January 28, 2016

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 2014-S-4 entitled, "Appropriateness of Medicaid Eligibility Determined by the New York State of Health System."

Please feel free to contact Amy Nickson, 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: Ms. Nickson

**Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2014-S-4 entitled,
Appropriateness of Medicaid Eligibility Determined
by the New York State of Health System**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2014-S-4 entitled, "Appropriateness of Medicaid Eligibility Determined by the New York State of Health System."

Background

New York State is a national leader in its oversight of the Medicaid Program. With the transition to care management, the Office of the Medicaid Inspector General (OMIG) continues to improve upon our processes and direct our resources to match this changing direction in the Medicaid program. In conjunction with the Department, NYS will continue its focus on achieving improvements to the Medicaid program and aggressively fighting fraud, waste and abuse wherever it exists.

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 1,405,500 fragile and low income New Yorkers. Additionally, Medicaid spending per recipient has decreased to $7,868 in 2014, consistent with levels from a decade ago.

Response To OSC's Comments:

The OSC comments on pages 30 and 31 of the final audit report are addressed in the final audit responses below.

General Comments

In a March 2015 report, the OSC found that Medicaid spending growth had been restrained to 1.7 percent per year, a third of the previous ten year annual average of 5.3 percent.

On an annual basis, overall spending on New York's Medicaid program totals approximately $60 billion. The average monthly number of Medicaid enrollees is almost 6 million. The OSC audit report identified $3.4 million in overpayments (including $600,000 in potential overpayments), representing less than one tenth of one percent of total Medicaid spending.

NY State of Health, New York's health plan Marketplace, opened on October 1, 2013 and was one of the most successful Marketplaces in the nation. To date, approximately 2 million New Yorkers who were previously uninsured have enrolled in Medicaid using NY State of Health. More than 30 percent of them are under the age of 18.

The OSC audit period focused on the first 12 months of operations. In addition to the voluminous successful enrollments, NY State of Health also experienced some growing pains to be expected with the launch of a brand new system. Steps were, and continue to be, taken to ensure that NY State of Health enrollment processes are working as intended, and when needed, improvements are identified and implemented.

Recommendation #1:

With high priority, develop and implement read-only access to allow for adequate oversight and auditability of the NYSOH system.

Response #1:

A read-only access role for the Back Office of NY State of Health was implemented in November 2015.

Recommendation #2:

Design and implement a formal mechanism to independently monitor and manage approved business requirements and functionalities that have yet to be incorporated into the NYSOH production system.

Response #2:

NY State of Health, including Department staff, has and will continue to utilize Rational Team Concept (RTC), which provides an integrated environment for planning, process definition, source control, defect tracking, build management, and reporting. It is used to track and manage the relationships between items, promote best practices for development, gather project information and create work items to track tasks (e.g., enhancements, defects, or other planned items).

A query has been set up in the RTC tool that can search the user story work item summary name for Medicaid related occurrences. The resulting report from the query includes the following columns: RTC Internal Identification (ID) Number, Summary, Description, Filed Against (aka "Track"), Planned For (aka "Release"), Status, Functional Design Document (FDD) ID, FDD Summary and Creation Date. The "STATUS" column shows what that status is for each requirement and the "Planned For" column shows the release. If the "STATUS" column does not show the story as completed then it is still in process or not completed yet. A report extract may be created by performing an additional manual step. The associated technical specifications for these business requirements can be provided upon request.

The Capabilities, User Stories, FDDs, Test Cases (CUFT) report is a weekly report that is created by Computer Sciences Corporation (CSC) and is stored in a shared location. It is a snapshot of the requirements at that point in time. An observed extraction is possible. However, the multi-step process necessary to create any CUFT report competes with other priorities for limited system resources.

If desired, a time can be scheduled to allow OSC an over the shoulder review of CSC running and producing the RTC Medicaid Report or the CUFT report.

Recommendation #3:

Investigate the life status of the 354 deceased NYSOH enrollees identified and update their Medicaid enrollment and coverage, as appropriate.

Response #3:

Five individuals were determined to be alive. The Department took the necessary steps to close the remaining accounts.

Recommendation #4:

Review the $325,030 in inappropriate Medicaid payments identified and recover where appropriate.

Response #4:

The Department has taken the necessary steps to initiate the recoupment process conducted by OMIG for cases where there were claims and the individual was verified by the Department as deceased. OMIG continually performs deceased recipient matches based on the New York State Vital statistics death record. Inappropriate claim payments made on behalf of recipients who are deceased will be identified and recovered.

Recommendation #5:

Formally assess the controls for accuracy of NYSOH's processing of federal Hub responses that indicate whether an individual is alive or deceased. Implement improvements where necessary.

Response #5:

For initial enrollment, NY State of Health uses the Federal Social Security Administration service for determining whether an individual is alive or deceased. We have tested and verified that if the service indicates that someone is deceased, on initial eligibility determination this person becomes ineligible due to living status. We also have a control process in place which allows for a false positive deceased indicator to be resolved via our customer service center. The individual is notified via email or mail – they can then call the customer service center to dispute the notice. After validation, customer service can override the death indicator.

Recommendation #6:

Develop and implement formal procedures for the routine and timely identification of deceased enrollees. Consider leveraging the Department's current monthly matching process to include NYSOH enrollees until the federal periodic verification process is fully implemented.

Response #6:

NY State of Health began using the federal periodic verification service in January 2016.

Recommendation #7:

Review the 32,989 multiple CINs identified in this report, and end eligibility and coverage where appropriate.

Response #7:

The Department places a high priority on preventing duplicate coverage. As such, the Department championed the creation of a universal Client Identification Number (CIN) clearance process to reduce the incidence of duplicates across the NY State of Health and legacy systems. While this clearance process was not fully deployed when NY State of Health was required to open by federal law, crucial steps were taken prior to the opening to examine the eligibility process and identify shortcomings that could generate duplicate CINs.

Today, NY State of Health matches with both of the legacy Welfare Management Systems (WMS) using five different combinations of user demographics, four of which include a social security number. NY State of Health also matches within itself on six additional different combinations to determine whether an individual may already be known to the system. NY State of Health also deployed software to improve the identification of close matches. Individuals who are found to already be in the system based on any of the matches will not be allowed to continue the process until the potential duplicate is resolved with an eligibility specialist. In the meantime, reports of suspected duplicates are worked daily to ensure that actual duplicate CINs are manually closed and managed care payments recouped, as appropriate.

In January 2014, prior to OSC commencing its audit, the Department implemented a manual review process to evaluate potential duplicate CINs and close the accounts where appropriate. As a result of this process, the Department is confident that nearly all the 32,989 multiple CINs identified by OSC were reviewed and appropriate actions were taken to close accounts before the audit findings were shared. To verify this, the Department evaluated 86 percent (28,475) of the multiple CINs identified by OSC and confirmed they had been previously identified by the Department and appropriate closures were already requested from upstate WMS, downstate WMS or NY State of Health. The Department also verified that 6 of the OSC findings were not duplicates.

Recommendation #8:

Review the $3,040,341 in overpayments identified in this report caused by multiple CINs, and recover where appropriate.

Response #8:

OMIG continually performs multiple client identification number (CIN) match audits and works in conjunction with the Department, the Local Districts including Human Resources Administration, and the NY State of Health to ensure the identification and correction of multiple CINs. When the Local District has determined which CIN should be closed, any payments made inappropriately are subsequently recovered. OMIG, in conjunction with the Department, has been and will continue to review the Medicaid payments identified and recover overpayments, as appropriate.

Recommendation #9:

Design and implement controls to prevent the improper addition of a new person (newborn) to a mother's account when an unborn CIN already exists on that account.

Response #9:

New rules were deployed in NY State of Health in September 2015 to prevent the addition of a new person (newborn) under one year of age when an unborn CIN already exists on the account.

Recommendation #10:

Design and implement controls in the universal CIN clearance process, including when a mother's CIN is found, to determine if any associated CINs for unborn recipients already exist.

Response #10:

NY State of Health has enhanced the functionality of the system to deactivate any unused unborn CINs after the associated birth is reported in NY State of Health and the enrollment of the mother is updated.   A number of enhancements to the system were implemented in March and May of 2015 to improve the matching process for newborns. Additional improvements to the hospital matching interface were deployed (but not yet activated) at the end of December 2015. The interface is pending completion of thorough testing with both upstate and downstate WMS, and activation is planned by April 30, 2016. Further, the CIN clearance/assignment process was moved to its own database in March 2015 to enable the CIN clearance responses to be called and produced on a 24/7 basis without competing with other system functionality.

NY State of Health takes continual steps to identify areas that are not functioning optimally, and make system and process improvements. The Department continuously performs quality assurance on the results produced by the system and researches and analyzes cases to identify any system defects. Weekly meetings are held with eMedNY to proactively address issues across the two systems. Routine meetings are also held with Information Technology Services and the Office of Temporary and Disability Assistance to identify process improvements to CIN clearance.

Recommendation #11:

Design and implement a process to notify the eMedNY claims processing and payment system to link the errant multiple CINs NYSOH created.

Response #11:

In 2014, the Department implemented a manual process to link identified duplicate CINs once action by WMS or NY State of Health was taken to end coverage on the appropriate CIN(s). This process significantly reduces duplicate payments from being made on multiple CINs for the same service or capitation payments to the same plan.

Recommendation #12:

Review the 283 unborn CINs for the 60 applicants we identified and end eligibility and coverage where appropriate.

Response #12:

The Department reviewed the 283 unborn CINs on the 60 accounts identified by OSC and found that 3 accounts were appropriate (included twins or triplets), and took appropriate action to close the duplicate CINs for the remaining 57 accounts.

Recommendation #13:

Review the case with overpayments totaling $4,796 identified in this report and recover where appropriate.

Response #13:

No premiums were paid for almost 90 percent of the accounts found to have a duplicate CIN. For the 6 accounts where there were claims and a duplicate CIN existed, the Department has taken steps to initiate the recoupment process conducted by OMIG.

Recommendation #14:

Analyze where the breakdown in system development occurred (pertaining to establishing a limit on unborn CINs as designed), and take corrective action to prevent similar errors in further NYSOH development.

Response #14:

NY State of Health and CSC will continue to identify and initiate changes that will prevent future occurrences of claiming an unlikely number of pregnancies. Changes already made include:

- Changing the application user interface to limit the number of expected children to 6 or less; and

- Enhancing the functionality in the system to deactivate unused unborn CINs after an associated birth is reported in NY State of Health and the enrollment of the mother is updated.