This abstract summarizes the results of the subject audit. The full report includes information protected from disclosure and has been designated for limited distribution pursuant to 5 U.S.C. § 552
The Railroad Retirement Board (RRB), Office of Inspector General (OIG) conducted an audit of Railroad Medicare ambulance charges. Since April 2000, the RRB has contracted with its nationwide contractor Palmetto GBA, LLC (Palmetto) to process the Medicare Part B claims for Qualified Railroad Retirement Beneficiaries. As of September 28, 2012, Palmetto was awarded contract responsibilities as the Railroad Specialty Medicare Administrative Contractor.

The objective of the audit was to determine if adequate controls are in place to ensure the medical review of Railroad Medicare ambulance charges in accordance with Medicare's coverage requirements.

The RRB-OIG identified the following weaknesses:

- Charges for Railroad Medicare ambulance services were not always subject to medical prepayment review;
- Palmetto’s medical review strategy requires further implementation and development; and
- Palmetto's provider education efforts have not effectively deterred medically unnecessary ambulance services.

To address the identified weaknesses, we recommend that RRB officials perform additional oversight monitoring activities and conduct periodic reviews to ensure that:

- Palmetto establishes an efficient means of widely addressing the volume workload of Railroad Medicare ambulance services to identify potentially improper or fraudulent payments utilizing medical prepayment reviews, post-payment reviews, and statistical analysis to maximize and expedite recoupment;
- Palmetto revises its medical review strategy to include a risk assessment identifying high risk providers and their error rates; a quantified universe of Railroad Medicare ambulance claims, services, and dollars-at-risk; and the utilization of increased data analysis and statistical sampling techniques; and
- Palmetto administers progressive corrective action to Railroad Medicare providers in accordance with Centers for Medicare and Medicaid Services requirements. These contractor actions include identifying and directly addressing those high risk providers that abuse the system; and issuing timely referrals describing the abuse to those Medicare entities impacted.

The Office of Programs concurred with six of our recommendations and rejected four of our recommendations. However, the Office of Programs stated that Palmetto is planning corrective action on three of the four rejected recommendations.