NEW YORK
state department of
HEALTH

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

Sue Kelly
Executive Deputy Commissioner

March 31, 2014

Andrea Inman, Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street - 11th Floor
Albany, NY 12236-0001

Dear Ms. Inman:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-up Report 2013-F-30 on Department actions relative to the recommendations contained in earlier OSC Report 2010-S-50 entitled, "Overpayments for Services Also Covered by Medicare Part B."

Thank you for the opportunity to comment.

Sincerely,

Sue Kelly
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko
Jason A. Helgerson
James C. Cox
Diane Christensen
Robert Loftus
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Department of Health Comments on the Office of the State Comptroller's Follow-Up Report 2013-F-30 Entitled Overpayments for Services Also Covered by Medicare Part B

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Audit Report 2013-F-30 entitled, "Overpayments for Services Also Covered by Medicare Part B."

Recommendation #1:

Review claim payments for the providers we identified who reported Medicare Part B payment data incorrectly. Investigate and recover the remaining $6.9 million in Medicaid overpayments that the OMIG had not reviewed at the time of our audit fieldwork.

Status - Partially Implemented

Agency Action – The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. OMIG contracts with Health Management Systems (HMS) to review certain Medicaid claims and make recoveries where appropriate. HMS recovered $4.8 million from providers who inaccurately billed Medicare Part B claims. Further, OMIG officials advised us that HMS will continue efforts to recover other overpayments and anticipates completion of such efforts in 2014.

Response #1:

The OMIG's Medicaid Recovery Audit Contractor continues to pursue recoveries for this target population and is preparing another provider mailing that totals $1.4 million in claims.

Recommendation #2:

Take steps to ensure that billing service bureaus have adequate systems in place for Medicaid providers to review their claims prior to the bureaus' submission of them to eMedNY.

Status - Partially Implemented

Agency Action – The Department issued a Medicaid Update article in June of 2013 that reminded service bureaus to have systems in place for providers to review and correct their claims prior to the bureaus' submissions of those claims to eMedNY.

However, the Department has no formal mechanism to ensure service bureaus have actually implemented the required provider claim verification function. Further, during the course of our follow-up, we surveyed four billing service bureaus that enrolled in Medicaid after our initial report was issued. In seeking Department approval of their enrollment applications, the four service bureaus attested that they had systems to notify providers of claims to be submitted on their behalf. Nevertheless, all four service bureaus told us they had not yet established such systems.

Response #2:

The Department agrees with the recommendation as Section 504.9(b) of the Social Services Law currently states that service bureaus must maintain a system approved by the Department for notifying providers of claims to be submitted on their behalf, and Section 504.9(c) states service bureaus must submit systems documentation to the Department for the systems configuration which they will be using to process claims prior to acceptance of their enrollment application.

The Department no longer has a formal mechanism to ensure these requirements. The Department will work with OMIG to ascertain whether OMIG can audit the service bureaus to ensure compliance. If that is not possible, steps will be taken to amend the regulation.

Recommendation #3:

Optimize the number of claims for dual eligible persons that are processed through the crossover process. As part of this process, formally assess the propriety of requiring most (if not all) providers to submit all claims for dual eligible persons through the crossover system.

Status – Implemented

Agency Action - The Department has taken steps to optimize the number of claims for dual eligible persons that are processed through the crossover process. To increase the number of such claims, the Department regularly assesses relevant policies and practices and has implemented eMedNY system changes, where appropriate. For example, the Department initiated a project to allow institutional claims (that lack certain rate code information) to be billed through the Medicare crossover system. Also, according to Department officials, the Department continues to look for other ways to optimize the number of claims for dual eligible persons that are processed through the crossover system.

Response #3:

The Department confirms our agreement with this report.