



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Oversight of Localities' Efforts to Coordinate Veterans' Health Care Benefits Under Medicaid and the U.S. Department of Veterans Affairs

**Medicaid Program
Department of Health**



Report 2012-S-162

March 2014

Executive Summary

Purpose

To determine whether the Department of Health effectively oversaw localities' efforts to coordinate veterans' health care benefits provided through Medicaid and the U.S. Department of Veterans Affairs (VA). The audit covers the period April 1, 2008 through October 31, 2013.

Background

Many of New York's Medicaid recipients are veterans. During the five-year period ending March 31, 2013, New York's Medicaid program reimbursed health care providers \$3.47 billion for medical services provided to more than 70,000 veterans. Many veterans enrolled in Medicaid are also entitled to health care benefits through the VA. While it is a veteran's choice to use a VA health care benefit or a Medicaid benefit, the Department of Health (Department) has acknowledged that significant cost savings could be realized by assisting veterans and coordinating their health care benefits through the VA. As part of the State's Medicaid eligibility process, veterans must be identified and referred to the State Division of Veterans' Affairs (State DVA) or local veterans' service agencies (local VSA) so they can file for federal benefits. Such referrals are critical for enhancing the coordination of veterans' Medicaid and VA benefits, as well as for helping ensure veterans access all federal benefits they are entitled to.

Key Findings

- The Department did not effectively oversee localities' efforts to coordinate veterans' Medicaid and VA health benefits. A review of case records at counties with high Medicaid expenses for veterans showed that referrals to the State DVA/local VSA were not made in 81 of 91 (or 89 percent) of the cases tested. Further, local departments of social services did not use available resources to identify veterans and coordinate their health care benefits between Medicaid and the VA.
- The Medicaid savings to State and local taxpayers could be several millions of dollars annually, if the localities did a better job coordinating veterans' Medicaid and VA health benefits.
- The Department has not used the federal Public Assistance Reporting Information System (PARIS) to identify veterans' spouses and dependents eligible for VA health care benefits.
- In accordance with the Affordable Care Act, the Department implemented the New York Health Benefit Exchange. However, the Department has not developed a method to inform veterans applying for Medicaid through the new Exchange of their VA benefits.

Key Recommendations

- Enforce Medicaid policies regarding the coordination of veterans' health care benefits between Medicaid and the VA; ensure all referrals are made in order to maximize veterans' health care benefits.
- Improve the utility of pertinent tools and resources to identify veterans and veterans' spouses and dependents who may be eligible for VA health care benefits.

Other Related Audit/Report of Interest

[Department of Health: Inappropriate Payments for Medicaid Recipients Residing and Enrolled in Other States \(Report 2008-S-4\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

March 19, 2014

Nirav R. Shah, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower
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Albany, NY 12237

Dear Dr. Shah:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Medicaid program entitled *Oversight of Localities' Efforts to Coordinate Veterans' Health Care Benefits Under Medicaid and the U.S. Department of Veterans Affairs*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

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Background

Medicaid is a federal, State and local government program that provides a wide range of medical services to those who are economically disadvantaged and/or have special health care needs. The federal government funds about 48.5 percent of New York's Medicaid claim costs; the State funds about 34 percent; and the localities (the City of New York and counties) fund the remaining 17.5 percent. For the fiscal year ended March 31, 2013, New York's Medicaid program had approximately 6 million enrollees and Medicaid claim costs totaled approximately \$51 billion.

According to the U.S. Department of Veterans Affairs (VA), over 913,000 veterans live in New York. The New York State Medicaid program provides health care services to many veterans. During the five-year period ending March 31, 2013, New York's Medicaid program reimbursed health care providers \$3.47 billion for medical services provided to more than 70,000 veterans. This included \$2.16 billion to nursing homes caring for 20,269 veterans, about \$310 million paid to managed care organizations, \$410 million for home health services, and the remainder (approximately \$590 million) paid for various hospital, outpatient, pharmacy and other medical services.

Veterans also receive health care benefits through the VA. The VA provides health care at little or no charge to veterans. Medical services are provided by inpatient and outpatient facilities run by the VA's Veterans Health Administration. Services include, but are not limited to, primary care, counseling, physical therapy, home health care, hospitalization, surgery, rehabilitation and nursing home care. During 2012, about 231,000 veterans received medical care costing approximately \$2.3 billion through the VA in New York.

In most cases, VA benefits are not automatic, and veterans must apply for them. According to the VA, in 2010, approximately 14 million veterans (of about 22 million veterans nationwide who qualified for veterans' benefits) did not receive care from VA facilities - many because they did not know they could. Several states have started helping veterans (and veterans' spouses and children) obtain health care benefits through the VA. Further, states such as California, Connecticut, Kansas, Montana, Texas and Washington have identified the potential for significant Medicaid savings by implementing programs that help coordinate veterans' VA benefits. For example, Washington reported saving more than \$30 million in long-term care and other Medicaid expenditures during the six-year period ending March 2013 by coordinating veterans' benefits. Also, a report by the California Legislative Analyst's Office estimated the potential for \$250 million in Medicaid savings.

The federal government provides states with information that identifies public assistance recipients who are also veterans. The U.S. Department of Health and Human Services administers the Public Assistance Reporting Information System (PARIS). PARIS is a computer data matching and information exchange system used by states to improve the administration of public and medical assistance programs.

PARIS contains information on veterans who receive or have received disability compensation or a pension through the VA. States use the PARIS Veterans Affairs Match to identify Medicaid recipients who are also veterans who may qualify for VA health care benefits. The PARIS veterans

match also provides information regarding veterans' dependents. Under certain conditions, spouses and children of veterans may be eligible for medical benefits under a VA program known as the Civilian Health and Medical Program, or CHAMPVA.

On a quarterly basis, the New York State Office of Temporary and Disability Assistance (OTDA) receives PARIS veterans match files and updates the State's Welfare Management System (WMS) with veterans' information. As a result, Medicaid recipient eligibility files are updated with veteran identification information. OTDA also developed reports containing pertinent veteran information to aid in the administration of the State's various public assistance programs. The State's 58 local departments of social services (57 counties and New York City) access these reports through the "Cognos" system. Cognos, an IBM software product, enables users to extract data, analyze it and create reports. OTDA has created several pre-defined reports available through Cognos to enable users without technical knowledge to access and analyze public assistance information easily, including veterans' information.

Audit Findings and Recommendations

The Department has not adequately overseen localities' efforts to ensure that veterans' Medicaid and VA health care benefits are coordinated effectively. Consequently, there is considerable risk that State and local taxpayers have paid significantly more for veterans' Medicaid services than was necessary. Specifically, the Department has not enforced State laws or Medicaid policies that require local departments of social services (local districts) to identify and refer veterans applying for Medicaid to the State Division of Veterans' Affairs and local veterans' service agencies to obtain assistance regarding their federal benefits. Referrals were not made in 89 percent of the cases we tested at the local districts.

We also determined that local districts can use certain reports to identify veterans and coordinate their health care benefits between Medicaid and the VA. However, the Department has failed to make these reports complete and instruct local districts on their proper use. We further determined the Department has not developed a method to inform veterans applying for Medicaid through the New York Health Benefit Exchange of their VA benefits. Also, under certain circumstances, veterans' spouses and dependents may be eligible for VA health care benefits. However, the Department has failed to make use of federal information that identifies spouses and dependents.

Local District Veteran Referrals

Effective June 16, 1992, the New York State Executive Law (Law) requires local departments of social services (commonly referred to as local districts) to determine if individuals applying for public benefits are veterans or have served in the military. The Law further requires local districts to advise veterans that the State Division of Veterans' Affairs (State DVA) and local veterans' service agencies (local VSA) provide assistance to veterans regarding benefits under federal and State law.

On August 18, 1993, an administrative directive was issued to all local districts clarifying the Law's requirements, the related Medicaid policies, and the duties of local districts. According to the directive:

- Medicaid eligibility workers must advise veterans of potential federal health care benefits available through the VA,
- as a condition of Medicaid eligibility, local districts must require individuals who indicate they served in the military to file for benefits at the appropriate State DVA or local VSA, and
- local districts' case records must indicate that the proper referrals were made and such referrals must be kept on file as part of the Medicaid recipient's case record.

When Medicaid applicants tell local districts they are veterans or indicate on their application for Medicaid they are veterans, the local districts are required to advise them of the potential for VA benefits and refer them to the State DVA/local VSA. It is critical for local districts to make such referrals since many veterans may not be aware of the benefits available to them through the

VA. In 2010, the VA conducted a national survey and estimated that approximately 42 percent of veterans are unaware of the health care benefits they are entitled to. Furthermore, Department and OTDA information indicates that veterans often do not receive all of the federal VA benefits they are entitled to for a number of reasons - including lack of awareness, understanding and access to help.

In accordance with the “freedom of choice” provision in section 360-6.3 of the Department’s regulations, veterans eligible for Medicaid cannot be required to use their VA health care benefits over Medicaid. Therefore, it is the veterans’ choice to use their VA health care benefits, Medicaid benefits, or both. However, the Department has acknowledged that significant cost savings could be realized by assisting veterans and coordinating their health care benefits through the VA.

In 2002, with OTDA’s assistance, the Department determined that 15,390 veterans received Medicaid services totaling over \$191 million in 2001. At that time the Department sent a letter to all local district commissioners to inform them that much of these expenditures could have been avoided if veterans accessed care through the VA. The letter told local district commissioners they should consider establishing local procedures for educating veterans about their eligibility for health care benefits through the VA. The letter also instructed commissioners to develop protocols for assisting veterans in obtaining services through the VA. Since then, the Department has done little to ensure local districts comply with State laws and the Department’s Medicaid policies regarding the coordination of veterans’ health care benefits.

For the period January 2013 through October 2013, Medicaid paid more than \$105 million for services provided to veterans.¹ A review of those expenditures showed most of the services are also covered by the VA. For example, Medicaid paid \$19,862 for inpatient services provided to a veteran to treat heart failure. In another case, Medicaid paid \$10,125 for an appendectomy. Another veteran received \$1,618 in counseling services from January through October 2013 for chemical dependency. Furthermore, for one veteran enrolled in a Medicaid managed care plan, Medicaid paid \$21,696 for inpatient psychiatric services, which are carved out of Medicaid managed care benefit packages and, therefore, were not paid by the managed care plan. Had these various services been provided by the VA, Medicaid would have paid nothing for them. It is difficult to accurately estimate the amount the State’s Medicaid program could save if veterans obtained health care through the VA. However, based on the results of our audit, the savings to State and local taxpayers could be significant - likely several millions of dollars annually statewide.

We tested the coordination of veterans’ health care benefits at six local districts. We selected 91 Medicaid recipients who received a significant amount of Medicaid services during our five-year audit period - about \$12.1 million. At the local districts, we examined Medicaid applications and other documents maintained in the veterans’ case records. Our tests showed that the proper referrals to the State DVA/local VSA were made for only 10 of the 91 individuals examined. In other words, in 81 of 91 (or 89 percent) of the cases we examined, local districts did not follow the Department’s requirements for coordinating veterans’ benefits between the VA and Medicaid. Table 1 summarizes the results of our tests by county social services district.

¹ Net of nursing home costs and payments to managed care plans

Table 1

LOCAL DISTRICT	CASES REVIEWED	REFERRALS MADE
ALBANY	18	0
CHAUTAUQUA	13	4
ERIE	17	0
MONROE	18	0
ONEIDA	14	1
ONONDAGA	11	5
TOTAL	91	10

Moreover, in 64 cases, the applicants either told the local district worker or recorded on their Medicaid applications that they were in fact veterans. However, we found no notations in the case record indicating that a referral was made on their behalf to the State DVA/local VSA or that the applicant filed for health care benefits at the appropriate State/local VA office.

The localities often did not make the required referrals, although they had certain procedures in place for assisting veterans. For example, Chautauqua and Onondaga officials stated they work with the local VSA to assist veterans in obtaining benefits. Onondaga has a database that tracks veterans' progress in obtaining VA benefits; however, we found six of the 11 individuals we tested were not on the database. Also, while Chautauqua, Onondaga and Oneida use a referral form to communicate with the local VSA, our tests found the forms were not always used and referrals were not always made.

As a result of the audit, local district officials stated they would reinforce their policies and ensure all case workers are aware of the various procedures to coordinate veterans' health care benefits. Also, during the audit, some of the local districts we visited started making improvements to their referral process and began taking steps to implement the Department's requirements. For example, Albany local district officials now participate in a veterans' consortium that meets to discuss best practices, such as ways to discover a veteran's status during the application process. They also plan to create a new position and fill it with a veteran to work with other veterans seeking benefits. Erie local district officials updated their procedures for referring veterans to the VSA. Similarly, Monroe local district officials updated their procedures for referring veterans to the local VSA. And, in conjunction with the VSA, they now hold group informational sessions with veterans applying for Medicaid. These sessions educate veterans on available VA health care benefits.

Recommendations

1. Reinforce policies and procedures regarding local districts' responsibilities, including identifying veterans, advising veterans of federal health care benefits, referring veterans and keeping records of referrals to the State DVA/local VSA, and ensuring veterans file for federal benefits.

2. Identify local district best practices and share among all counties.
3. Actively monitor the performance of local districts to ensure they comply with the Law and the Department's policies and procedures regarding the coordination of veterans' health care benefits.

Cognos Reports

In accordance with the Law, local districts are required to determine if individuals applying for benefits served in the military. Veteran status information on WMS comes from two sources: (1) Medicaid applications of persons who identified themselves as veterans, and (2) quarterly PARIS veteran matches. The information is made available to local districts through "Cognos" reports that identify Medicaid recipients who are potentially eligible for federal health care benefits through the VA because of their veteran status. Using information available through the Cognos reports, we identified 49,963 veterans who received approximately \$1.3 billion in non-nursing home Medicaid services for the five-year period ending March 31, 2013.

In addition to the six local districts we visited, we also reviewed the coordination of veterans' benefits at four additional local districts. We determined none of the 10 local districts use Cognos to identify veterans to help coordinate veterans' benefits between Medicaid and the VA. The 10 local districts represented approximately \$946 million of the \$1.3 billion in Medicaid payments.

Monroe local district officials informed us they have not used Cognos veterans reports since August 2012 because of system changes that no longer allowed local districts to determine which veterans listed on the reports were new Medicaid recipients. Other local district personnel told us they were unfamiliar with Cognos veterans reports or did not understand the reports and that instructions from the Department on the proper use of Cognos would help.

Recommendations

4. Provide instructions to local districts on how to effectively use Cognos reports to identify veterans.
5. Direct local district officials to use the Cognos reports to identify all veterans in their districts who are enrolled in Medicaid, but have not yet been referred to the State DVA/local VSA. Ensure those State DVA/local VSA referrals are made and that veterans file for VA health care benefits.

Veterans' Dependents' Eligibility

The PARIS Veterans Affairs Match file allows the Department and local districts to perform a number of activities that have the potential to enhance veterans' federal health care benefits while reducing Medicaid costs. However, not all information returned by the PARIS veterans match file is made available to the local districts. Specifically, information on the eligibility of veterans'

dependents for VA benefits is not updated to WMS, or Cognos. Consequently, the Department and local districts are not using PARIS veterans match data to its fullest potential.

CHAMPVA, the Civilian Health and Medical Program of the VA, provides reimbursement for most medical expenses incurred by the spouse or widow(er) and children of veterans who meet certain requirements. Under CHAMPVA, the VA shares the cost of covered health care services with eligible beneficiaries. By law, CHAMPVA is always a secondary payer to other insurers, except to Medicaid. As such, Medicaid remains as the payer of last resort and, therefore, all efforts should be made to enroll eligible Medicaid recipients in CHAMPVA. However, under the Department's policies, this information is not captured (updated to WMS) and provided to local districts.

According to PARIS veterans match data we obtained, 679 Medicaid recipients appeared to be veterans' dependents and, therefore, potentially eligible for CHAMPVA during the five-year period April 1, 2008 through March 31, 2013. We determined Medicaid reimbursed health care providers nearly \$50 million for these recipients. The services included home health care, inpatient, pharmacy, clinic and physician services. Since CHAMPVA covers these services, the potential for Medicaid cost savings is significant. The Department should use the PARIS veterans match data to its fullest potential to maximize veterans' and their dependents' health care benefits.

Recommendations

6. Update WMS with PARIS veterans match data on spouses and dependents of veterans who may be eligible for CHAMPVA.
7. Include veterans' spouse and dependent information on Cognos reports.

New York Health Benefit Exchange

In accordance with the Affordable Care Act, on October 1, 2013, the Department implemented the New York Health Benefit Exchange (Exchange). The Exchange is an organized marketplace designed to help individuals shop for and obtain health insurance coverage. The Exchange also allows people to check their eligibility for, and enroll in, Medicaid.

With the implementation of the Exchange, there will be a decrease in Medicaid enrollments through the local districts. As a result, veterans applying for Medicaid through the Exchange will not have the opportunity to be referred to their State DVA/local VSA to be advised of their VA benefits. In order to comply with the Law, the Department needs to develop a method to inform veterans applying for Medicaid through the Exchange of their VA benefits.

In the Department's response to the audit, officials stated the Department will implement a notification process on the Exchange to inform veterans of their potential eligibility for VA benefits. Officials state this process will begin after PARIS data is made available, in 2015, through a federal data hub for the Exchange. However, we determined not all veterans are identified on the PARIS system. PARIS contains information on veterans who receive or have received compensation or

a pension through the VA. Yet there are veterans in New York who are not entitled to a monetary benefit, and therefore not on PARIS, but who are entitled to health care benefits through the VA. The Department needs to develop a mechanism to inform these veterans of their VA benefits. Furthermore, the Department should not wait until 2015.

Recommendation

8. Promptly develop and implement a method to inform all veterans, who apply for Medicaid through the Exchange, of the health care benefits available through the VA. Further, advise veterans of the State DVAs/local VSAs that provide assistance to veterans regarding health care benefits.

Audit Scope and Methodology

The objective of our audit was to determine whether the Department of Health effectively oversaw localities' efforts to coordinate veterans' health care benefits provided through Medicaid and the U.S. Department of Veterans Affairs. Our audit covered the period April 1, 2008 through October 31, 2013.

To accomplish our objectives, we interviewed Department officials, reviewed applicable sections of federal and State laws and regulations, and examined the Department's relevant Medicaid policies and procedures. We used the PARIS veterans match file from March 2013 to identify individuals potentially eligible for federal health care benefits through the VA. We analyzed Medicaid claims for individuals identified by the VA (from PARIS files) as veterans and their dependents. We excluded Medicaid claims for nursing home care.

We interviewed local district personnel from 10 local districts with the highest Medicaid expenditures for veterans and their dependents (Albany, Chautauqua, Erie, Monroe, Nassau, Oneida, Onondaga, Suffolk, Westchester and NYC-HRA). We visited six of these local districts (Albany, Chautauqua, Erie, Monroe, Oneida and Onondaga) and examined Medicaid eligibility and enrollment records and other documents maintained in case files for 91 recipients judgmentally selected for their utilization of Medicaid services.

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

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds and other payments. In addition, the Comptroller appoints members (some of whom have minority voting rights) to certain boards, commissions and public authorities.

These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and formal comment. We considered the Department's comments in preparing this report and have included them in their entirety at the end of it. In their response, Department officials concurred with several of our recommendations and indicated that certain actions will be taken to address them. Officials also indicated, however, that they would not implement several other recommendations. Our rejoinders to certain Department comments are included in the report's State Comptroller's Comments.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Contributors to This Report

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Vision

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Agency Comments

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

January 23, 2014

Mr. Brian Mason, Acting Assistant Comptroller
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Mr. Mason:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2012-S-162 entitled, "Oversight of Localities' Efforts to Coordinate Veterans' Health Care Benefits Under Medicaid and the U.S. Department of Veterans Affairs."

Thank you for the opportunity to comment.

Sincerely,



Sue Kelly
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko
Jason A. Helgeson
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**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2012-S-162 Entitled
Oversight of Localities' Efforts to Coordinate
Veterans' Health Care Benefits Under Medicaid and
the U.S. Department of Veterans Affairs**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2012-S-162 entitled, "Oversight of Localities' Efforts to Coordinate Veterans' Health Care Benefits Under Medicaid and the U.S. Department of Veterans Affairs (VA)."

General Comments:

The draft audit includes a statement that the Department "... has acknowledged that significant cost savings could be realized by assisting veterans and coordinating their health care benefits through the U.S. Department of Veterans Affairs (VA)." This quote was from a letter to the county commissioners in October 2002, over 11 years ago when a majority of the payments made for health care services were made on a fee-for-service basis. Today health care services are predominantly provided through managed care providers who receive a payment that covers all health care services included in the benefit package. Veterans have a choice of where they receive their benefits if they are dually enrolled in the VA benefit program and Medicaid. The State will not realize a savings if a dual eligible veteran receives a covered service through a VA provider since the State is already paying a bundled payment for all covered services. The health care costs paid for veterans currently represents approximately one to two percent of total Medicaid spending and the "significance" of these savings has diminished over time as the Department is enrolling most eligible individuals in managed care plans. The savings realized by the other states noted in the report were mainly from services provided in the long term care setting. Non-long term care savings in New York may come from services excluded from the managed care benefit package and only if the enrollee seeks the care from a VA facility/provider rather than a Medicaid provider which is the veteran's choice as stated in the audit. The Department does concur however, that all avenues to save Medicaid dollars should be pursued.

Recommendation #1:

Reinforce policies and procedures regarding local districts' responsibilities, including identifying veterans, advising veterans of federal health care benefits, referring veterans and keeping records of referrals to the State DVA/local VSA, and ensuring veterans file for federal benefits.

Recommendation #3:

Actively monitor the performance of local districts to ensure they comply with the Law and Department's policies and procedures regarding the coordination of veterans' health care benefits.

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Comment
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Comment
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Comment
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* See State Comptroller's Comments on page 18.

Recommendation #4:

Provide instructions to local districts on how to effectively use Cognos reports to identify veterans.

Recommendation #5:

Direct local districts officials to use the Cognos reports to identify all veterans in their districts who are enrolled in Medicaid, but have not yet been referred to the State DVA/local VSA. Ensure those State DVA/local VSA referrals are made and that veterans file for VA health care benefits.

Responses #1, 3, 4 and 5:

The Department will issue a letter during the summer of 2014 reminding the local districts that:

- Veterans need to be identified and referred to either the State Division of Veterans' Affairs (State DVA) or the local veterans' service agencies (local VSA); and
- Each referral, whether in writing or verbal, needs to be recorded in the case record.

The letter will also:

- Instruct the local districts how to use the Cognos reports to identify veterans; and
- Advise the local districts that the Department will begin conducting reviews of case records to monitor local district compliance with identifying and referring veterans, including whether referrals are noted in the case records. These reviews will be conducted by Department field staff when they are onsite conducting regular case record reviews.

Recommendation #2:

Identify local district best practices and share among all counties.

Response #2:

As part of the letter discussed above, the Department will provide information about best practices currently known by the Department. Additionally, it will ask local districts to share other best practices so that they can also be distributed to all local districts.

Recommendation #6:

Update WMS and PARIS veterans match data on spouses and dependents of veterans who may be eligible for CHAMPVA.

Recommendation #7:

Include veterans' spouse and dependent information on Cognos reports.

Recommendation #8:

Promptly develop and implement a method to inform all veterans, who apply for Medicaid through the Exchange, of the health care benefits available through the VA. Further, advise veterans of the State DVAs/local VSAs that provide assistance to veterans regarding health care benefits.

Responses #6, 7 and 8:

The Department is responsible for streamlining and improving access to the continuum of public and commercial health insurance coverage through implementation of health reform under the Affordable Care Act. The Department has also been charged with assuming the function of the Local Department of Social Services (LDSS) concerning the determination and redetermination of eligibility for New York's public health insurance programs. A major component necessary to fulfill our charges was the development of the health exchange, a centralized point of entry for those seeking subsidized and non-subsidized health insurance in NYS. At this time, the Department does not have plans to utilize limited resources to modify older systems that will not be used in the future.

The Department will not inform veterans who apply for public assistance through the Health Care Exchange of the benefits they may be eligible for through the VA. Although the Exchange affords individuals the opportunity to check their eligibility for assistance through health care programs like Medicaid and to enroll if eligible, the Exchange itself does not provide the "assistance, treatment, counseling, [or] care" and thus is not an entity subject to the requirements of NYS Executive Law §354-a.

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Comment
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Comment
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State Comptroller's Comments

1. As noted in our report, Medicaid spent about \$1 billion on various home health, hospital, outpatient, pharmacy and other medical services for veterans during our audit period. These payments were made under fee-for-service arrangements. Moreover, we acknowledge that Medicaid is transitioning recipients to managed care. Nevertheless, from January 2013 through October 2013, about 17,800 veterans received Medicaid services totaling more than \$105 million on a fee-for-service basis. If even a small percentage of the services in question were rendered through the U.S. Department of Veterans Affairs (VA), the savings to Medicaid could have been material.
2. The Department's comment is misleading. When veterans enrolled in Medicaid managed care plans receive covered services through the VA, the managed care plans incur no expense. As a result, Medicaid managed care organizations have less justification to increase the premiums of such recipients, and the State may be better positioned to negotiate favorable rates with those organizations, thereby containing Medicaid costs. In addition, certain medical services are not covered by managed care plans, and therefore, Medicaid must pay for these "carve-out" services on a fee-for-service basis. If a veteran receives a carved-out service from the VA (as opposed to Medicaid), Medicaid saves costs. Further, 1 to 2 percent of annual Medicaid spending amounts to about \$500 million to \$1 billion.
3. We are pleased that the Department concurs that "all avenues to save Medicaid dollars should be pursued." Consequently, to help contain Medicaid costs, we encourage the Department to implement each of our report recommendations.
4. As noted in our report, using Cognos reports, we identified 49,963 veterans who received about \$1.3 billion in non-nursing home Medicaid benefits during our audit period. In addition, based on PARIS data, we determined that veterans' dependents received about \$50 million in Medicaid benefits that might have been covered by CHAMPVA. Given the magnitude of the Medicaid payments in question, we maintain that the Department should take the steps to ensure the optimal use of Cognos and PARIS data to help minimize Medicaid costs.
5. The fact remains that the State requires localities to advise veterans that the State Division of Veterans' Affairs and local veterans' service agencies provide assistance regarding health care and other benefits under federal and State law. Furthermore, given the mandates of the Affordable Care Act, it is reasonable to expect many veterans to seek health care coverage through the Exchange (as opposed to the localities, which often did not comply with State requirements to advise veterans of the available service resources anyhow). Consequently, we maintain that the Department should develop a mechanism to inform veterans, who seek health care coverage through the Exchange, of pertinent resources (including the State Division of Veterans' Affairs) for assistance.