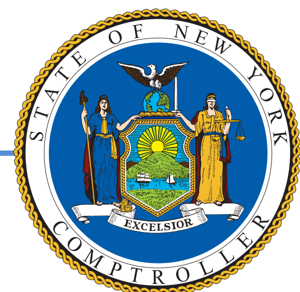
Department of Health

Medicaid Program: Accuracy of Medicaid Eligibility Determined by NY State of Health

Report 2019-S-43 | September 2020

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Audit Highlights

Objective

To determine whether NY State of Health (NYSOH, New York's online health plan marketplace) properly sent accurate, complete, and timely Medicaid eligibility and enrollment information to the Medicaid claims payment system and, if it did not, to determine the corresponding Medicaid overpayments. The audit covered the period January 1, 2014 through February 28, 2020.

About the Program

The Department of Health (Department) administers New York's Medicaid program. Many of the State's Medicaid recipients receive their services through managed care, whereby the Department pays managed care organizations (MCOs) a monthly premium for each enrolled recipient and, in turn, the MCOs pay health care providers for services their members require. Recipients can also receive services through fee-for-service, whereby the Department pays health care providers directly, through eMedNY, the Medicaid claims processing and payment system, for each eligible service rendered to Medicaid recipients.

NYSOH is the State-run health plan marketplace organized under the Department where individuals, families, and small businesses can search for and enroll in Medicaid and other health insurance plans. An individual's Medicaid eligibility and enrollment information is transmitted from NYSOH to the Department's eMedNY system. The eMedNY system relies on the information sent by NYSOH to update eligibility and enrollment data necessary to make appropriate claim payments. If this information is not sent in an accurate and timely manner, eMedNY is at risk of making improper payments for individuals who are ineligible or disenrolled from the Medicaid program.

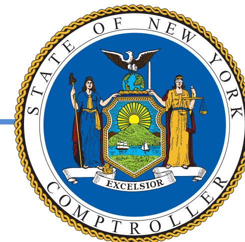
Key Findings

The audit identified system processing weaknesses in NYSOH that caused improper transmissions of eligibility and enrollment information to eMedNY, and a lack of eligibility and enrollment data reconciliations between NYSOH and eMedNY that resulted in:

- $11.7 million in improper payments on behalf of 1,096 recipients who had terminated coverage in NYSOH, but continued coverage in eMedNY.
- $4.9 million in improper and questionable payments on behalf of 319 recipients who had a date of death in NYSOH, but continued eligibility in eMedNY.

Key Recommendations

- Review the $16.6 million in payments and make recoveries, as appropriate.
- Perform reconciliations of Medicaid program eligibility and enrollment, including dates of death, between NYSOH and eMedNY and resolve differences in a timely and accurate manner.
- Prioritize corrective actions to prevent Medicaid overpayments due to eligibility and enrollment processing weaknesses in the NYSOH and eMedNY systems.



Office of the New York State Comptroller
Division of State Government Accountability

September 17, 2020

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 *Accuracy of Medicaid Eligibility Determined by NY State of Health*. 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.

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,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
834 transaction	Standard computer transaction to transfer a member's health insurance enrollment, coverage, benefits, and policy information among payers, sponsors, and plans	*Key Term*
Act	Patient Protection and Affordable Care Act of 2010	*Law*
CIN	Client Identification Number	*Key Term*
Department	Department of Health	*Auditee*
eMedNY	Department's Medicaid claims processing system	*System*
FFS	Fee-for-service	*Key Term*
MAGI	Modified adjusted gross income	*Key Term*
MCO	Managed care organization	*Key Term*
MDW	Medicaid Data Warehouse	*System*
MEC	Minimum Essential Coverage	*Key Term*
NYSOH	NY State of Health	*System*
Plan	Managed Care Plan	*Key Term*
SSA	Social Security Administration	*Agency*
WMS	Welfare Management System	*System*

Background

The New York State Medicaid program is a federal, state, and local government-funded program that provides a wide range of medical services to individuals who are economically disadvantaged and/or have special health care needs. For the State fiscal year ended March 31, 2019, New York's Medicaid program had approximately 7.3 million recipients and Medicaid claim costs totaled about $67.4 billion. The federal government funded about 56.5 percent of New York's Medicaid claim costs, and the State and the localities (the City of New York and counties) funded the remaining 43.5 percent.

The federal Centers for Medicare & Medicaid Services oversees state Medicaid programs, and the Department of Health (Department) administers the program under Title XIX of the Social Security Act through its Office of Health Insurance Programs.

The Department uses two methods to pay for Medicaid services: fee-for-service (FFS) and managed care. Under the FFS method, the Department pays health care providers directly, through the Department's eMedNY claims processing system, for each eligible service rendered to Medicaid recipients. Under managed care, the Department makes monthly premium payments to managed care organizations (MCOs) for Medicaid recipients enrolled in their Managed Care Plans (Plans). In return, MCOs arrange for the provision of health care services and reimburse providers for services provided to their enrollees.

Under the federal Patient Protection and Affordable Care Act of 2010 (Act), the State developed NY State of Health (NYSOH), an online marketplace where individuals can obtain health insurance coverage, including Medicaid. Individuals who apply for health insurance through NYSOH may be eligible for Medicaid depending on their modified adjusted gross income (MAGI eligibility group) and other factors. When NYSOH determines that an applicant is eligible for Medicaid, NYSOH automatically enrolls the applicant in FFS coverage, a default option that provides immediate insurance protection in the short term. NYSOH transmits the applicant's enrollment information to eMedNY in the form of an "834 transaction," an electronic benefit and enrollment maintenance file.

Once notified of their Medicaid eligibility by NYSOH, applicants have ten days to select a Plan. If no Plan is selected, NYSOH automatically enrolls applicants in one of the available Plans. In certain circumstances, individuals may be eligible for continued FFS coverage and, in this case, NYSOH will not enroll them in a Plan. NYSOH communicates Plan enrollment to eMedNY and to the MCO via 834 transactions.

NYSOH performs redeterminations of recipients' Medicaid eligibility on an annual basis. Additionally, when health insurance applicants or Medicaid recipients have a life status change, such as a change in income, they update their NYSOH account, which triggers NYSOH to redetermine their eligibility based on the new information. NYSOH sends a "change" 834 transaction to both eMedNY and the Plan to reflect its redetermination of eligibility. When Medicaid recipients are determined to be no

longer eligible for Medicaid, NYSOH sends a "termination" or "cancellation" 834 transaction to both eMedNY and the Plan to terminate enrollment.

In addition, NYSOH is responsible for terminating coverage for deceased recipients. NYSOH receives death information from the Social Security Administration (SSA), eMedNY, the NYSOH account holder/user, family members, and Plans. NYSOH communicates death information to eMedNY via 834 transactions.

NYSOH is responsible for determining eligibility and facilitating enrollment for MAGI recipients (recipients whose eligibility is based on MAGI) and, as such, is the master system of record for Medicaid eligibility and enrollment for the applicants and recipients who fall under its purview. The State's Welfare Management System (WMS upstate and WMS downstate) is used to track eligibility and enrollment for non-MAGI recipients.

eMedNY processes eligibility and enrollment transactions from both NYSOH and WMS, and uses enrollment information to process and pay Medicaid claims (managed care premium claims and FFS health care provider claims). The 834 transactions from NYSOH contain all the information eMedNY requires to create or update recipient information in its system so that appropriate Medicaid payments can be made and to stop future payments when enrollment is terminated. This information includes, but is not limited to:

- Eligibility
  - Category of eligibility
  - Eligibility begin and end dates
  - Date of death (if applicable)
- Enrollment
  - Policy numbers
  - Effective dates of enrollment and disenrollment
  - Disenrollment reason codes

Audit Findings and Recommendations

The Department's eMedNY system relies on the data in the 834 transactions sent by NYSOH to make appropriate payments and prevent future payments upon termination of recipients' enrollment. We identified weaknesses in NYSOH's reporting of disenrolled recipients to eMedNY, via its "termination" and "cancellation" 834 transactions, that caused eMedNY to make improper payments for individuals whose coverage was terminated in the NYSOH system but who were not disenrolled in eMedNY. We determined that, for the period January 1, 2014 through February 28, 2020, Medicaid made improper and/or questionable payments totaling over $16.6 million on behalf of managed care and FFS recipients who NYSOH determined were no longer eligible for coverage (see Table 1).

Table 1 – Reasons for Improper and Questionable Medicaid Payments

Reason	Number of Claims	Medicaid Payments
Improper Medicaid payments made for NYSOH-disenrolled recipients	30,849	$11,702,952
Improper and questionable Medicaid payments made after NYSOH dates of death	11,528	$4,942,633
Totals	**42,377**	**$16,645,585**

We determined these improper payments generally occurred because NYSOH either failed to send 834 transactions to eMedNY or submitted 834 transactions that were inaccurate, preventing eMedNY from processing them or causing eMedNY to process them differently than NYSOH intended.

Improper Managed Care Payments for NYSOH-Disenrolled Recipients

We identified 711 Medicaid recipients whose eligibility had been terminated in the NYSOH system, but remained active in eMedNY. We determined that, for the nearly six-year period from January 1, 2014 through October 31, 2019, Medicaid made 16,920 monthly managed care premium payments, totaling $7,173,450, on behalf of these 711 recipients.

For example, we identified a recipient whose Medicaid eligibility and enrollment in NYSOH ended February 28, 2015. However, as of October 30, 2019, eMedNY showed this recipient still had open-ended eligibility. For the 4.7-year period, eMedNY improperly paid monthly premiums totaling $33,075 on behalf of this recipient.

The problem is also exacerbated when individual Medicaid applicants are issued multiple Client Identification Numbers (CINs). (See Report 2018-S-24 for our audit on recipients with multiple CINs that caused duplicate Medicaid payments to MCOs.) We identified 115 other recipients, each with multiple CINs, whose coverage had been terminated in NYSOH, but not in eMedNY. Even though NYSOH determined that the recipients were ineligible, not all the multiple CINs were corrected, and

eMedNY continued to make payments on behalf of the recipients. We calculated that, for these 115 recipients, eMedNY paid $1,740,375 for managed care premiums for the months of improper continued coverage.

For example, one recipient was identified as having two CINs, which had been created about three months apart through NYSOH. The second CIN showed the recipient's Medicaid eligibility in eMedNY ended July 31, 2015, which matched the NYSOH end date. However, the initial CIN, showing open-ended Medicaid eligibility (December 31, 9999), remained active, resulting in improper monthly managed care premium payments totaling $27,576 from August 1, 2015 through October 31, 2019.

Improper Fee-for-Service Payments for NYSOH-Disenrolled Recipients

We identified 217 recipients whose eligibility had been terminated in the NYSOH system, but remained active in eMedNY. We determined that, for the nearly six-year period from January 1, 2014 through October 31, 2019, Medicaid paid 8,775 FFS claims, totaling $2,510,663, on behalf of these 217 recipients.

For example, we identified a recipient whose Medicaid eligibility and enrollment in NYSOH ended on October 31, 2015. However, as of November 13, 2019, eMedNY showed this recipient as still having open-ended eligibility. For the nearly three-year period from November 5, 2015 through August 5, 2018, we determined eMedNY paid 486 claims, totaling $458,881, on behalf of this recipient.

NYSOH's Eligibility and Enrollment Correction Projects

The Department initiated several NYSOH projects to identify populations of recipients with issues relating to their eligibility and enrollment and take corrective action to prevent future improper payments, such as:

- Updating NYSOH eligibility in eMedNY (Restacking);
- Preventing the assignment of multiple NYSOH IDs and inactivating old IDs; and
- Fixing recipient NYSOH accounts that show individuals as having active enrollment despite having an enrollment end date in the past.

However, not all projects were fully implemented. As we found, for some recipients in our managed care and FFS populations (detailed in the previous sections) and identified by these projects, eMedNY continued to make improper payments. Until the issues for these populations of recipients are corrected, eMedNY will continue to make these types of improper – and otherwise avoidable – payments.

Improper Managed Care Payments Due to Unresolved Enrollment in eMedNY

We identified 31 recipients targeted in these three NYSOH projects whose improper enrollment in eMedNY had not been resolved as of October 30, 2019 and for whom eMedNY continued to make monthly payments, accounting for $226,254 in improper managed care premium payments.

For example, one project identified a recipient whose Medicaid eligibility was discontinued in NYSOH on July 31, 2015. Despite this project's goal to correct this recipient's information, enrollment was still active in eMedNY as of October 30, 2019. For the 4.25-year period – from August 1, 2015 through October 30, 2019 – we determined eMedNY made a total of $21,417 in improper managed care payments on behalf of this recipient.

Improper Fee-for-Service Payments Due to Unresolved Enrollment in eMedNY

We identified 22 recipients targeted in these three NYSOH projects whose improper enrollment in eMedNY had not been resolved as of November 13, 2019, accounting for $52,210 in improper FFS payments that continued to be paid.

For example, one of the projects included a recipient whose Medicaid eligibility and enrollment in NYSOH ended on November 30, 2018. Despite this project's goal to correct this recipient's information, enrollment was still active in eMedNY as of November 13, 2019. We identified 12 FFS claims, totaling $2,618, that were improperly paid from June 5, 2019 through October 9, 2019 on behalf of this individual.

Improper and Questionable Medicaid Payments for Recipients Designated as Deceased by NYSOH

For the period January 1, 2014 through February 28, 2020, we found 319 recipients who were identified in NYSOH as deceased (based on death information from the SSA and other sources) but whose enrollment was not terminated in eMedNY. During this period, eMedNY made payments on behalf of recipients for managed care coverage or FFS services provided after the date of death recorded in NYSOH, which were largely caused by processing deficiencies. As a result, eMedNY made payments totaling more than $4.9 million on behalf of these recipients (see Table 2). Furthermore, 69 of the 319 recipients we identified did not have any encounters (records of health care services) after the dates of death identified by NYSOH. We reasonably concluded these 69 recipients are deceased because they did not receive any services after their NYSOH dates of death. eMedNY made 569 managed care premium payments, totaling $295,009, for these 69 recipients.

Table 2 – Payments Made by eMedNY After Date of Death in NYSOH

Coverage	Number of Recipients	Number of Claims	Medicaid Payments
Both managed care and FFS	166	8,747	$3,648,888
Managed care only	140	2,676	1,263,634
FFS only	13	105	30,111
Totals	**319**	**11,528**	**$4,942,633**

We analyzed data for a judgmental sample of 50 recipients (of the 319) and concluded with reasonable assurance that 8 of the 50 recipients were deceased (for example, we confirmed the death of one recipient through an obituary) and 12 recipients were not deceased. For the remaining 30 recipients, we were unable to draw a conclusion on their deceased status due to data inconsistencies between NYSOH and eMedNY.

Our testing revealed processing deficiencies within the NYSOH and eMedNY systems that caused inconsistencies in recipient eligibility and enrollment data, which created risks that eMedNY would make payments on behalf of recipients who were deceased.

Invalid Retroactive NYSOH Cancellations

For 27 of the 50 sampled recipients, NYSOH submitted 834 transactions to eMedNY to cancel coverage retroactively; however, the transactions did not include the recipients' dates of death, which caused eMedNY to reject the retroactive cancellation transactions. Despite being notified of the rejected transactions, NYSOH did not correct the transactions with date of death information, and as a result, eMedNY continued eligibility for these recipients. Discussions with NYSOH officials revealed that there are system weaknesses that caused NYSOH to improperly populate the data in the 834 transactions. The Department is aware of certain system processing weaknesses, and a workgroup is analyzing how to fix system deficiencies.

For example, for one recipient whom the NYSOH system designated as deceased, with a November 1, 2014 date of death, NYSOH sent a cancellation 834 transaction to eMedNY on June 17, 2019 to cancel enrollment retroactively to July 1, 2015 (the date NYSOH took over responsibility for the recipient's enrollment in a Plan). This transaction did not include a date of death and was thus rejected by eMedNY. NYSOH did not submit any subsequent 834 transactions to eMedNY, and as a result, eMedNY continued Medicaid eligibility for this recipient. For the period July 1, 2015 through January 31, 2020, eMedNY made a total of $25,366 in managed care premium payments on behalf of this recipient.

eMedNY Minimum Essential Coverage Checks

For 12 of the 50 sampled recipients, the source of the death information in NYSOH was a response from an eMedNY process that checked for Minimum Essential Coverage (MEC), which looks for existing Medicaid or other public health coverages

(in accordance with the Act). We question the validity of using the current MEC check as the basis for a recipient's death date in NYSOH because NYSOH officials acknowledged the MEC check was an unreliable source of death information. Department officials acknowledged the eMedNY algorithm used in the MEC check to match recipient information is overly broad and prone to result in false-positive death matches.

According to NYSOH officials, when NYSOH needs to make a redetermination of an individual's eligibility for coverage, NYSOH sends eMedNY the individual's first and last name, date of birth, Social Security number, and gender. eMedNY, however, truncates the information to include only the first three characters of the recipient's first name, first four characters of the last name, birth month, and birth year. The results from this broadened scope of criteria unreasonably increases the odds of returning more than one match or an incorrect match, including a date of death, if one is identified.

For example, NYSOH designated one recipient as deceased, with a date of death of December 23, 2017, based on eMedNY MEC data. On January 17, 2020, NYSOH sent a notice to the account holder/user address stating that "federal or state data sources show this person is deceased" and that health coverage is terminated effective February 1, 2019. NYSOH also sent a cancellation 834 transaction to eMedNY, but without a date of death. Therefore, eMedNY did not process the termination transaction, and coverage was not terminated. On January 27, 2020, the recipient notified NYSOH that the information in the system was wrong and that they were alive. NYSOH overrode the deceased status in the system, but this false-positive death match required the recipient to re-apply in NYSOH for Medicaid re-enrollment. The Department should improve eMedNY's MEC matching algorithm and NYSOH's subsequent processing of MEC results to eliminate false-positive death results.

Improper NYSOH Processing of Death Information During Applicant Renewal

For 5 of the 50 sampled recipients, NYSOH customer service changed the recipients' applications to indicate that they were not applying for Medicaid due to the fact that they were deceased. According to NYSOH officials, this can occur when customer service performs a life status change for a recipient after confirming the recipient's death. However, NYSOH did not process this death information as it should have, including communicating the death information to eMedNY. Instead, NYSOH improperly end-dates the recipient's enrollment with a future date. NYSOH should address these system weaknesses to ensure that both systems contain accurate data for Medicaid recipients.

Miscellaneous Causes

For the remaining six recipients in our sample who had dates of death in NYSOH, but not in eMedNY, the discrepancies were caused by situations unique to each account.

For example, one recipient's enrollment begin date was after their enrollment end date, and the 834 transaction was not processed accurately.

Data Reconciliations

eMedNY relies on the data in the 834 transactions sent by NYSOH in order to make appropriate payments to MCOs and FFS providers. Our findings identified inconsistencies in eligibility and enrollment data between NYSOH and eMedNY, which caused eMedNY to make improper payments for individuals who NYSOH determined to be ineligible for Medicaid. We found this generally occurred because NYSOH either failed to send "termination" 834 transactions to eMedNY or submitted inaccurate 834 transactions, preventing eMedNY from processing them or causing eMedNY to process them differently than NYSOH intended.

The fact that the Department's eligibility systems and eMedNY contain different eligibility data is nothing new. After the eMedNY system was implemented in 2005, the Department recognized the need for reconciliations between WMS (upstate and downstate) and eMedNY to "identify discrepancies between the two systems" and "facilitate synchronization of data." Since 2007, the Department generated eMedNY–WMS reconciliation reports that included recipients' addresses, demographics, and eligibility segments.

However, in October 2013, when NYSOH was implemented, instead of adding to or updating the eMedNY reconciliation reporting process to incorporate the NYSOH system, the Department stopped the reconciliation process altogether. Two separate Department requests (in 2014 and 2016) to implement NYSOH–eMedNY Medicaid reconciliations were both canceled by the Department.

The Department must recognize that recipient eligibility reconciliations are necessary to prevent improper Medicaid managed care payments. In light of the current budget crisis, now more than ever we urge the Department to prioritize corrective actions to prevent Medicaid overpayments due to eligibility and enrollment processing weaknesses. Furthermore, conflicting Medicaid eligibility and enrollment data will affect reliability of data populated in the State's All Payer Database (the All Payer Database will house data from public and private insurance payers, including insurance carriers, health plans, third-party administrators, pharmacy benefit managers, and Medicaid and Medicare in order to provide a more complete and accurate picture of the health care delivery system and to improve health).

Recommendations

1. Review the $9,140,079 ($7,173,450 + $1,740,375 + $226,254) in improper Medicaid managed care payments and make recoveries, as appropriate.
2. Review the $2,562,873 ($2,510,663 + $52,210) in improper Medicaid FFS payments and make recoveries, as appropriate.

3. Review the $4,942,633 in improper and questionable eMedNY payments (prioritizing those with no encounters after NYSOH date of death) and make recoveries, as appropriate.
4. Perform reconciliations of Medicaid program eligibility and enrollment, including death data, between NYSOH and eMedNY and resolve differences in a timely and accurate manner.
5. Improve NYSOH's communication of death information to eMedNY to ensure that 834 transactions are accurate and processed for:
    - Recipients who did not respond to renewals because they were deceased; and
    - Recipients identified by NYSOH as not applying because they were deceased.
6. Improve eMedNY's MEC matching algorithm and NYSOH's subsequent processing of eMedNY MEC results to eliminate false-positive death results.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether NYSOH properly sent accurate, complete, and timely Medicaid eligibility and enrollment information to the Medicaid claims payment system, and if it did not, to determine the corresponding Medicaid overpayments. The audit covered the period January 1, 2014 through February 28, 2020.

To accomplish our audit objective and assess relevant internal controls, we interviewed officials from the Department and examined the Department's relevant Medicaid policies and procedures as well as applicable federal and State laws, rules, and regulations. We interviewed NYSOH, eMedNY, and fiscal agent (CSRA) officials to gain an understanding of their processes and procedures with regard to Medicaid eligibility and enrollment. We used the NYSOH Back Office system, the Medicaid Data Warehouse (MDW), and the eMedNY claims processing system to identify instances in which eligibility and enrollment ended in NYSOH, but the recipients had open-ended eligibility – that is, an eligibility end date of December 31, 9999 – in eMedNY, and calculated improper Medicaid payments made during these periods.

To determine if NYSOH properly sent death information to eMedNY, we obtained a list of 12,882 Medicaid recipients (as well as their dates of death) NYSOH determined to be deceased in their system as of January 23, 2020. We compared this list to the MDW to identify 319 recipients who had a date of death in NYSOH, but did not have a date of death in eMedNY. For these recipients, we calculated all payments that eMedNY made after the NYSOH dates of death.

Of the 319 recipients we identified, we judgmentally sampled 50 recipients to determine why they had dates of death in NYSOH, but not in eMedNY. We selected all (28) recipients with a date of death after January 1, 2014 who had a current Medicaid payment (in January 2020) and the top 22 recipients (based on Medicaid payments) with a date of death before January 1, 2014 and a Medicaid payment on or after January 1, 2018. For these 50 recipients, we reviewed both NYSOH and eMedNY 834 transaction data to identify causes for dates of death in NYSOH, but not in eMedNY. The results of our sample are not intended to be projected to the population.

We shared our methodology and findings with officials from the Department and the Office of the Medicaid Inspector General during the audit for their review.

Statutory Requirements

Authority

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.

We conducted our performance audit in accordance with generally accepted government auditing standards. 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 that 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 to certain boards, commissions, and public authorities, some of whom have minority voting rights. 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.

Reporting Requirements

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 the report. In their response, Department officials generally concurred with the audit recommendations and indicated that certain actions have been and will be taken to address them. Our rejoinders to certain misleading Department comments are included in the report's State Comptroller's Comments, which are embedded in the Department's response.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department 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.

Agency Comments and State Comptroller's 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

June 30, 2020

Ms. Andrea Inman, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, New York 12236-0001

Dear Ms. Inman:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2019-S-43 entitled, "Medicaid Program: Accuracy of Medicaid Eligibility Determined by NY State of Health."

Thank you for the opportunity to comment.

Sincerely,

Diane Christensen

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

Enclosure

cc: Marybeth Hefner
Diane Christensen
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Department of Health Comments on the Office of the State Comptroller's Draft Audit Report 2019-S-43 entitled, "Medicaid Program: Accuracy of Medicaid Eligibility Determined by NY State of Health"

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2019-S-43 entitled, "Medicaid Program: Accuracy of Medicaid Eligibility Determined by NY State of Health."

General Comments:

The $16.6 million identified by OSC as potential improper or questionable payments represents only 0.004 percent of total Medicaid expenditures made during the 6+ year audit period. In addition, research conducted by the Department indicates that the $16.6 million estimate cited by OSC is overstated, which further reduces the percentage. The following comments address various sections of the audit report.

State Comptroller's Comment – As the Department knows, the scope of each of our audits is not the entire $67 billion Medicaid program, but rather certain segments of the program. This audit is one of many ongoing audits the Office of the State Comptroller conducts of the Medicaid program which, over the last five years, have identified more than ***$4 billion*** in audit findings and wasted State taxpayer funds. In the current fiscally stressed times, every Medicaid dollar counts. Further, the $16.6 million identified in this audit is not overstated: for every dollar identified, the Department's systems contained inaccurate and inconsistent data between NYSOH (its health plan marketplace) and eMedNY (its Medicaid claims processing and payment system) – problems that the Department acknowledges throughout its response. Despite the Department's comments, we are pleased officials are taking steps to implement all of the audit recommendations.

- *Improper and Questionable Medicaid Payments for Recipients Designated as Deceased by NYSOH* (page 9)

The Department does not believe OSC should have concluded a consumer was deceased when there was no encounter data after the presumed date of death. In one example of an individual without encounter data, the consumer failed to renew their NY State of Health (NYSOH) coverage as of November 1, 2019 and when the consumer's coverage was systematically terminated, an eMedNY Minimum Essential Coverage (MEC) date of death of December 31, 2015 was pulled. This date of death is likely a false-positive match since the Social Security Administration (SSA) determined the consumer to be alive when the NYSOH coverage began on November 1, 2018 and again when the consumer was determined ineligible as of October 31, 2019. Subsequent to the termination of the consumer's NYSOH coverage, the consumer was determined eligible for Welfare Management System (WMS) Medicaid through a Local District. Review of the available Local District documentation and current living-status data sources indicate this consumer is still alive.

State Comptroller's Comment – Our audit conclusions were based on the NYSOH system dates of death – data that was provided to us by NYSOH; we did not independently presume this data. Department officials did not object to our methodology during the audit fieldwork. During the fieldwork, we determined NYSOH date of death data conflicted with eMedNY and

WMS data. We used recipients' lack of encounter data as a reasonable method to identify recipients who were potentially deceased. The Department relied on eMedNY MEC when it processed the date of death in NYSOH. As the Department states, both the SSA and WMS show the recipient as still alive. If NYSOH had relied on the SSA information, the recipient would not be listed as deceased in its system and would not have been included in our analysis. We note that, as of July 2, 2020, NYSOH still shows a date of death for this recipient, even though the Department argues the individual is alive.

In another example, on January 13, 2020, NYSOH pulled an eMedNY MEC date of death of September 7, 2019 for a consumer during a redetermination of their eligibility. The consumer contacted NYSOH on January 29, 2020 and their status was updated in their account to reflect they were not deceased. It should not be reasonably concluded this consumer is deceased based on the fact there was no encounter data during the short period between the falsely-matched September 2019 date of death and the end of the audit period in February 2020, particularly since the January 29, 2020 case note indicated the consumer was alive.

State Comptroller's Comment – As stated in the previous State Comptroller's Comment, our audit conclusions were based on NYSOH-provided data. It is the responsibility of the Department to review and verify the deceased status of the recipients we identified and to update NYSOH as appropriate.

Similarly, when NYSOH systematically terminated a consumer's coverage as of September 1, 2019 since they were found to be in receipt of WMS Medicaid, the system pulled an eMedNY MEC date of death of August 21, 2019. This is yet another example of no encounter data found in the short period of time between the falsely presumed date of death and the end of the audit period in February 2020. It should be noted, this consumer contacted NYSOH in March 2020 to state she was not deceased.

State Comptroller's Comment – The Department suggests that the date of death was "falsely presumed." However, we analyzed the information based on the date of death data provided by NYSOH. Our audit reported on flaws in the Department's systems which, in this case, forced the recipient to contact NYSOH in March 2020 to prove that she was alive.

- *eMedNY MEC Checks* (page 10)

In April 2020, the Department implemented a change to the eMedNY MEC matching algorithm that has narrowed the matching criteria and limited the number of false-positive death matches. Additional functionality will be implemented by the end of 2020 to strengthen the automated matching process which will further reduce the rate of false-positive death matches.

State Comptroller's Comment – We are pleased the Department is taking action to improve eMedNY's MEC matching algorithm and NYSOH's subsequent processing of eMedNY MEC results, in accordance with Recommendation 6.

- *Improper NYSOH Processing of Death Information During Applicant Renewal* (page 11)

The issues identified by OSC were the result of Customer Service errors, not system weaknesses. If the current NYSOH procedures were followed by the Customer Service Representatives (CSR) who processed the accounts, the consumer's coverage would have ended on the date of death. Additionally, in accordance with these procedures, the consumer's date of death would have been

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appropriately transmitted to eMedNY. The Department has already initiated the process of recouping any payments made for these consumers after their date of death. The Department has also taken steps to reinforce the appropriate procedure for all CSRs.

State Comptroller's Comment – During the audit fieldwork, NYSOH officials confirmed that the issue found in this section was, in fact, a system weakness: NYSOH does not prioritize processing when there are multiple reasons for disenrollment. At that time, NYSOH officials said that this weakness would be addressed in an upcoming project.

- *Data Reconciliations* (page 12)

Even though the payments identified by OSC represent an extremely small percentage of total Medicaid payments during the audit period (approximately 0.004 percent), the Department will continue to dedicate resources towards preventing data discrepancies because it recognizes the importance of preventing improper Medicaid payments. The Department has formed a workgroup to identify and remediate data discrepancies and has identified areas to further strengthen enrollment reconciliations. Enhanced functionality to address these areas will be implemented in 2020 and early 2021.

Recommendation #1:

Review the $9,140,079 ($7,173,450 + $1,740,375 + $226,254) in improper Medicaid managed care payments and make recoveries, as appropriate.

Response #1:

The Department will review the Medicaid managed care and fee-for-service payments identified by OSC and, if permitted, make recoveries.

Recommendation #2:

Review the $2,562,873 ($2,510,663 + $52,210) in improper Medicaid FFS payments and make recoveries, as appropriate.

Response #2:

The Department will review the Medicaid managed care and fee-for-service payments identified by OSC and, if permitted, make recoveries.

Recommendation #3:

Review the $4,942,633 in improper and questionable eMedNY payments (prioritizing those with no encounters after NYSOH date of death) and make recoveries, as appropriate.

Response #3:

The Department will review the $4,942,633 in payments identified by OSC and make recoveries, if appropriate.

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State Comptroller's Comment – We are pleased the Department is taking action to implement our recommendation.

Case-specific research conducted to date by the Department indicates recoveries will likely be a small percentage of the payments questioned by OSC. The Department found instances where OSC incorrectly included payments. For example, $34,592 was paid on behalf of a consumer from January 1, 2014 through September 30, 2019, which was before the November 2019 date of death cited by OSC in its findings.

State Comptroller's Comment – Payments we identified for this recipient were from 2014 to 2019 because the date of death in the NYSOH system was in 1982. Auditors found a potential obituary for this recipient with a date of death in November 2019 and shared it with NYSOH officials. As of July 2, 2020, NYSOH had not updated the date of death for this recipient. It is the responsibility of the Department to review and verify the deceased status of the recipients we identified and to update NYSOH as appropriate.

Furthermore, eMedNY MEC was the date of death source for 294 of the 319 consumers OSC identified. The managed care and fee-for-service payments cited by OSC for these 294 consumers represent more than 95 percent of the $4.9 million in questioned costs. As OSC states in the report, this source may cause consumers to be incorrectly identified as deceased due to false-positive matching of the consumers with another presumably deceased consumer. Even though some consumers did not have encounter data after the presumed date of death, the Department found instances where OSC included payments even though the consumer's case record contained evidence to support that they were not deceased.

State Comptroller's Comment – Our report accurately concludes some of the payments we identified are improper and some are questionable. It is the responsibility of the Department to review and verify the deceased status of each of the recipients we identified in this section and to update NYSOH as appropriate. Until the Department reviews each case individually, it cannot confirm whether the eMedNY MEC checks were false-positive hits for these recipients. Our audit reported that the eMedNY MEC is prone to false-positive death matches, and the Department needs to verify that these deaths were, in fact, processed in error.

Even though the objective of the audit was limited to determining the accuracy of Medicaid eligibility determined by NYSOH, 17 percent of the total amount questioned by OSC reflects payments based on eligibility determinations made outside of NYSOH. Some consumers received coverage through a combination of NYSOH and local district determination, but there were also instances where consumers never received coverage via NYSOH during the entire 6+ year audit period.

State Comptroller's Comment – The $4.9 million questioned is based on NYSOH's data, which indicated a recipient was deceased. During the audit fieldwork, we determined NYSOH date of death data conflicted with eMedNY and WMS data. Until a reconciliation of recipient eligibility information is performed among these systems, the $4.9 million remains questionable because claims were paid while NYSOH showed the recipient as deceased. It is the responsibility of the Department to review and verify the deceased status of the recipients we identified and to update NYSOH as appropriate.

Recommendation #4:

Perform reconciliations of Medicaid program eligibility and enrollment, including death data,

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between NYSOH and eMedNY and resolve differences in a timely and accurate manner.

Response #4:

The Department has established a workgroup dedicated to remediating date of death data discrepancies transmitted from NYSOH to eMedNY, and efforts to resend 834 transactions to correct these data inconsistencies continue. The workgroup is additionally tasked with remediating any system anomalies contributing towards the data discrepancies; remediation efforts are expected to commence once resources currently assigned to COVID-19 support activities can be made available. The Department will implement a similar process used by OSC to identify data inconsistencies until the aforementioned processes are in place.

Recommendation #5:

Improve NYSOH's communication of death information to eMedNY to ensure that 834 transactions are accurate and processed for:

- Recipients who did not respond to renewals because they were deceased; and
- Recipients identified by NYSOH as not applying because they were deceased.

Response #5:

The Department has established a workgroup dedicated to remediating date of death data discrepancies transmitted from NYSOH to eMedNY, and efforts to resend 834 transactions to correct these data inconsistencies continue. The workgroup is additionally tasked with remediating any system anomalies contributing towards the data discrepancies; remediation efforts are expected to commence once resources currently assigned to COVID-19 support activities can be made available. The Department will implement a similar process used by OSC to identify data inconsistencies until the aforementioned processes are in place.

Recommendation #6:

Improve eMedNY's MEC matching algorithm and NYSOH's subsequent processing of eMedNY MEC results to eliminate false-positive death results.

Response #6:

The Department initiated a system project[1] to improve the matching criteria between NYSOH and eMedNY and to adjust the logic and ensure 101 matches are accurately calculated and can be processed with assurance within NYSOH.[2] For interim mitigation, NYSOH implemented a solution[3] to stop Consumer 101 matches for eMedNY MEC in April 2020.

[1] Evolution Project (EP) entitled '*EP 6758 – Improve the MEC 101 to improve the matching criteria between NYSoH and eMedNY*'

[2] Functional Requirements Document (FRD) meeting is tentatively scheduled for June 2020 with a tentative implementation date of Q3 2020.

[3] Cross Program Improvement (CPI) 155419 entitled '*Stop Consumer 101 matches for eMedNY MEC'*

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