THOMAS P. DiNAPOLI
COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
**OFFICE OF THE STATE COMPTROLLER**

December 12, 2013

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

Re: Overpayments for Medicare Part C
Coinsurance Charges
Report 2013-F-26

Dear Dr. Shah:

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, *Overpayments for Medicare Part C Coinsurance Charges* (Report 2011-S-33).

**Background, Scope and Objective**

Many Medicaid recipients are also enrolled in Medicare Part C. Under Medicare Part C, managed care plans (also known as Medicare Advantage Plans) administer an individual's Medicare benefits. Medicare Advantage Plans have networks of participating providers that the plans reimburse directly for services provided to enrollees. Medicare Advantage Plan enrollees may be responsible for cost-sharing liabilities such as deductibles and coinsurance. However, these liabilities may be paid by Medicaid if the individual is also enrolled in Medicaid. When this occurs, plan providers bill Medicaid for enrollees' cost-sharing liabilities.

Healthfirst is one of the largest Medicare Advantage organizations in New York, offering individuals different health care options under several Medicare Advantage Plans. During the initial audit period of July 1, 2006 through September 30, 2011, Medicaid paid about 64,000 claims (totaling $5.6 million) for clinic services provided to persons enrolled in a Healthfirst

Medicare Advantage Plan.

Our initial report, issued on September 26, 2012, examined whether Medicaid made inappropriate payments to medical providers for services rendered to Medicaid recipients enrolled in a Healthfirst Medicare Advantage Plan. Our initial audit found Healthfirst misreported the cost-sharing liabilities of Medicaid recipients to some of its healthcare providers. As a result, 14 providers billed excessive amounts of coinsurance on 497 Medicaid claims for clinic services. Because of the excessive claims, Medicaid made overpayments totaling $699,258 to the providers.

At the time of the initial audit, Healthfirst took actions to prevent further errant claims and overpayments. Additionally, plan providers submitted claim adjustments for 126 of the 497 errant claims, resulting in Medicaid recoveries of $195,835. The objective of our follow-up was to determine whether the Department implemented our recommendation to review and recover the remaining Medicaid overpayments for excessive Medicare Part C coinsurance.

**Summary Conclusions and Status of Audit Recommendation**

The Department implemented the recommendation we made in our initial report. This resulted in the recovery of Medicaid overpayments totaling $500,115.

**Follow-Up Observations**

**Recommendation 1**

*Review the remaining 371 claims and the related $503,423 in Medicaid overpayments identified in this report that had not been corrected at the time our audit fieldwork was completed. Take actions to recover any remaining overpayments as appropriate.*

Status - Implemented

Agency Action - The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. The OMIG reviewed the remaining claims and related Medicaid overpayments identified in our initial audit. As a result of the review, $500,115 in overpayments for excessive coinsurance was recovered.

Major contributors to this report were Christopher Morris, Amanda Strait and Joseph Paduano.

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 Manager

cc: Ms. Diane Christensen, Department of Health
Mr. James Cox, Medicaid Inspector General
Mr. Thomas Lukacs, Division of the Budget