

**NEW YORK**  
state department of  
**HEALTH**

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

Sue Kelly  
Executive Deputy Commissioner

June 25, 2014

Dennis Buckley, Audit Manager  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11<sup>th</sup> Floor  
Albany, New York 12236

Dear Mr. Buckley:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-up Report 2013-F-2 entitled, "Collection of Medicaid Accounts Receivable" on Department actions relative to the recommendations contained in earlier OSC Report 2009-S-59.

Thank you for the opportunity to comment.

Sincerely,



Sue Kelly  
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko  
Jason Helgeson  
James C. Cox  
Diane Christensen  
Lori Conway  
Robert Loftus  
Joan Kewley  
Ronald Farrell  
Brian Kiernan  
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**Department of Health  
Comments on the  
Office of the State Comptroller's  
Follow Up Report 2013-F-2 entitled,  
Collection of Medicaid Accounts Receivable (2009-S-59)**

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The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Report 2013-F-2 entitled, "Collection of Medicaid Accounts Receivable (2009-S-59)."

**Recommendation #1:**

Determine the feasibility of options, including those identified in this report, for pursuing the collection of accounts receivable due from inactive providers.

**Response #1:**

The Office of the Medicaid Inspector General (OMIG) process is to wait until the bankruptcy is finalized and payment is received – pursuant to the court's bankruptcy confirmation order – before the OMIG submits a request to reclaim the Federal share to the Department's Medicaid Financial Management Unit (MFM). The OMIG does not refer such receivables to the Office of the Attorney General (OAG) and the OAG does not declare them uncollectable, but rather the OMIG declares such receivables as uncollectable after the court process is finalized and payments are received based upon the court's determination. This process is necessary to prevent the premature and incorrect recoupment of the Federal share, and potential repayment of such Federal share recoupment. During the course of this review (and prior to the receipt of the draft OSC audit report), two bankruptcy cases were finalized and requests to reclaim the Federal shares were submitted. The remaining 59 cases with amounts due of \$11.2 million remain in the bankruptcy courts. Once these cases are finalized in the courts and the OMIG receives the payment decided upon by the court, a request will be submitted to MFM to reclaim the Federal share. It should be noted that the 63 uncollectable accounts noted in the agency action in the OSC Recommendation #1, which were referred to the Financial Management Group to initiate efforts to reclaim the Federal share of these accounts, were related to the provider being out of business and not due to bankruptcy.

The Department will continue to monitor bankruptcies, and this practice will be done on a quarterly basis as appropriate.

**Recommendation #2:**

Follow regulations and seek recovery of accounts receivable that were owed by providers when they joined a group practice.

**Response #2:**

The Department is working on a series of projects (EP1808A – EP1808E) which will revamp the manner in which financial transactions are created, processed, and reported on in eMedNY and the Medicaid Data Warehouse. This will include the identification of groups or affiliated providers for accounts receivable collections as a specification in this effort. The implementation of the evolution projects is estimated to be by June 30, 2015.

**Recommendation #3:**

Ensure the Department procedures and practices address the recovery of all accounts receivables identified through audits or retroactive rate adjustments for affiliated providers.

**Response #3**

The Department is working on a series of projects (EP1808A – EP1808E) which will revamp the manner in which financial transactions are created, processed, and reported on in eMedNY and the Medicaid Data Warehouse. This will include the identification of groups or affiliated providers for accounts receivable collections as a specification in this effort. The implementation of the evolution projects is estimated to be by June 30, 2015.

**Recommendation #4:**

Ensure that the Department acts in a timely manner to routinely refer appropriate accounts receivable to the State Attorney General for collection.

**Response #4:**

The Department has not historically had a formal process for referring accounts to the OAG's Office but rather had made periodic referrals. Recently, the Department has established an Uncollectable Accounts Receivable Recovery Program to achieve this goal. The Department will periodically revise and review provider accounts to determine collectables.