



Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

August 25, 2025

Christopher Morris, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Christopher Morris:

Pursuant to the provisions of Section 170 of New York State Executive Law, I hereby transmit to you a copy of the New York State Department of Health's comments related to the Office of the State Comptroller's final audit report 2023-S-41 entitled, "Medicaid Program: Claims Processing Activity October 1, 2023 Through March 31, 2024."

Please feel free to contact the Office of Governmental and External Affairs at (518) 473-1124 with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Johanne E. Morne".

Johanne E. Morne, M.S.
Executive Deputy Commissioner

Enclosures

cc: Alyssa DeRosa
Melissa Fiore
DOH Audit

**Department of Health Comments on the
Office of the State Comptroller's
Final Audit Report 2023-S-41 entitled,
"Medicaid Program: Claims Processing Activity October 1, 2023
Through March 31, 2024"**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Final Audit Report 2023-S-41 entitled, "Medicaid Program: Claims Processing Activity October 1, 2023 Through March 31, 2024." Included in the Department's response is the Office of the Medicaid Inspector General's (OMIG) replies to applicable recommendations. OMIG conducts and coordinates the investigation, detection, audit, and review of Medicaid providers and recipients to ensure they are complying with the laws and regulations.

General Comments:

We agree with OSC's audit conclusion that, "Based on the results of our audit work for the weekly cycles of Medicaid payments made during the 6 months ended March 31, 2024, we concluded eMedNY reasonably ensured Medicaid claims were submitted by approved providers, were processed in accordance with requirements, and resulted in correct payments to providers."

Audit Recommendation Responses:

Recommendation #1

Review the \$11.8 million in overpayments, disenroll the members from managed care plans, and make recoveries, as appropriate.

Response #1

OMIG works extensively and has multiple projects designed to ensure that Medicaid is the payor of last resort. OMIG is analyzing the OSC-identified third party insurance claims. OMIG will perform its own extraction of data from the Medicaid Data Warehouse which may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete, confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. OMIG will recover any identified and remaining overpayments. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process.

Recommendation #2

Review the \$1,002,504 in overpayments and make recoveries, as appropriate.

Response #2

OMIG is analyzing the OSC-identified inpatient claims. OMIG will perform its own extraction of data from the Medicaid Data Warehouse which may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete, confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or

encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. OMIG will recover any identified and remaining overpayments. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process. To date, OMIG has recovered more than \$121,000 in overpayments made in 2020 through 2023 that were identified as potential overpayments by OSC on prior claims processing activity audits.

Recommendation #3

Formally advise the hospitals identified to accurately report newborn claim information when billing Medicaid to ensure appropriate payment.

Response #3

The Department has issued a Medicaid Update article in the September 2024 issue, titled "*Reminder: Billing for Hospitals Reporting Newborn Claim Information*", which addresses the OSC recommendation. The article can be found in Volume 40- Number 10: Medicaid Update - New York State Department of Health.

Recommendation #4

Review the \$117,762 in overpayments and make recoveries, as appropriate.

Response #4

OMIG continuously performs audits of supplemental maternity capitation payments to Managed Care Organizations. OMIG will perform its own extraction of data from the Medicaid Data Warehouse may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete and to confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process. To date, OMIG has recovered more than \$115,000 in overpayments made in 2020 through 2023 that were identified as potential overpayments by OSC on similar prior claims processing activity audits.

Recommendation #5

Review the \$38,113 (\$34,350 + \$3,763) in overpayments and make recoveries, as appropriate.

Response #5

OMIG is analyzing the OSC-identified claims. OMIG will perform its own extraction of data from the Medicaid Data Warehouse which may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete, confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. Pursuant to State regulations, any identified

overpayments OMIG pursues for recovery are subject to the provider's right to due process. To date, OMIG has recovered more than \$461,000 in overpayments made in 2020 through 2023 that were identified as potential overpayments by OSC on similar prior claims processing activity audits.

Recommendation #6

Formally advise the hospital identified in this report to accurately bill Medicaid for the acquisition cost of certain practitioner-administered drugs.

Response #6

The Department has formally advised the provider identified, to accurately submit the actual acquisition cost of the drug per program policy.

Recommendation #7

Review the \$394,898 in pharmacy payments and make recoveries, as appropriate.

Response #7

OMIG is currently reviewing the OSC-identified claims to determine an appropriate course of action. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process.

Recommendation #8

Review the \$13,535 in overpayments and make recoveries, as appropriate.

Response #8

OMIG works extensively and has multiple projects designed to ensure that Medicaid is the payor of last resort. OMIG is analyzing the OSC-identified other insurance claims. OMIG will perform its own extraction of data from the Medicaid Data Warehouse which may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete, confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. OMIG will recover any identified and remaining overpayments. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process. To date, OMIG has recovered more than \$136,000 in overpayments made in 2020 through 2023 that were identified as potential overpayments by OSC on prior claims processing activity audits.

Recommendation #9

Review the \$35,441 in overpayments and make recoveries, as appropriate.

Response #9

OMIG continuously performs audits of incarcerated individuals. OMIG conducts an annual outreach to county jails across the State to identify incarcerated Medicaid Managed Care enrollees whose incarceration may not have otherwise been reported. OMIG will perform its own extraction of data from the Medicaid Data Warehouse which may include those OSC-identified overpayments not already adjusted or recovered, to ensure the data used by OSC is complete and to confirm the accuracy of the claims detail for use in OMIG audit activities, to determine those overpayments requiring recovery. Providers are authorized by regulation to adjust or void any claims or encounters up to two years after submission to NYS Medicaid. OMIG takes this into account when determining the start of the audit process. Pursuant to State regulations, any identified overpayments OMIG pursues for recovery are subject to the provider's right to due process.

Recommendation #10

Ensure providers who violate Medicaid or other health insurance program provisions are subject to appropriate and timely sanctions, including removal from the Medicaid program.

Response #10

Of the ten OSC-referred providers, OMIG had already identified seven of the providers prior to receiving the referral from OSC and performed a review and determined to exclude all seven of them. Of the remaining three providers: one is still under investigation, one was reviewed and closed, and the last one withdrew from Medicaid. OMIG sanctions individuals based on findings of unacceptable practices discovered during investigations or audits of providers, as well as taking derivative actions that originate from other agencies including Office of Professional Discipline, Office of Professional Medical Conduct, US Health and Human Services - Office of Inspector General, and NYS Attorney General's Medicaid Fraud Control Unit. OMIG also performs searches of the internet to identify providers that have been arrested or convicted of health care related crimes, determines if they are participating in the Medicaid program and appropriately sanctions them. OMIG excludes providers from the Medicaid program under the provisions of 18 NYCRR § 515.3 (Sanctions for Unacceptable Practices), 18 NYCRR § 515.7 (Immediate Sanctions), and/or 18 NYCRR § 515.8 (Mandatory Exclusions). OMIG maintains an exclusion list that is updated daily on the OMIG website, which contains both enrolled providers and non-enrolled persons/entities.