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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 10, 2024

James V. McDonald, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Improper Overlapping Medicaid and
Essential Plan Enrollments
Report 2023-F-40

Dear Dr. McDonald:

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 (DOH) to implement the recommendations contained in our initial audit report, *Improper Overlapping Medicaid and Essential Plan Enrollments* (Report [2020-S-66](#)).

Background, Scope, and Objective

DOH administers the State's Medicaid program and the Essential Plan. Medicaid provides a wide range of health care services to individuals who are economically disadvantaged and/or have special health care needs. The Essential Plan also provides health insurance to lower-income people who, generally, don't qualify for Medicaid. As income, household makeup, and other factors change, individuals may transition between Medicaid and the Essential Plan.

NY State of Health (NYSOH) is the State-run health plan marketplace organized under DOH where individuals can apply for and enroll in health insurance plans, including Medicaid and the Essential Plan. Additionally, the State's Welfare Management System (WMS) processes enrollments of certain Medicaid populations. Medicaid and Essential Plan enrollment data is transmitted from NYSOH and WMS to DOH's eMedNY system, which uses the enrollment data to make Medicaid and Essential Plan payments.

The objective of our initial audit report, issued October 11, 2022, was to determine whether Medicaid and Essential Plan enrollments determined by NYSOH were accurately reflected in eMedNY when individuals transitioned between the Medicaid and Essential Plan programs and to identify overpayments resulting from inaccurate enrollments. The audit covered the period from January 2016 through May 2022. The audit identified system processing weaknesses in NYSOH and eMedNY that resulted in overlapping enrollments in Medicaid and the Essential Plan. During periods of duplicative enrollments, we identified \$36.5 million in Medicaid payments and \$16.2 million in Essential Plan payments on behalf of 4,422

recipients with the same Social Security number; and additional payments totaling \$3.8 million by Medicaid and \$2.2 million by the Essential Plan on behalf of 603 recipients who had other matching demographic data when Social Security numbers were not available, such as name, date of birth, and gender. Furthermore, DOH did not have a process to detect and correct these improper duplicative enrollments, nor did it have a process to recover improper payments caused by the overlapping enrollments.

The objective of our follow-up was to assess the extent of implementation, as of February 7, 2024, of the three recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

DOH officials have made some progress in addressing the problems we identified in the initial audit report; however, additional actions are needed. For example, while DOH established periodic reconciliations of certain enrollment overlaps, these reconciliations are only designed to detect one of three causes of overlaps identified in the original audit. Furthermore, DOH corrected overlapping Medicaid and Essential Plan enrollment periods for only seven of the 5,025 recipients identified in the initial audit and was unable to determine what, if any, recoveries had taken place. Of the initial report's three audit recommendations, two have been partially implemented and one has not been implemented.

Follow-Up Observations

Recommendation 1

Review and correct the identified Medicaid and Essential Plan enrollment overlaps and recover overpayments, as warranted, prioritizing payments made to the same insurer for the same recipient in the same month.

Status – Not Implemented

Agency Action – The initial audit identified 5,435 overlapping Medicaid and Essential Plan enrollment periods for 5,025 recipients with matching Social Security numbers and/or matching key demographic data. During these overlapping enrollment periods, DOH made Medicaid payments totaling \$40.3 million and Essential Plan payments totaling \$18.4 million. Since the initial audit was issued, DOH only corrected overlapping Medicaid and Essential Plan enrollments for seven of the 5,025 recipients (less than 1%). In addition, DOH could not identify any recoveries from this process. DOH officials stated that corrections will continue as part of an ongoing initiative. We encourage DOH to continue to review and correct the Medicaid and Essential Plan enrollment overlaps identified in the audit and to recover overpayments, as warranted.

Recommendation 2

Review controls and take corrective actions to address issues that caused improper Medicaid and Essential Plan enrollment overlaps, including but not limited to:

- *eMedNY and NYSOH Force Closure processing weaknesses;*
- *NYSOH assignment of multiple account numbers and/or Health Benefit IDs to the same individual; and*
- *NYSOH and eMedNY 834 transaction processing that yield unintended results.*

Status – Partially Implemented

Agency Action – The initial audit found weaknesses within DOH's automated processes that resulted in overlapping enrollments in Medicaid and the Essential Plan for the same recipient. Many of these improper enrollment overlaps likely occurred due to gaps in the Force Closure processes. The Force Closure processes identify WMS-enrolled Medicaid recipients, and trigger NYSOH to search for and terminate active Essential Plan enrollments in NYSOH found for those WMS-enrolled Medicaid recipients. However, DOH did not include all WMS enrollments in its Force Closure processes. Other likely causes of overlapping enrollments were errors in NYSOH and eMedNY 834 transactions (enrollment data is transmitted between NYSOH and eMedNY electronically via 834 transactions) as well as NYSOH's assignment of multiple Health Benefit IDs to the same individual.

During the initial audit fieldwork, DOH officials completed multiple NYSOH system improvements to address weaknesses in the Force Closure processes, 834 transactions not processing as intended, and NYSOH's assignment of multiple Health Benefit IDs to the same individual. However, the initial audit found overlapping enrollment periods continued to occur after these projects were deployed, indicating improvements were still necessary to prevent improper payments. As part of these system improvements, DOH developed a monthly report to identify individuals with multiple Health Benefit IDs and began using the reports to resolve the duplicate Health Benefit IDs in July 2020. However, due to the COVID-19 public health emergency, data corrections to resolve the duplicate Health Benefit IDs were subsequently put on hold until they resumed in June 2023. For example, DOH's June 2023 report contained 15,481 distinct Social Security numbers with at least two Health Benefit IDs. In our follow-up, we took a non-statistical random sample of 20 of these recipients and confirmed that either the duplicate Health Benefit IDs had been inactivated or the recipient had never completed the application process under the duplicate ID. We cannot project the results to the population.

The actions taken by DOH at the time of our follow-up will likely not address all causes of improper overlapping enrollments. DOH officials stated that they are planning to implement additional improvements in eMedNY and NYSOH to prevent overlapping enrollments and avoid overpayments, but these projects were not yet implemented.

Recommendation 3

Develop and implement periodic reconciliations between the Medicaid and Essential Plan programs to detect duplicative enrollments and take corrective actions, including recovery of improper payments.

Status – Partially Implemented

Agency Action – The initial audit found that DOH did not have sufficient processes to detect improper overlapping Medicaid and Essential Plan enrollments and recover improper payments. Beginning in November 2022, DOH implemented a monthly review process that identifies recipients with multiple Health Benefit IDs who are or were enrolled in Medicaid and the Essential Plan simultaneously. The process starts with a report identifying overlaps generated in the NYSOH system, which is then manually reviewed by DOH staff. For example, DOH's October 2023 report identified 6,246 potential overlapping Medicaid and Essential Plan enrollment periods. Of the 6,246 enrollment

periods, 735 were active at the time of the report and had been in place for over 2 months, but had not yet been corrected. In November 2023, DOH increased this report's frequency to twice a month to allow for more accurate and timely overlap corrections. DOH officials stated that these corrections should automatically result in recoveries; however, they were unable to identify any such recoveries. While we commend DOH for this progress, we note that a recipient having multiple Health Benefit IDs was only one cause of enrollment overlaps identified by the initial audit and that duplicative enrollments caused by other factors, such as gaps in the Force Closure process, would not be detected by this reconciliation.

Major contributors to this report were Thomas Sunkel, Justine Maloy, and Emily Schwartz.

DOH officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of DOH for the courtesies and cooperation extended to our auditors during this follow-up.

Sincerely,

Mark Breunig
Audit Manager

cc: Melissa Fiore, Department of Health
Frank T. Walsh, Jr., Office of the Medicaid Inspector General