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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 30, 2022

Mary T. Bassett, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Accuracy of Medicaid Eligibility
Determined by NY State of Health
Report 2022-F-15

Dear Dr. Bassett:

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 have followed up on the actions taken by officials of the Department of Health to implement the recommendations contained in our audit report, *Accuracy of Medicaid Eligibility Determined by NY State of Health* (Report [2019-S-43](#)).

Background, Scope, and Objective

The State's Medicaid program is administered by the Department of Health (Department). NY State of Health (NYSOH) is the online health plan marketplace organized under the Department where people can enroll in Medicaid. An individual's Medicaid eligibility and enrollment information is transmitted from NYSOH to the Department's Medicaid claims processing and payment system (eMedNY). The eMedNY system relies on accurate and timely information from NYSOH to update eligibility and enrollment data necessary to make appropriate claim payments.

The Department makes payments on behalf of Medicaid recipients using two methods: fee-for-service (FFS) and managed care. Under the FFS method, the Department pays health care providers directly through eMedNY. Under managed care, the Department pays managed care plans (Plans) monthly premiums through eMedNY, and the Plans arrange for the provision of health care services for recipients.

We issued our initial audit report on September 17, 2020. The audit objective was to determine whether NYSOH properly sent accurate, complete, and timely Medicaid eligibility and enrollment information to eMedNY and, if it did not, to determine the corresponding Medicaid overpayments. The audit covered the period January 1, 2014 through February 28, 2020. We determined that system processing weaknesses in NYSOH caused improper transmissions of eligibility and enrollment information to eMedNY, and a lack of eligibility and enrollment data reconciliations between NYSOH and eMedNY systems led to recipients, including some who were deceased, remaining eligible in eMedNY beyond their actual eligibility period. As a result,

the Department made \$16.6 million in improper and questionable Medicaid payments during the audit period.

The objective of our follow-up was to assess the extent of implementation, as of September 21, 2022, of the six recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Department officials made some progress in addressing the problems we identified in the initial audit report, such as correcting certain deficiencies in NYSOH data processing. However, further actions are required. For example, very little of the overpayments from the initial report have been recovered. Department officials stated that federal restrictions and the ongoing public health emergency adversely affected their ability to disenroll recipients and recoup improper payments in a timely manner. In addition, the Department needs to perform timely, periodic reconciliations of death data between NYSOH and eMedNY to prevent additional improper payments, as well as to address the causes that allow differences to continue. Of the initial report's six audit recommendations, four were partially implemented and two were implemented.

Follow-Up Observations

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.

Status – Partially Implemented

Agency Action – Our initial audit identified weaknesses in NYSOH's reporting of disenrolled recipients to eMedNY that led to recipients remaining eligible in eMedNY beyond their actual eligibility date. As a result, the audit found that the Department made improper managed care payments to Plans on behalf of 857 recipients who were no longer eligible. As of September 12, 2022, the Department reviewed and terminated coverage for 147 of the 857 recipients (17%), but had not yet made any recoveries. Department officials stated they will review the remaining recipients to determine what steps can be taken, if any, to terminate their Medicaid coverage. According to Department officials, the ongoing public health emergency and the Families First Coronavirus Relief Act restricted their ability to recoup the improper payments and some recovery efforts are on hold.

Recommendation 2

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

Status – Partially Implemented

Agency Action – Our initial audit identified weaknesses in NYSOH's reporting of disenrolled recipients to eMedNY that led to recipients remaining eligible in eMedNY beyond their actual eligibility date. As a result, the audit found that the Department made improper FFS payments on behalf of 239 recipients who were no longer eligible. The Department initiated a review of the recipients we identified, and as of September 12, 2022, terminated coverage in eMedNY for 67 of the 239 recipients (28%). Similar to the Recommendation 1 Agency Action above, Department officials stated they will review the remaining recipients to determine what steps can be taken, if any, to terminate their

Medicaid coverage. According to Department officials, the improper FFS payments will not be recouped.

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.

Status – Partially Implemented

Agency Action – The initial audit found 319 recipients who were identified in NYSOH as deceased but whose enrollment in eMedNY had not been terminated. Department officials reviewed these recipients and determined that 56 were deceased at the time of their review. We reviewed a file of recovered claims provided by the Department and found that, as of August 12, 2022, 81 claims totaling \$39,575 had been recovered. The Department's review of suspected deceased recipients is an ongoing process. According to Department officials, additional recoveries will be pursued for recipients confirmed to be deceased.

Recommendation 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.

Status – Partially Implemented

Agency Action – Our initial audit found weaknesses in NYSOH's processing of disenrolled recipient information to eMedNY, which led to some recipients, including some who were deceased, remaining eligible in eMedNY beyond their actual eligibility date or beyond their date of death. As a result, the audit found that eMedNY made improper payments for recipients who were not eligible or who were deceased. According to Department officials, a monthly eligibility and enrollment reconciliation is performed between NYSOH, eMedNY, and Plans; and there is an 834 transaction reconciliation between NYSOH and eMedNY (note: NYSOH transmits applicant enrollment information to eMedNY in the form of an 834 transaction, which is an electronic benefit and enrollment file). However, conflicts in death information are not the objective of these reconciliations. Although the Department completed one project to reconcile date of death information between NYSOH and eMedNY in May 2022, officials have not performed another one since then. Our follow-up review of eligibility, enrollment, and death data showed that problems persist and are not being addressed in a timely fashion.

To determine if the Department is performing timely and accurate death data reconciliations, we obtained a new file of recipients identified as deceased in NYSOH since February 1, 2020. Our review of this file demonstrated there are still data differences between NYSOH and eMedNY that the Department needs to address. As of August 23, 2022, we found 331 recipients that NYSOH indicated were deceased but had no date of death in eMedNY. For example, on May 21, 2020, NYSOH identified one recipient as deceased with a date of death of April 1, 2020; however, there was no date of death for this recipient posted in eMedNY. We shared these details with the Department, and officials need to review and correct the differences in death data between NYSOH and eMedNY and address the cause(s) that allow differences to continue.

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.*

Status – Implemented

Agency Action – Department officials completed multiple NYSOH projects that should improve the accuracy and timeliness of NYSOH's communication of death information to eMedNY. For example, one project completed in November 2020 addressed the issue of a lack of prioritization of death information over other system events and adjusted the timing of disenrollment notifications to eMedNY. Another project, completed in March 2022, corrected other issues related to NYSOH's processing of death information.

Recommendation 6

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

Status – Implemented

Agency Action – In April 2020, NYSOH temporarily stopped using the weaker MEC (minimum essential coverage) matches known to result in false-positive matches. Subsequently, in November 2020, a system project was completed that improved eMedNY's MEC matching algorithm by strengthening the criteria used to identify matches. These steps should significantly help eliminate false-positive death results.

Major contributors to this report were Gail Gorski, Tim Garabedian, and Jennifer Kirby.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Christopher Morris
Audit Manager

cc: Robert Schmidt, Department of Health
Frank Walsh, Jr., Acting Medicaid Inspector General