NEW YORK STATE OF OPPORTUNITY. Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

October 12, 2017

Ms. Andrea Inman
Audit Director
New York State Office of the State Comptroller
110 State Street, 11th Floor
Albany, New York 12236

Dear Ms. Inman:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2016-S-12 entitled, "Medicaid Claims Processing Activity April 1, 2016 through September 30, 2016."

Please feel free to contact Estibaliz Alonso, Acting Assistant Commissioner, Office of Governmental and External Affairs at (518) 473-1124 with any questions.

Sincerely,

Howard Zucker M.D.

Howard A. Zucker, M.D., J.D.
Commissioner of Health

Enclosure

cc: Estibaliz Alonso

Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2016-S-12 entitled,
Medicaid Claims Processing Activity April 1, 2016 Through September 30, 2016

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2016-S-12 entitled, "Medicaid Claims Processing Activity April 1, 2016 Through September 30, 2016."

Background

New York State (NYS) is a national leader in its oversight of the Medicaid Program. The Office of the Medicaid Inspector General (OMIG) conducts on-going audits of the Medicaid program and managed care plans. The Department and OMIG will continue to focus on achieving improvements to the Medicaid program and aggressively fighting fraud, waste and abuse.

Under Governor Cuomo's leadership, the Medicaid Redesign Team (MRT) was created in 2011 to lower health care costs and improve quality of care for its Medicaid members. Since 2011, Medicaid spending has remained under the Global Spending Cap, while at the same time providing health care coverage to an additional 1,475,319 fragile and low income New Yorkers. Additionally, Medicaid spending per recipient decreased to $8,305 in 2015, consistent with levels from a decade ago.

Recommendation #1:

Recover claims paid for any retroactive Medicare enrollments of recipients diagnosed with ESRD.

Response #1:

OMIG will review claims paid for Medicaid recipients diagnosed with end stage renal disease (ESRD) who are retroactively enrolled in Medicare and pursue payment recoveries when it is appropriate. However, the Department maintains that this recommendation is unnecessary because it advises implementation of a recovery process that was previously established by OMIG long before this audit commenced. Through this process, OMIG has and will continue to pursue recoveries of inappropriate payments regardless of diagnosis, ESRD or otherwise, when a retroactive Medicare enrollment occurs.

Recommendation #2:

Review the $1.1 million in improper payments made to the CHHAs that we identified and recover overpayments as appropriate.

Response #2:

As mentioned in the audit report, the Department issued a letter to Certified Home Health Agencies (CHHAs) on March 1, 2017, directing CHHAs to review the existing billing guidelines and encourage them to review their billing systems to ensure compliance. This letter also was included in the July 2017 Medicaid Update.

OMIG extracted their own data and performed an analysis. OMIG will pursue recovery of any payment determined to be inappropriate.

Recommendation #3:

Formally advise the hospitals in question to report accurate birth weight information on claims.

Response #3:

The Department was notified by CSRA, the Department's Medicaid fiscal intermediary, on February 21,2017, via transmittal, that such communication had been executed and that the hospitals identified in this audit had taken various internal steps to improve the accurate reporting of birth weights.

Recommendation #4:

Review and recover the three unresolved overpayments totaling $15,397.

Response #4

OMIG's third-party liability contractor has recovered the three inappropriate payments totaling $15,397.

Recommendation #5:

Review and recover the 14 unresolved overpayments totaling $18,688 ($14,384 + $3,226 + $1,078).

Response #5:

OMIG reviewed the identified overpayments. OMIG has recovered $1,388, and will continue to pursue recovery of any payment determined to be inappropriate.

Recommendation #6:

Formally advise the hospital to accurately report alternate levels of patient care when billing Medicaid to ensure appropriate payment.

Response #6:

The Department was notified by CSRA on February 21, 2017, via transmittal, that such communication had been executed as instructed. More specifically, the hospital had already taken steps to implement a new Alternate Level of Care (ALC) billing process, and that the applicable ALC claim has been voided.

Recommendation #7:

Review and recover the four unresolved CPEP overpayments totaling $10,523.

Response #7:

OMIG reviewed the unresolved overpayments, and will pursue recovery of any payment determined to be inappropriate.

Recommendation #8:

Determine the appropriateness of the $99,038 received by the nine terminated providers and recover improper payments as warranted.

Response #8:

OMIG's analysis of the OSC data determined $97,236 of the $99,038 were appropriately paid by Medicaid. The dates of service were prior to the effective date of the exclusion from the Medicaid program, and the payments were not adjudicated until after the date of exclusion.

OMIG is reviewing the remaining $1,802, and will recover, if these payments are determined to be inappropriate.

OSC Comment:

Although Department officials assert that the recommendation is unnecessary, officials stated the OMIG will review claims paid for retroactive Medicare enrollments of Medicaid recipients and pursue recoveries of Medicaid payments determined to be inappropriate. We are pleased the OMIG will review and recover such claim payments, including those identified by this audit. Further, officials indicated that the Department voluntarily implemented an initiative in 2016 to assist Medicaid recipients who may be potentially eligible for Medicare, consistent with a recommendation from a prior OSC audit, entitled Reducing Medicaid Costs for Recipients with End Stage Renal Disease (2015-S-14). We believe this action will help individuals identified in this report, who met the Social Security Administration's eligibility requirements, to enroll in Medicare. Further, such enrollments will likely yield significant Medicaid savings for New York State and localities now and for years to come.

Response to Comment:

The OSC comment is addressed in the final audit response.