommendation and considers it closed. The DHA believes the requirements of the TOM to develop and obtain the necessary documentation required to determine medical necessity and apply appropriate coding supports the DOD OIG recommendation. The TOP2021 contract includes requirements to educate network providers and non-network participating providers. Ambulance movements in support of emergency care, may be performed by non-network providers and may not be known by the TOP contractor until a claim is received. Educational efforts are not feasible for unknown non-network ambulance transport providers.

**2c. Review the five unsupported TRICARE overseas claims to determine whether they were properly paid to the ambulance transport providers and recoup payments that were not proper.**

**Response: Concur**

The TOP contractor is currently reviewing the five referenced claims and will take appropriate action if documentation does not support the payment of the claims.

Once DHA performs the full review, the appropriate actions will be taken for PI requirements not limited to just Monetary Loss Improper Payments but also Underpayments and or Statutory Improper Payments. These actions are already being performed as part of the normal daily business operations performed by the DHA PI team.

## Defense Health Agency (cont'd)

**2d. Review TRICARE policy to determine whether recoveries are allowed from the TRICARE overseas contractor based on statistical projections of improper payments for overseas ambulance claims outside our sample that do not have documentation to support the medical necessity of the ambulance transport. Based on the outcome of the DHA's review of policies, the director should determine the best course of action for recovering projected potential improper payments on overseas ambulance claims that do not have medical necessity documentation.**

**Response: Concur**

DHA will conduct a review to determine whether recoveries are allowed in accordance with current guidance and determine the best course of action for recovering potential improper payments.

### **RECOMMENDATION 3**

**We recommend that the Director of the Defense Health Agency:**

**3a. In coordination with the TRICARE contractors and external third party auditors, ensure samples for quarterly, annual, and external claim audits include ground ambulance transport claims. Specifically, review claim forms and supporting documentation to ensure the level of service billed matches the level of service or transport mode furnished and noted in the supporting documentation; ensure claims meet the TRICARE and Medicare definitions of medical necessity; and ensure claims meet TRICARE reimbursement and Medicare claims processing manual point of pickup zip code requirements.**

**Response: Concur**

DHA conducted statistically valid sampling based on unbiased randomized sampling per OMB guidance. Because random sampling is utilized, DHA cannot guarantee that ambulance services will be included in every sample; however, 656 ambulance claims, including emergent claims, were sampled for payment accuracy in the quarterly reviews for the east and west regions during the relevant time period. Of the 656 reviewed claims, only 31 claims had errors, resulting in 27 pricing or cost share errors, 2 incomplete audit documentation errors, and 2 incorrect explanation of benefit errors.

DHA's compliance reviews are not designed to determine medical necessity nor appropriateness of care, and do not require documentation requested directly from the providers. The reviews determine payment accuracy, and for ambulance claims, there is often documentation that allows the quarterly reviews to determine level of service, especially on emergent claims. TRICARE utilizes its own manuals to determine medical necessity for ambulance claims, which are based upon Medicare's guidance. TRICARE is also able to determine point-of-pickup zip code requirements from claims packages.

## Defense Health Agency (cont'd)

**3b. Review the 11 improperly paid claims and recoup the overpayments made to the ambulance providers, while also using payment recapture audits, as defined in OMB guidance, to identify and recover other overpayments to ambulance providers outside of our sample.**

**Response: Concur**

DHA currently has an aggressive and highly effective PRA program in place. Once DHA's review of the 11 unknown payments is completed and verified, which will determine the proper or improper payment status of the paid claims, any overpayment recoveries will follow the established DHA PRA procedures.

**3c. Review improperly paid claims to determine whether there are patterns of abuse among the providers and, if so, refer these providers to the DHA program integrity office.**

**Response: Concur**

DHA will review improperly paid claims in recommendation 3b. In accordance with TOM, Chapter 13, Section 1.2, DHA will ensure that necessary medical, pharmacy, and dental services are provided only to eligible beneficiaries by authorized providers or reimbursement made to eligible beneficiaries or providers under existing statutes, regulations, and DHA instructions.

### RECOMMENDATION 4

**We recommend that the Director of the Defense Health Agency:**

**4a. Implement data quality reviews of TRICARE overseas ambulance transport claims to identify instances where the coding is incomplete or inaccurate.**

**Response: Concur**

The DHA concurs with the recommendation and considers it closed. The TOP2021 contract meets this requirement. The TOP2021 contract requires the contractor to employ an independent third-party subcontractor to review 100% of the contractor's audited claims for coding accuracy. The subcontractor is required to certify the results of the audit. Ambulance claims are within the scope of these audits.

## Acronyms and Abbreviations

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<b>ABA</b>	Applied Behavior Analysis
<b>AFS</b>	Ambulance Fee Schedule
<b>ALS</b>	Advanced Life Support
<b>BLS</b>	Basic Life Support
<b>CFR</b>	Code of Federal Regulations
<b>CPT</b>	Current Procedural Terminology
<b>DAT</b>	Data Analytics Team
<b>DHA</b>	Defense Health Agency
<b>HHS</b>	U.S. Department of Health and Human Services
<b>HHS OIG</b>	U.S. Department of Health and Human Services Office of Inspector General
<b>MCSC</b>	Managed Care Support Contractor
<b>MDR</b>	Military Health System Data Repository
<b>OMB</b>	Office of Management and Budget
<b>POC</b>	Point of Contact
<b>RVU</b>	Relative Value Unit

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