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August 6, 2014

Howard A. Zucker, M.D., J.D.
Acting Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Inappropriate Medicaid Payments for Recipients With Multiple Identification Numbers and No Social Security Numbers
Report 2014-F-1

Dear Dr. Zucker:

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, we have followed up on the actions taken by officials of the Department of Health (Department) to implement the recommendations contained in our audit report, *Inappropriate Medicaid Payments for Recipients With Multiple Identification Numbers and No Social Security Numbers* (Report 2010-S-29).

Background, Scope and Objectives

The Department administers the State's Medicaid program which provides a wide range of medical services to those who are economically disadvantaged and/or have special health care needs. For the year ended March 31, 2014, New York's Medicaid program had about 6 million enrollees and costs totaled approximately $50.5 billion.

At the time of our initial audit, individuals generally applied for Medicaid benefits with their respective local county social services district office (local district). Subsequent to our audit, in accordance with the Affordable Care Act, the Department implemented the automated New York State of Health system (NYSoH) on October 1, 2013. The NYSoH is an organized marketplace designed to help individuals shop for and obtain health insurance coverage. The NYSoH also allows people to check their eligibility for, and enroll in, Medicaid. With the implementation

of the NYSoH, Medicaid enrollments through the local districts have decreased. However, certain Medicaid eligibility determinations are still made at the local districts, such as those for individuals with SSI, individuals in nursing homes, children in foster care, and people applying for the Medicare Savings Program.

New York has 58 local districts representing a county in all areas of the State except in New York City. The five boroughs of New York City comprise one local district overseen by the New York City Human Resources Administration (HRA). Local districts determine whether individuals applying for Medicaid in that county meet the eligibility requirements, and if so, assign eligible Medicaid recipients unique identification numbers. Recipient eligibility information along with the recipient's corresponding identification number is transmitted to, and maintained by, the State's eligibility system, referred to as the Welfare Management System (WMS). The New York State Office of Temporary and Disability Assistance (OTDA) has primary responsibility for administering WMS.

Eligibility information in WMS is ultimately communicated to the Department's Medicaid claims payment system, eMedNY. The Department uses eMedNY to make Medicaid payments to participating medical service providers or participating managed care plans. A recipient's identification number is a critical factor in determining the appropriateness of Medicaid payments made by the Department.

We issued our initial audit report on July 24, 2012. Our objectives were to determine whether the Department ensured local districts properly assigned identification numbers to individuals eligible for Medicaid, and whether inappropriate Medicaid payments were made as a result of recipients being assigned multiple identification numbers. For the three years ended May 31, 2010, we identified $17.3 million in Medicaid overpayments because 9,848 recipients were enrolled into Medicaid with multiple identification numbers.

Several circumstances led to the assignment of multiple Medicaid identification numbers. For example, WMS produces reports identifying persons who are already enrolled in Medicaid. However, the reports are not useful in checking for a duplicate recipient identification number when a social security number is not recorded in connection with an already established identification number. In addition, the WMS provides online tools that can help local districts identify people who are already enrolled in Medicaid in another locality, even when the person seeking enrollment does not provide a social security number. However, local district personnel were often not aware that these tools could be used in these situations.

We recommended that the Department take certain steps to minimize the potential for the issuance of multiple identification numbers to the same recipient, including improving the utility of pertinent WMS tools. We also recommended that the Department investigate and recover the overpayments we identified. The objective of our follow-up was to assess the extent of implementation, as of May 31, 2014, of the two recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Officials made progress in addressing the problems we identified in the initial audit report. This included the recovery of approximately $2.7 million in Medicaid overpayments. Of the initial report's two recommendations, one was implemented and one was partially implemented.

Follow-Up Observations

Recommendation 1

Take steps to minimize the potential for the issuance of multiple identification numbers to the same recipient. At a minimum, the Department should:

- *advise OTDA to strengthen the WMS clearance reports to require an appropriate review of applicant information when recipients do not provide social security numbers, but other information indicates the recipient already has a Medicaid identification number;*
- *require HRA representatives to more thoroughly investigate whether newborns already have Medicaid identification numbers when mothers apply for their newborns; and*
- *inform HRA and county social services agencies of the capabilities of WMS cross-county inquiry screens to identify Medicaid applicants that already have a Medicaid identification number even when applicants do not provide social security numbers*.

Status - Implemented

Agency Action - The Department has taken steps to minimize the issuance of multiple Medicaid identification numbers to the same recipient. Department officials advised OTDA to strengthen the WMS clearance reports to limit the ability of local districts to assign a new identification number when a recipient does not provide a social security number, yet other information indicates the recipient already has an identification number. Further, in April 2013, the Department issued a General Information System communication (GIS) to the local district Medicaid directors, including HRA. The GIS written guidance reinforced the importance of obtaining greater detail and more accurate applicant demographic information during the application process in order to produce higher quality clearance reports and minimize the potential for the issuance of multiple identification numbers to the same recipient. The GIS written guidance also required local district workers to more thoroughly investigate certain applicants who have a higher potential for being issued multiple identification numbers, like those without social security numbers and newborns. The GIS further instructed local districts of the capabilities of WMS cross-county inquiry screens to help identify Medicaid applicants who may already have an identification number from another locality.

Additionally, local district personnel received training that included instruction on the use of pertinent WMS tools to identify applicants who may already be enrolled in Medicaid and have an identification number. The Department also instructs its managed care enrollment broker to run a weekly report that helps detect and prevent recipient

enrollment in multiple managed care plans.

Recommendation 2

Investigate the $17.3 million in duplicate payments identified in this audit and recover when appropriate.

Status - Partially Implemented

Agency Action - The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. In response to our initial audit, OMIG recovered $2.7 million in Medicaid overpayments as of May 2014.

Of the $17.3 million in inappropriate payments, $13 million pertained to payments to hospitals and clinics for recipients who were enrolled in managed care plans. Medicaid paid premiums on behalf of these recipients to the managed care plans; therefore, the plans were financially responsible for the hospital and clinic services provided to the recipients. In these cases, the Department paid monthly premiums to the recipient's managed care plan under one identification number and also made payments directly to hospitals and clinics under the recipient's other identification number. OMIG reviewed a subset of the inappropriate payments (involving foster care recipients) and recovered $507,000. The remaining $12.5 million of the $13 million has not yet been reviewed or recovered.

The $17.3 million also included $2.6 million in duplicate payments made to different managed care plans for the same recipient enrolled under different recipient identification numbers. Prior to October 2009, Medicaid managed care contract language prevented the recovery of duplicate payments made to different managed care plans. However, subsequent changes to the contract provisions allowed for the recovery of such duplicate payments. As a result, OMIG identified $2.4 million in recoverable duplicate payments made to different managed care plans since October 2009. OMIG is preparing to seek recoveries, but as of May 2014 none have been made.

The remaining $1.7 million of the $17.3 million pertained to duplicate payments made to the same managed care plan for the same recipient enrolled under different recipient identification numbers. OMIG conducted an independent review of duplicate payments made to the same managed care plan for the period 2009 through 2013. As a result, OMIG identified $15.1 million in overpayments. As of May 2014, OMIG recovered $2.2 million of the $15.1 million.

Major contributors to this report were Brian Krawiecki, Daniel Towle and Lisa Rooney.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Andrea Inman
Audit Director

cc: Ms. Diane Christensen, Department of Health
Mr. James Cox, Medicaid Inspector General