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**New York State Office of the State Comptroller**  
Thomas P. DiNapoli

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Division of State Government Accountability

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# **Appropriateness of Medicaid Eligibility Determined by the New York State of Health System**

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## **Medicaid Program Department of Health**

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Report 2014-S-4

October 2015

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# Executive Summary

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## Purpose

To determine if the Department of Health's New York State of Health system has adequate controls to ensure accurate enrollments in the Medicaid program and to determine whether improper enrollments caused Medicaid overpayments. The audit covered the period October 1, 2013 through October 1, 2014.

## Background

With the enactment of the federal Patient Protection and Affordable Care Act in 2010, the State developed the New York State of Health (NYSOH) as a new online marketplace for individuals to obtain health insurance coverage, including Medicaid. Individuals who apply for public assistance benefits, including Medicaid, are assigned a Client Identification Number (CIN) that uniquely identifies them. NYSOH is required to conduct various checks among data systems to verify applicants' eligibility, ensure proper CIN assignment, and validate enrollees' continued eligibility.

## Key Findings

- The Department did not provide auditors adequate access to the NYSOH system. Due to this limitation and other audit scope impairments, we were unable to fully assess the adequacy of NYSOH controls over Medicaid enrollments and fully determine the extent to which improper enrollments may have caused Medicaid overpayments. Consequently, readers of our audit report should consider the effect of the scope limitation on the conclusions presented in our report.
- Using other Medicaid data sources, we determined that a range of design and process flaws in NYSOH's eligibility process permitted inappropriate Medicaid enrollments that resulted in overpayments totaling about \$3.4 million since NYSOH's implementation. We determined:
  - NYSOH enrolled deceased individuals and continued Medicaid coverage for individuals who had died after enrollment, resulting in Medicaid overpayments of \$325,030;
  - NYSOH issued multiple CINs to individual recipients, resulting in actual Medicaid overpayments of \$2,852,210 and potential overpayments of \$188,131; and
  - NYSOH issued unreasonably high numbers of CINs for expected multiple births per pregnancy – in some cases up to ten per pregnancy. In a single case, unnecessary CINs permitted eMedNY to make \$4,796 in improper Medicaid payments for nine of ten improbable 'unborn' CINs issued for one pregnancy.

## Key Recommendations

- We made 14 recommendations to the Department to review and correct NYSOH eligibility system weaknesses, correct the improper Medicaid enrollments we identified, recover identified inappropriate payments, and ensure NYSOH system auditability.

## **Other Related Audits/Reports of Interest**

[Department of Health: Inappropriate Medicaid Payments for Recipients With Multiple Identification Numbers and No Social Security Numbers \(2010-S-29\)](#)

[Department of Health: Inappropriate Medicaid Payments for Recipients With Multiple Identification Numbers \(2008-S-163\)](#)

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**State of New York  
Office of the State Comptroller**

**Division of State Government Accountability**

October 28, 2015

Howard A. Zucker, M.D., J.D.  
Commissioner  
Department of Health  
Corning Tower  
Empire State Plaza  
Albany, NY 12237

Dear Dr. Zucker:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Medicaid program entitled *Appropriateness of Medicaid Eligibility Determined by the New York State of Health System*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller  
Division of State Government Accountability*

## Table of Contents

Background	5
Audit Findings and Recommendations	7
Scope Limitation	7
Recommendations	9
Medicaid Coverage of Deceased Individuals	9
Recommendations	10
Multiple Client Identification Numbers Assigned to Recipients	11
Recommendations	15
Multiple Births	16
Recommendations	17
Audit Scope and Methodology	17
Authority	18
Reporting Requirements	18
Contributors to This Report	20
Agency Comments	21
State Comptroller's Comments	30

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This report is also available on our website at: [www.osc.state.ny.us](http://www.osc.state.ny.us)

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## Background

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Medicaid is a federal, state, and local government-funded program that provides a wide range of medical services to those who are economically disadvantaged and/or have special health care needs. For the fiscal year ended March 31, 2014, New York's Medicaid program had approximately 6.5 million enrollees and Medicaid claim costs totaled about \$50.5 billion. The federal government funded about 49.25 percent of New York's Medicaid claim costs; the State funded about 33.25 percent; and the localities (the City of New York and counties) funded the remaining 17.5 percent.

The federal Centers for Medicare and Medicaid Services (CMS) oversees New York's Medicaid program, and the State Department of Health (Department) administers the program through its Office of Health Insurance Programs. Among its many duties, the Department is responsible for ensuring the Medicaid program meets all federal requirements.

The State's Local District Social Services offices and the New York City Human Resources Administration (collectively referred to as Local Districts) determine eligibility and enrollment for certain segments of the Medicaid program and various other public assistance programs, such as Cash Assistance, Food Stamps, and Home Energy Assistance. For eligibility verification and benefit-tracking purposes, individuals who apply for benefits under Medicaid or another program are assigned a Client Identification Number (CIN) that uniquely identifies them.

The Welfare Management System (WMS), which is overseen by the State Office of Temporary and Disability Assistance (OTDA), maintains and processes applicant data for many of the public assistance programs, including Medicaid. The WMS is comprised of two components: a Downstate system for New York City area recipients and an Upstate system for recipients in the rest of the State.

According to Department officials, WMS has historically experienced problems with the assignment of unique CINs. Several factors contributed to WMS generating multiple CINs for a single person, including diverse sets of rules for generating CINs across multiple public assistance programs and the inability of the Upstate and Downstate systems to adequately clear against each other (i.e., to determine whether or not an applicant is known to either WMS system across programs).

With enactment of the federal Patient Protection and Affordable Care Act (the Act) in 2010, the State developed the New York State of Health (NYSOH) as a new online marketplace for individuals to obtain health insurance coverage, including Medicaid. The Department contracted with Computer Sciences Corporation (CSC) to build the NYSOH system, including its eligibility and enrollment systems. As of June 30, 2015, the Department paid CSC about \$212.8 million (through a contract totaling \$276.8 million) for the NYSOH system. Under the Act, NYSOH had to be able to accept health care coverage applications by October 1, 2013 and be able to process the applications for eligibility by January 1, 2014.

The Act expanded the criteria to qualify for Medicaid and created new rules for determining eligibility based on an applicant's Modified Adjusted Gross Income (MAGI eligibility group) or

other factors (non-MAGI eligibility group). Currently, NYSOH handles Medicaid processing for MAGI-eligible applicants only. Local Districts, via WMS, are responsible for non-MAGI applicants, such as Supplemental Security Income (SSI) recipients.

The Act also affected how information provided by applicants is verified, pushing states to use electronic data sources to automate verifications and make real-time decisions. This required NYSOH to have an automated process for checking existing CIN assignments in the other systems (WMS) to avoid multiple CIN assignments for a single individual. Federal rules also required NYSOH to verify whether an applicant had already been determined eligible for Medicaid coverage. According to Department officials, the launch of NYSOH allows, for the first time, the systems to use a universal CIN clearance process to achieve this.

To facilitate accurate Medicaid eligibility and enrollment determinations in NYSOH and health insurance marketplaces in other states, the federal government built a Data Services Hub – a clearinghouse for identity, income, life status (alive or deceased), citizenship, and immigration status information. NYSOH is required to use the Hub to verify applicants' Social Security Numbers (SSNs) and other information before determining eligibility and enrollment. NYSOH can also use other approved, trusted databases for further verifications.

The WMS and NYSOH systems transmit Medicaid eligibility, coverage, and enrollment data to the Department's eMedNY system, which processes Medicaid claims submitted by providers for services rendered to Medicaid-eligible recipients and generates payments to reimburse the providers for their claims. It is critical that Medicaid enrollments are accurate and that each Medicaid recipient have a single CIN. For example, if deceased enrollees remain active or if more than one CIN is assigned to a person and claims are submitted for the different CINs, substantial Medicaid overpayments can occur.

When Medicaid claims are processed by eMedNY, they are subject to various automated edits. The purpose of the edits is to determine whether the claims are eligible for reimbursement and the amounts claimed are appropriate. For example, some edits consider claim information such as age and gender to detect improper services for an invalid age or gender. Other edits prevent payment for ineligible recipients by only allowing services to be paid between begin and end eligibility dates. Additionally, in eMedNY there exists a process to link multiple CINs that have been inappropriately assigned to the same recipient to prevent payment on duplicate claims for the same recipient.

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## Audit Findings and Recommendations

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We found the Department made decisions to defer certain planned NYSOH features and controls. For example, the NYSOH eligibility system lacked adequate audit access. This and other actions limited our ability to assess and conclude on the Department's NYSOH internal control activities. We considered these limitations to be an impairment to our audit scope.

Nevertheless, using other Medicaid data sources, we determined that a range of design and process flaws in NYSOH's eligibility process permitted inappropriate Medicaid enrollments, which resulted in overpayments totaling about \$3.4 million since NYSOH was implemented, including:

- Enrollment of deceased individuals;
- Issuance of thousands of inappropriate CINs; and
- Issuance of unreasonably high numbers of CINs for expected multiple births per pregnancy.

We identified numerous system defects and process weaknesses that, left unaddressed, risk compromising the integrity of the State's Medicaid program at a time when both technology and approaches in health care are undergoing extensive transformations. We made 14 recommendations to the Department to: review and correct NYSOH eligibility system weaknesses; correct the improper Medicaid enrollments we identified; recover identified inappropriate payments; and ensure NYSOH system auditability and management of system requirements.

### Scope Limitation

The State Constitution establishes the State Comptroller's duty and authority to perform audits. Accordingly, the Department is required to provide access to all information and documentation of the NYSOH eligibility system that the Office of the State Comptroller deems relevant to the audit objectives, including read-only access to the eligibility system; documentation of computer programs and controls to be developed; documentation of computer programs and controls that were implemented; information about changes to computer programs and controls, including an audit trail; and access to produce or observe system-generated reports.

In the conduct of our audit, we faced significant scope impairments and restrictions on our audit activity that delayed our audit and limited the audit team's ability to fully accomplish its objective. We conduct our audits in accordance with generally accepted government auditing standards and these standards require that we include in our reports any information limitations or scope impairments, including denials or excessive delays in access to records or individuals.

In the course of this audit, we experienced several impediments to our audit efforts. Specifically, OSC auditors:

- Had no (read-only) access to the NYSOH eligibility system;
- Were restricted from producing or observing pertinent queries, reports, or data extractions;
- Were provided with system documentation that did not represent what was actually



implemented;

- Lacked access to an available mechanism that distinguished business requirements that were implemented from those not yet implemented.

Under generally accepted government auditing standards, these restrictions would be considered an audit scope impairment.

As a part of the NYSOH contract, CSC was to build into the system necessary access roles to allow secure access to certain information – among them, a read-only role. In response to our request for read-only access, the Department maintained that Department decisions made during system development deferred necessary business requirements and functionality, one of which was read-only access within the NYSOH eligibility system. At the time our audit fieldwork concluded, this access still had not been provided.

Alternatively, the Department did not provide adequate access to observe NYSOH system operations. For example, auditors requested extracts from certain data tables and the ability to observe these tasks being performed. However, Department officials limited the data extracts to the sample of cases auditors reviewed with them and did not provide auditors the opportunity to observe the queries being run to extract certain data or the creation of result files.

The Department also did not disclose timely pertinent information regarding documentation that was provided. Department officials did not disclose to auditors until late in fieldwork that the system documentation they provided to us depicted desired functionality as opposed to actual functionality implemented in the system. Nearly five months passed before this was disclosed to us. Further, when asked to disclose the functionality not yet implemented, Department officials said they did not have the capability to do so. According to officials, CSC had an application to track whether business requirements had been implemented or not. However, no Department official had access to this application to independently monitor progress and manage development decisions.

The objective of our audit was to determine if the Department had adequate controls to ensure accurate Medicaid enrollments by NYSOH. Because we were unable to assess NYSOH internal controls using system access and documentation, we could not fully assess or conclude on the Department's NYSOH internal control activities. Further, we could not definitively determine causes of the deficiencies found in NYSOH outputs from Department officials' testimonial evidence. Considering this, we believe we can answer the audit objective question broadly, but not completely. Nonetheless, in accordance with professional standards, we are required to report these restrictions as scope impairments. Consequently, readers of our audit report should consider the effect of these scope limitations on the conclusions presented in our report.

In addition to the scope impairments, we note that, without a read-only role in NYSOH, Department officials lacked the ability to view NYSOH operational data as needed. Instead, they were dependent upon their contracted system developer, CSC, to provide them with requested data to manage and monitor system operations. At the end of our audit fieldwork, the Department said a copy of NYSOH system data was recently created, from which one Department official was authorized to query and extract data to analyze system performance.

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## Recommendations

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

## Medicaid Coverage of Deceased Individuals

During our audit period, 354 deceased individuals were identified in NYSOH as active Medicaid recipients. Of the 354 deceased people, 21 were enrolled by NYSOH after their dates of death. The remaining 333 people died after enrollment, but their “life status” (living or deceased) was not updated in the NYSOH system. As a result, Medicaid inappropriately paid \$325,030 in claims associated with 230 of the 354 deceased enrollees. With few exceptions, these overpayments were for managed care premiums. The overpayments occurred because the Department did not conduct sufficient periodic verifications of enrollees’ life status to remove deceased individuals from active Medicaid enrollment.

Federal regulations require NYSOH to submit the health care applicant’s name, date of birth, and SSN to the federal government’s Data Services Hub (Hub) for verification against other federal databases, including the Social Security Administration. Verification responses from the Hub to NYSOH contain a field that indicates whether an individual is alive or deceased. This information is the basis for making life status determinations. Additionally, once individuals are enrolled in the Medicaid program, CMS requires states to periodically verify recipients’ life status to ensure active coverage is appropriate.

To independently determine the accuracy of NYSOH’s eligibility process, we used an independent verification service to test the SSNs of NYSOH-enrolled individuals for confirmation of life status. According to the verification service, from January 21, 2014 to September 15, 2014, NYSOH’s active enrollment included 354 recipients who were deceased: 21 who died after they applied for benefits but before they were officially enrolled and 333 who died after their enrollment. We took a judgmental sample of 22 of the deceased recipients from five Local Districts, and asked officials at each district to research whether their recipients in the sample were deceased. Local Districts could not provide verification for 14 individuals, reporting that they were not authorized to review those NYSOH-enrolled recipients. However, they confirmed that all of the remaining eight individuals were deceased.

In response, Department officials noted that NYSOH queries the Hub before enrolling eligible applicants in Medicaid. When we requested the Hub responses for verification, however, the Department was not able to provide any for the cases we reviewed with them, stating that NYSOH does not save Hub responses. Lacking this documentation, we were unable to determine whether NYSOH processed the Hub responses accurately or not, and thus we were unable to

reliably determine the cause of the errors or assess NYSOH's internal controls. Accordingly, the Department should assess NYSOH's accuracy and controls over processing of federal Hub responses that indicate whether an individual is alive or deceased.

To prevent the risk of improper payments, Medicaid eligibility should be stopped timely upon the death of a recipient. However, we determined NYSOH does not have a standard process (automated or manual) to periodically verify the life status of all enrollees and stop coverage for deceased individuals. Only by chance does NYSOH receive notification of the death of an enrolled recipient and begin the process to end Medicaid coverage. For example, if a NYSOH account holder updated information to show that a family member passed away, NYSOH would learn that a NYSOH-enrolled recipient had died. This places the State at risk of improper Medicaid payments on behalf of deceased enrollees indefinitely, because as long as a Medicaid recipient's enrollment remains active, eMedNY will process and make payments on claims for services for that recipient.

Consequently, as of September 19, 2014, Medicaid paid claims totaling \$325,030 for 230 of the 354 deceased enrollees, including \$22,207 for 11 individuals who were deceased before the date of enrollment and \$302,823 for 219 individuals who died after enrollment. These improper payments could have been prevented if NYSOH conducted the required periodic verification.

We determined that the Department conducts monthly verification of active cases in the WMS system by matching Medicaid recipients with the Social Security Administration's Death Master File database. However, the Department does not include NYSOH-enrolled recipients in this process. When questioned, Department officials stated they never developed a plan to include NYSOH in their WMS data match process because they intended to use a federal process, called the Periodic Verification Composite (PVC), that was to be developed for this purpose. Although the PVC was scheduled to begin October 1, 2014, as of the end of our audit fieldwork the service had not yet been implemented. Further, the Department had not established an alternate or interim plan to meet the periodic verification process required by federal regulations.

Various verification options are available for the Department to conduct its required periodic verification, at least until PVC becomes operational. For example, the Department could use other electronic data sources, such as the Department's own vital statistics on deaths in the State – a method planned by 12 other states' exchanges – or use an independent verification service to match data. Alternatively, the Department could leverage the monthly match it performs for the WMS to include inquiries for NYSOH-enrolled recipients.

## Recommendations

3. Investigate the life status of the 354 deceased NYSOH enrollees identified and update their Medicaid enrollment and coverage, as appropriate.
4. Review the \$325,030 in inappropriate Medicaid payments identified and recover where appropriate.
5. Formally assess the controls for and accuracy of NYSOH's processing of federal Hub responses

that indicate whether an individual is alive or deceased. Implement improvements where necessary.

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.

## Multiple Client Identification Numbers Assigned to Recipients

We tested the accuracy of NYSOH CIN assignments for Medicaid enrollees. We found that, due to weaknesses in its system processes, NYSOH assigned additional CINs to applicants who already had an active CIN. We identified 32,989 multiple CINs assigned to 16,105 NYSOH-enrolled individuals (of which 9,901 had an SSN and 6,204 did not). This caused Medicaid overpayments totaling at least \$3 million.

### *Multiple CINs for Applicants With Social Security Numbers*

We found NYSOH had a role in the assignment of 20,224 multiple CINs to 9,901 NYSOH-enrolled Medicaid recipients with SSNs. Specifically, NYSOH assigned 1,930 recipients 3,911 new CINs. The remaining 7,971 NYSOH-enrolled recipients were assigned multiple CINs by NYSOH and one of the WMS systems (Downstate or Upstate), resulting in 16,313 CINs issued among the three systems. Due to weaknesses in NYSOH processes that allowed errors in the CIN assignments to occur, eMedNY overpaid a total of \$2.4 million on 8,822 Medicaid claims for 2,692 of the 9,901 recipients identified.

According to eMedNY claim processing and payment system documentation, "all transactions need to be CIN based" and "there should only be one current active coverage segment per CIN at any point in time." These requirements help prevent eMedNY from making improper Medicaid claim payments. Therefore, implementation of NYSOH required a universal and complex system for coordinating real-time CIN assignment among the WMS Downstate, WMS Upstate, and NYSOH systems. The Department thus created a web service to automatically search data within each system to identify demographic matches and potential CINs that may exist for an applicant.

For example, when a system (NYSOH, WMS Downstate, or WMS Upstate) determines an individual is eligible for Medicaid, it calls the web service to request match data from the other two systems. The requesting system then combines the web service's match data with its own data and, based on a complex set of rules, executes its own logic to identify potential matches. If the system determines no CIN exists for the individual, it uses another web service to request that a new CIN be assigned. For NYSOH, this entire process is automated – there is no manual intervention – unlike the WMS systems. Therefore, if any part of the automated universal CIN clearance process is not accurate or complete, new CINs can be inappropriately requested.

Based on our findings, we determined the universal CIN clearance process was not working as intended. We identified several NYSOH weaknesses as contributing factors. Specifically, we determined that:

- The universal CIN clearance process was not fully deployed when NYSOH became operational, due (at least in part) to rushed implementation to meet federal deadlines.
- Per system documentation, NYSOH only clears applicant data against the WMS system (Upstate or Downstate) specific to the applicant's current geographic region, and not the other system as well. Yet some recipients could be on both the Upstate and Downstate systems.
- The NYSOH system inappropriately requested a new CIN on behalf of an applicant without having all data match responses from the universal CIN clearance process.
- When provided with updates to account information by existing NYSOH account holders (e.g., corrections to the spelling of a name), NYSOH processed these changes as new information for new applicants and thereby requested new CINs for the existing applicants. Furthermore, NYSOH did not process these "new" members by matching against its existing members.

The Department acknowledged these weaknesses and reported that, by the end of our audit fieldwork, they had been corrected. For example, officials acknowledged the universal CIN clearance process was not fully deployed when NYSOH began operating on October 1, 2013 to meet the federal deadline. In addition, Department officials reported that in January 2014 they realized NYSOH created 700 erroneous CINs and immediately began to remedy NYSOH CIN assignment rules and reconcile these cases.

Department officials also stated that currently all three systems (NYSOH, WMS Upstate, and WMS Downstate) clear against both itself and the other two systems prior to assigning a new CIN via the universal CIN clearance process. However, as previously stated, NYSOH system documentation contradicts this. Because we lacked access to the NYSOH system, we could not confirm Department officials' assertions.

For example, to correct the issue of NYSOH assigning new CINs when one of the WMS systems does not respond to a universal CIN clearance request, officials stated they implemented a re-sequencing process to suspend the application and recycle the request until it receives responses from all systems. The Department provided NYSOH system documentation supporting intended corrections, but did not provide evidence to establish the re-sequencing process design that was implemented. Department officials explained that the NYSOH re-sequencing process was expanded and implemented at different times to different applications, but officials did not have a record of the level of functionality and when it was implemented into production. Lacking such information, we cannot confirm the Department has adequately addressed NYSOH weaknesses that contributed to cause multiple CINs to be issued.

Department officials also acknowledged that NYSOH did not allow account holders to make changes to certain data in their account, such as correcting erroneous input for the SSN or birthdate of a household member. To make a correction, some account holders circumvented this restriction by deleting that member from their account and then adding the member again with the correct information. Additionally, NYSOH did not adequately process this "new" member by matching against the NYSOH system's existing members. As a result, NYSOH created a second CIN for the "new" member and kept the first CIN active with Medicaid eligibility.

Department officials reported that the weaknesses discussed in this section of the report were corrected in 2014. Department officials stated that as additional issues in NYSOH were identified, periodic updates were also made and put into production to prevent multiple CINs. However, lacking adequate system documentation and access to the NYSOH system, we could not confirm whether the causes of multiple CINs have been adequately corrected and completely implemented in NYSOH processing.

### *Multiple CINs for Applicants Without Social Security Numbers*

We determined NYSOH had a role in the assignment of 12,765 multiple CINs to 6,204 NYSOH-enrolled Medicaid recipients who did not have SSNs. The 12,765 CINs were assigned as follows: 12,021 to adults and children, 208 to newborn recipients, and 536 to unborn recipients. Due to weaknesses in NYSOH processes that allowed errors in the CIN assignments to occur, eMedNY made actual and potential overpayments totaling \$602,271 on 2,071 Medicaid claims for these applicants. Details of these overpayments are provided in the following narratives.

#### **Adult and Child Recipients**

We identified 5,837 NYSOH-enrolled individuals (adults and children) who were assigned 12,021 multiple CINs among the NYSOH and WMS systems. We concluded NYSOH assigned at least one of these multiple CINs per person. Further, 1,891 paid claims for these individuals were for redundant managed care coverage, which resulted in Medicaid overpayments totaling \$414,140.

This facet of the audit identified an additional processing defect that contributed to multiple CINs for applicants without an SSN. Specifically, NYSOH did not adequately clear applicant identifier information within itself. For example, for individuals who first applied for coverage through NYSOH using their SSN (and who were assigned a CIN) and then applied a second time without using their SSN, NYSOH would create a second account – and a second CIN. If the second account did not have an SSN, and the individual was determined to be eligible for both accounts, duplicate coverage from both accounts could occur, increasing the risk of overpayments.

Department officials told us this defect was corrected in April 2014 as a result of our audit work. Department officials stated that NYSOH matches against its own data by using various attribute combinations (other than SSN, like date of birth) to determine whether an individual already has a CIN. At the conclusion of our audit fieldwork, officials stated that they planned to expand NYSOH matching to identify more “close matches.” Again, however, lacking access to NYSOH, we could not confirm whether the causes of multiple CINs were adequately corrected and implemented in NYSOH processing.

#### **Newborn Recipients**

To ensure newborns have immediate eligibility, the Department requires NYSOH to issue a CIN to an “unborn recipient” when a Medicaid recipient reports that she is pregnant. Accordingly, the CIN assigned to an unborn recipient should be updated to reflect the newborn’s date of birth and the child’s correct first name. NYSOH allows the applicant account holder (e.g., the mother)

to do this electronically through its website. However, NYSOH was designed to be updated with newborn information automatically, with little to no human intervention, via coordination of various electronic files from the hospital, the Department, and WMS. This process was intended not only to prevent errors in data input, but also to prevent multiple CINs by matching the newborn information with the unborn recipient CIN associated with the mother's record.

However, we identified 104 cases with 208 CINs, all of which were issued by NYSOH. As a result, eMedNY potentially overpaid a total of \$167,524 for 128 duplicate claims submitted on behalf of 21 of the 104 newborn recipients. This problem occurred because the Department did not implement the automated matching process for newborns into the NYSOH system as originally planned. Rather, NYSOH depends on applicant account holders to accurately update their information in a timely manner or on hospitals to inform NYSOH (e.g., by phone or email) with birth information. Further, officials did not develop any alternatives, such as an automated work-around or supplemental match on a post-eligibility basis.

During our case reviews, we noted that trained authorized NYSOH enrollers (e.g., Certified Application Counselors, agents, or brokers) did not always follow proper procedures for updating an account, resulting in errors that contributed to multiple CINs. For example, in one case, an enroller mistakenly added a newborn to an account instead of updating the information for an existing CIN issued for an unborn recipient. Department officials explained that the CINs for unborn recipients may not be visible in the NYSOH system for all authorized users to properly update. Without access to NYSOH, we could not confirm this assertion. We do note, however, while we reviewed cases with the Department, it was not easy to locate CINs for unborn recipients in the applications.

Lacking an automated mechanism to identify and reconcile multiple CINs issued for a newborn and the same unborn recipient weakens the integrity of the CIN issuance process and increases the risk of duplicate coverage and duplicate payments. Until such time when the automated process is implemented, the Department needs to regularly identify multiple CINs assigned to individual recipients and reconcile them to prevent inappropriate Medicaid payments. In addition, NYSOH should notify eMedNY to link known instances of multiple CINs that have been inappropriately assigned to the same recipient to prevent Medicaid payment on duplicate claims for the same recipient.

### **Unborn Recipients**

Pregnant women and newborns have special provisions that, under certain circumstances, extend eligibility or, in the case of a newborn, allow for immediate eligibility. When an applicant attests that she is pregnant, she is asked how many babies she is expecting. Once eligibility is established, to ensure newborns receive immediate Medicaid coverage, the Department requires NYSOH to issue a CIN for each unborn recipient (e.g., "unborn1," "unborn2") and associate it with the mother's account.

We found 263 unborn recipients were assigned 536 CINs, 424 of which were assigned solely by NYSOH. The remaining 112 CINs were assigned by NYSOH and one or both of the WMS systems.

These multiple CINs for unborn recipients allowed eMedNY to make potentially inappropriate payments totaling \$20,607 for 42 claims on behalf of 14 unborn recipients.

We determined the assignment of multiple CINs for unborn recipients stemmed from the same NYSOH weaknesses discussed previously in this report. When an additional CIN was improperly assigned to a pregnant recipient, it had the “snowball” effect of creating multiple CINs for each of her associated unborn children as well. For example, NYSOH erroneously created two different accounts, and two different CINs, for one female applicant who, in both of her accounts, attested she was pregnant and was expecting a single birth. After the mother’s eligibility was determined, NYSOH issued an “unborn” CIN in each account. As a further complication, the NYSOH applicant account holder (e.g., the mother) subsequently updated the information in one account with the newborn’s date of birth and first name. However, NYSOH inappropriately processed the change as a new member and created another “unborn” CIN in the account. This resulted in two accounts and three CINs for the newborn.

Upon discussing this case with Department officials, they acknowledged that the initial implementation of NYSOH did not clear new applicants against existing NYSOH enrollees and may not have cleared the new applicants with WMS. Department officials insisted, however, that these weaknesses were corrected in subsequent changes implemented since April 2014. We note, however, that, as of September 2014, NYSOH continued to issue multiple CINs for unborn recipients. We therefore believe additional weaknesses in the NYSOH system’s design and implementation permit improper CIN assignment and CIN clearance of unborn recipients. For instance, it does not appear that NYSOH is adequately checking to determine if an unborn CIN already exists prior to assigning a new unborn CIN in an account. Lacking access to NYSOH, we could not conduct further tests to determine other potential causes.

In response to our findings, Department officials maintain the problem of multiple CINs for unborn recipients is a Medicaid-wide issue, not just a NYSOH issue, and explained that CINs for unborn recipients were not included in the current CIN clearance because the process requires attributes that unborn recipient records do not contain, such as date of birth and SSN. We note, however, that because NYSOH cannot use manual processes, the Department needs to design and develop automated controls to prevent assignment of multiple CINs for unborn recipients. For instance, when a mother is identified as having an existing CIN through the universal CIN clearance, the process should also identify whether an associated CIN for an unborn recipient already exists. Otherwise, NYSOH will continue to issue multiple CINs for unborn recipients and risk Medicaid making duplicative payments on claims filed under different CINs for the same recipient.

## Recommendations

7. Review the 32,989 multiple CINs identified in this report, and end eligibility and coverage where appropriate.
8. Review the \$3,040,341 in overpayments identified in this report caused by multiple CINs, and recover where appropriate.



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

## Multiple Births

The Affordable Care Act establishes that NYSOH must accept self-attestation of a pregnancy without asking for additional information from the applicant "unless the State has information that is not reasonably compatible with such attestation." The Act also allows NYSOH to use available, trusted electronic data resources to coordinate between Medicaid and other public assistance eligibility programs (e.g., the WIC program [also known as the Special Supplemental Nutrition Program for Women, Infants and Children]) to verify pregnancy attestations, as long as the Department tells CMS it will use such data resources to verify eligibility information. Therefore, NYSOH is expected to set reasonableness controls.

However, NYSOH allows applicants to attest to an unreasonable number of expected births per pregnancy, and as a result, issued an unreasonable number of CINs for unborn recipients. We determined NYSOH issued 283 unborn CINs for 60 applicants who attested to expecting from three to ten babies in their pregnancy. Notably, 15 of the 60 eligible applicants attested to expect seven to ten babies, for which NYSOH issued 130 CINs for unborn recipients. The remaining 153 (of the 283) CINs for the unborn recipients were issued for 45 applicants who attested to expect between three and six babies. Moreover, we determined these unnecessary CINs permitted eMedNY to make Medicaid overpayments totaling \$4,796 for nine of ten CINs for improbable unborn recipients issued in a single case, primarily for managed care.

The Department did not establish controls in the application process specifically limiting the number of expected births a pregnant applicant can claim in NYSOH. A processing restriction in WMS automatically limits the number of CINs for unborn recipients to six per case, in essence achieving the same purpose. Aware of this processing restriction in WMS, Department officials planned to similarly limit NYSOH to producing no more than six CINs for unborn recipients per pregnant applicant.

We confirmed NYSOH system documentation was functionally designed to limit the issuance of CINs for unborn recipients to six per pregnant applicant. However, we found that NYSOH was not programmed as planned. Department officials investigated and confirmed the control was instead programmed to use a limit of ten (and not six). As a result of our audit, Department officials stated they have taken action to correct the limit to six; however, they could not explain why or how the control was not programmed as designed. The Department needs to analyze where the breakdown in system development occurred and initiate corrective action to prevent similar errors in further development of NYSOH.

According to Department officials, they believed the issuance of excessive CINs for unborn recipients did not produce a risk that eMedNY would improperly pay claims for unborn recipients because there was no Medicaid coverage associated with those CINs. However, in one case, we determined that eMedNY inappropriately paid 27 claims (totaling \$4,796) primarily for managed care for the unborn recipient. In this case, the maximum number of CINs (ten) for the unborn recipients was issued because the account holder attested the mother was expecting at least ten babies. Medicaid managed care claims were billed and paid for each of the ten CINs for three months in 2014. However, both eMedNY data and medical records confirmed the mother gave birth to only one baby. Only one CIN should have been billed and paid for each month of managed care.

## Recommendations

12. Review the 283 unborn CINs for the 60 applicants we identified and end eligibility and coverage where appropriate.
13. Review the case with overpayments totaling \$4,796 identified in this report and recover where appropriate.
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.

## Audit Scope and Methodology

The objective of our audit was to determine if the Department has adequate controls in the NYSOH system to ensure accurate enrollments in the Medicaid program and to determine the amount of inappropriate Medicaid payments that resulted from any improper enrollments. The audit covered the period October 1, 2013 through October 1, 2014.

To accomplish our objective and assess internal controls, we interviewed officials from the Department, the Local Districts, the Office of the Medicaid Inspector General, and the Office for Information Technology Services. We reviewed applicable sections of federal and State laws and regulations and the Department's relevant Medicaid policies and procedures. We also reviewed supporting documentation for Medicaid claims billed for multiple births.

We analyzed results of NYSOH eligibility determinations using data from the Medicaid Data Warehouse for the period from October 1, 2013 through October 1, 2014. We reviewed NYSOH system documentation and compared them to NYSOH outputs that were sent to other systems, such as eMedNY. We also analyzed NYSOH outputs using eMedNY data and extracted related Medicaid claims data from the Medicaid Data Warehouse. We excluded certain claims based on risks that a recipient may not fit a duplicate match profile. We also excluded certain situations which could be potentially reasonable, such as having more than one unborn CIN at the same address which is also shared by more than one Medicaid-eligible female of childbearing age.

To determine multiple CINs with overlapping eligibility dates, we conducted data matches based on SSNs and, for recipients without an SSN, various other sets of attributes, as follows:

- For adult and child recipients: first name, last name, gender, and date of birth;
- For unborn recipients: first and last name, address, gender coded as “unborn,” and date of birth missing, restricting the cases to those where only one Medicaid-eligible mother resided at the same address of the expected child;
- For newborn recipients: last name, case number, address, and at least one of the CINs containing “unborn” in the recipient’s first name; and
- For multiple births: name, case number, and first name contains “unborn,” excluding cases involving one or two unborn CINs since those numbers are common.

We conducted our performance audit in accordance with generally accepted government auditing standards, with the exception of the scope impairment detailed in our report. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State’s accounting system; preparing the State’s financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members (some of whom have minority voting rights) to certain boards, commissions, and public authorities. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

## Authority

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The audit was performed 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.

## Reporting Requirements

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We provided a draft copy of this report to Department officials for their review and formal comment. We considered the Department’s comments in preparing this report and have included them in their entirety at the end of it. In their response, Department officials generally concurred with our recommendations and indicated that certain actions have been and will be taken to address them. Our rejoinders to particular Department comments are included in the report’s State Comptroller’s Comments.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

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## Contributors to This Report

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### Vision

A team of accountability experts respected for providing information that decision makers value.

### Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

# Agency Comments



## Department of Health

ANDREW M. CUOMO  
Governor

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

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

August 14, 2015

Ms. Andrea Inman, Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Dear Ms. Inman:

Enclosed are the New York State Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2014-S-4 entitled, "Appropriateness of Medicaid Eligibility Determined by the New York State of Health System."

Thank you for the opportunity to comment.

Sincerely,

Sally Dreslin, M.S., R.N.  
Executive Deputy Commissioner

Enclosure

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**Department of Health  
Comments on the  
Office of the State Comptroller's  
Draft 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) Draft 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. Through the efforts of the Department and the Office of the Medicaid Inspector General (OMIG), for 2009 through 2013, New York State alone accounted for 54.9 percent of the national total of fraud, waste and abuse recoveries. These results reflect a trend of increased productivity and enforcement. For 2011 through 2013, the administration's Medicaid enforcement efforts have recovered over \$1.73 billion, a 34 percent increase over the prior three-year period.

Under Governor Cuomo's leadership, the Medicaid Redesign Team (MRT) was created in 2011 to lower health care costs and improve the 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 1,330,000 fragile and low income New Yorkers. Additionally, Medicaid spending per recipient has decreased to \$7,929 in 2013, consistent with levels from a decade ago.

**Overall Comments**

In a March 2015 report, OSC found that Medicaid spending growth had been restrained to 1.7 percent per year, a third of the previous 10-year annual average of 5.3 percent.

On an annual basis, overall spending on New York State's Medicaid program totals approximately \$60 billion. The average monthly number of Medicaid enrollees is almost 6 million. The OSC's draft 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.

New York State of Health (NYSOH), New York State's health plan marketplace, opened on October 1, 2013 and was one of the most successful marketplaces in the nation. To date, more than 2.4 million New Yorkers have signed up for health insurance coverage using NYSOH. Approximately 77 percent of those individuals were enrolled in Medicaid. The vast majority of those Medicaid enrollees were uninsured at the time of application and approximately one-quarter were under the age of 18.

The OSC audit period focused on the first several months of operations. In addition to the voluminous successful enrollments, NYSOH 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 NYSOH enrollment processes are working as intended, and when needed, improvements are identified and implemented.

The remainder of the Department's response addresses the 14 OSC recommendations.

\*See State Comptroller's Comments on Page 30.

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**Recommendation #1**

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

**Response #1**

The Department strongly disagrees with OSC's characterization of its cooperation during the audit. The Department did not seek to impose any limitations on the audit. Rather, limitations existed because read-only access had not yet been built into the system that would have allowed OSC to independently query the system and review individual cases. To accommodate OSC, the Department provided several demonstrations of the Back Office, offered to pull case samples and offered OSC opportunities to conduct "over the shoulder" reviews of eligibility determinations. OSC declined to conduct "over the shoulder" reviews and chose to rely on the Medicaid claims processing system to conduct the audit. It should be noted that the Welfare Management System (WMS), the Medicaid eligibility system in use for over thirty years, does not provide auditors the ability to query eligibility across the enrolled population. It only permits the user to look up enrollees on an individual basis.

* Comment 3
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The Department included a read-only audit role for the Back Office of NYSOH in the initial system requirements because it has always been a high priority. To meet the federal requirement to open on October 1, 2013, much functionality was deferred to 2014 and later. By focusing on essential operational functionality, New York was able to avoid very serious problems in allowing individuals to enroll that were encountered by many states and the federal government in the first months of the program, and earned a national reputation as achieving successful implementation under tight timeframes. However, in 2014 the project experienced a six-month delay in securing approval for a contract amendment to add resources. Consequently, this reduced the amount of system development that could be accomplished in 2014 and resulted in the deferral of a large number of urgent and high priority functionality, including read-only access to the Back Office. The Department is in a similar circumstance again in 2015, awaiting approval of a contract amendment to implement essential functionality.

In 2015, multiple Change Requests (CRs) were deployed as part of the most recent release to enhance marketplace functionality and allow for a read-only access role in NYSOH, which will allow OSC and others to view individual eligibility and enrollment information recorded in the Back Office. After the functionality is fully tested, the Department expects to be able to work with OSC staff in the fall to ensure that read-only access is granted to staff that successfully complete the proper access forms and trainings.

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After OSC's audit work was completed, a subsequent conversation with OSC suggested that read-only access to a production-like database would further help in any audit verification process. The NYSOH scope did not include read-only access to the production database or the rules engine. That is, and continues to be, out of scope.

A copy of production that is generally about a week old does exist. However, it contains restricted federal tax information (FTI) that OSC currently does not have the required permissions from the Internal Revenue Service to access. There is no reasonable way to mask or remove the restricted FTI data since the primary purpose of the production copy is to serve as a test environment for any sort of manual data updates required from an operations perspective. Furthermore, the data



model is extremely complex and requires expert level Structured Query Language development skills to get meaningful information. The amount of time required to understand the model well enough to retrieve meaningful information is significant. As a result, NYSOH is in the process of procuring a data mart to ease querying and reporting. As previously discussed with OSC in June 2015, the Department will execute observable queries for OSC until the data mart is operational. If such requests prove to be too burdensome for staff to accomplish normal duties, the Department will look for another option.

### **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**

NYSOH 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.

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**Response #3**

The interface to the federal service for periodic verification for a living/deceased indicator and the rules for automatically closing deceased individuals were built in May 2015. The Department has not yet been able to use the periodic verification service in production as the federal contractor experienced problems in testing that are expected to be resolved in August 2015. Until the federal service is available, NYSOH receives a weekly file from eMedNY of suspected deceased individuals that are manually researched and closed, as appropriate. The Department did not anticipate the delay in the availability of the federal Periodic Verification Composite, which is a required federal service for state based exchanges and fully intended to conduct periodic eligibility verifications.

The Department verified that 321 of the 354 individuals identified were deceased and took the necessary steps to close the accounts. Four individuals were determined to be alive. Verification of the life status of the remaining 29 individuals is in progress.

**Recommendation #4**

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

**Response #4**

OMIG 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. OMIG, in conjunction with the Department, will continue to work together to ensure that inappropriate payments are recovered.

**Recommendation #5**

Formally assess the controls for and 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, NYSOH 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**

An interim process is not needed. The interface to the federal service for periodic verification for a living/deceased indicator and the rules for automatically closing deceased individuals were built in May 2015. The Department has not yet been able to use the periodic verification service in production as the federal contractor experienced problems in testing that are expected to be resolved in August 2015. Until the federal service is available, NYSOH receives a weekly file from eMedNY of suspected deceased individuals that are manually researched and closed, as appropriate.

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The Department did not anticipate the delay in the availability of the federal Periodic Verification Composite, which is a required federal service for state based exchanges and fully intended to conduct periodic eligibility verifications. The Department expects the federal service to be operational shortly and does not agree with OSC that resources should be expended to build an interface to another death indicator file until the federal service is available. Building another service would represent paying twice to obtain the same death indicator, a waste of limited system resources, and at a cost that is likely to exceed the overpayments identified by OSC.

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**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 NYSOH and legacy systems. While this clearance process was not fully deployed when NYSOH 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, NYSOH matches with both of the legacy Welfare Management systems using five different combinations of user demographics, four of which include a social security number. NYSOH also matches within itself on six additional different combinations to determine whether an individual may already be known to the system. NYSOH also plans to deploy software that will 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. Prior to receiving the audit findings from OSC, the Department believed that nearly all the 32,989 multiple CINs identified by OSC had already been reviewed and the appropriate actions to close accounts had been taken. Upon receiving the audit findings, the Department verified 65 percent (21,472) of the OSC cases and found that all of the duplicates verified had been previously

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identified by the Department and the appropriate action to close the case had been requested from upstate WMS, downstate WMS or NYSOH. The Department also verified that six of the OSC findings were not duplicates. Additionally, the Department will determine whether the remaining 35 percent (11,511) have already been reviewed, and if not, steps will be taken to review and act upon them.

**Recommendation #8**

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

**Response #8**

OMIG routinely performs multiple CIN match audits and works in conjunction with the Department, the Local Districts including the Human Resources Administration, and NYSOH 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**

The Department will investigate instances where the system improperly added a newborn to a mother's account when an unborn already existed. If found, the Department will identify the root cause and explore whether edits can be added to the system to prevent it from occurring in the future.

**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**

NYSOH has enhanced the functionality of the system to deactivate any unused, unborn CINs after the associated birth is reported in NYSOH 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 are expected to be deployed by the end of the year, as is the activation of the hospital matching interface. 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.

NYSOH 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 NYSOH 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 three 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 six 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**

NYSOH 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 six or less; and
- Enhancing the functionality in the system to deactivate unused, unborn CINs after an associated birth is reported in NYSOH and the enrollment of the mother is updated.

## State Comptroller's Comments

1. The weaknesses we identified in the new NYSOH system underscore the audit's relevance, providing the Department with useful and timely information to help correct deficiencies that resulted in material Medicaid overpayments. Consistent with an audit's assessment of risk, we focused this particular review on potentially improper enrollments (and not the entire universe of Medicaid claim payments). In fact, the audit identified overpayments due to improper NYSOH enrollments. Left unaddressed, these weaknesses could lead to additional overpayments in the future.
2. The audit scope was the first year of NYSOH Medicaid enrollment processing, from when NYSOH began taking applications on October 1, 2013 through October 1, 2014.
3. The Department's presentation of this matter is substantively incorrect. Throughout the audit the Department limited the type and amount of data it provided to auditors. For example, the Department limited the number of case samples for which it would provide auditors information. Early in the audit, OSC selected a small sample of cases and requested the Department to provide data from the NYSOH system with auditors observing (through "over-the-shoulder" review) the data extractions. Instead, Department officials provided limited screen shots of various stages in NYSOH processing for most of the samples. Reviews of the screen shots did not adequately facilitate audit testing of processes and transactions, and extended the time necessary to conduct the audit. Therefore, OSC declined to observe the Department's capture of screen shots for the remaining sampled cases.

OSC also requested extracts from certain data tables for all NYSOH enrollees and to observe, by over-the-shoulder review, the SQL (Structured Query Language) being run. Department officials replied that they would limit data requested to the small sample of cases we reviewed with them, and they did not provide auditors the opportunity to observe the SQL run or the creation of the data files. As a result, auditors had to use other data sources (including the Medicaid claims processing system) to test the processes and transactions necessary to complete the audit.

4. We look forward to working with Department officials to ensure that the required read-only access is provided to OSC audit staff in the fall of 2015.
5. We acknowledge that CSC has tools such as RTC and CUFT to help it manage and monitor its NYSOH development and operations. However, Department officials do not have direct access to these tools. Thus, the Department still lacks an independent tracking system to monitor the progress of contracted business functions.
6. We commend the Department for developing a work-around process to help identify deceased NYSOH enrollees more timely and effectively.
7. Our report does not recommend that resources be expended to build an interface to another death indicator for use until the federal service is available.
8. Department officials appear to be unsure if they actually identified nearly all of the 32,989 multiple CINs we cited prior to receiving our audit findings. Further, based on the results of our review, there is considerable risk that the Department had not identified the 32,989 multiple CINs in question at the time of our findings. If, in fact, the Department had

identified the 32,989 duplicate CINs and remediated 21,472 of them, we question why the duplicate CINs were still active in eMedNY at the time OSC auditors performed their tests. If the Department closed accounts in NYSOH as it states, it appears the Department did not notify other systems to end eligibility and link the duplicate CINs NYSOH had previously reported as eligible for Medicaid. It is critical that the Department take swift action to implement the audit recommendation because until NYSOH ends eligibility in eMedNY, duplicate CINs risk continued inappropriate Medicaid payments. We also note that, subsequent to our audit period, material numbers of duplicate CINs continued to be issued. The Department needs to similarly review these CINs and end eligibility and coverage where appropriate.