
**Thomas P. DiNapoli
COMPTROLLER**



Audit Objective.....	2
Audit Results - Summary.....	2
Background.....	2
Audit Findings and Recommendations.....	2
Questionable Dental Claims	2
Recommendations.....	3
Audit Scope and Methodology.....	3
Authority	3
Reporting Requirements.....	4
Contributors to the Report	4
Appendix A - Auditee Response	5

**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

DEPARTMENT OF HEALTH

**INAPPROPRIATE
MEDICAID PAYMENTS FOR
DENTAL SERVICES
PROVIDED TO PATIENTS
WITH DENTURES**

Report 2008-S-125

AUDIT OBJECTIVE

Our objective was to determine whether Medicaid made inappropriate payments for dental services performed on patients with dentures.

AUDIT RESULTS - SUMMARY

We determined that Medicaid potentially overpaid 1,788 dentists \$2.9 million for dental services performed on patients with dentures during our five year audit period ended June 30, 2008. Our analysis of Medicaid claims identified 21,752 questionable services for 6,512 patients who wore full dentures. For example 1,483 dentists billed Medicaid \$863,000 for cleanings, fillings, extractions, and x-rays for 5,046 patients with full dentures. Our report contains three recommendations to recover overpayments and improve controls to prevent the types of inappropriate payments we identified from occurring.

This report, dated March 25, 2009, is available on our website at: <http://www.osc.state.ny.us>.

Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The Department of Health (Department) administers the Medicaid program. Medicaid provides only essential dental care and does not pay for cosmetic services. When medically necessary, Medicaid recipients can be fitted with complete dentures. Complete dentures are called “conventional” or “immediate” depending on when they are made and worn by the patient. Conventional dentures are made and worn after a sufficient

time has passed to allow the patient’s gums to heal after the removal of teeth. Immediate dentures are worn immediately after the removal of the patient’s teeth. Since immediate dentures are made primarily for cosmetic purposes and often need to be replaced with new dentures after the patient has healed, Medicaid does not pay for them. Patients with full dentures would typically need services such as realignments and repairs - these services would be considered essential dental care that Medicaid would pay for.

AUDIT FINDINGS AND RECOMMENDATIONS

Questionable Dental Claims

During our five year audit period ended June 30, 2008, we identified 21,752 questionable Medicaid claims totaling \$2.9 million for dental services performed on patients with dentures. For example, some dentists billed Medicaid for full dentures when only partial dentures were provided. Medicaid reimburses dentists \$1,200 for full dentures and \$720 for partial dentures. Other dentists billed Medicaid for dental procedures typically performed on patients with natural teeth. These services included cleaning, filling and extracting teeth, and performing certain x-rays. We questioned the claims because all of the patients had full dentures. None of the patients had natural teeth at the time these services were performed.

During our audit we visited five dentists to review Medicaid billings for services provided to patients with dentures. Medicaid paid \$46,914 to these dentists for dental procedures that would not be performed on a patient with full dentures including cleaning teeth, unnecessary x-rays, extractions, fillings and immediate dentures. For example, three dentists billed Medicaid \$24,128 for cleaning

the teeth of patients who wore full dentures. Two of the dentists billed for unnecessary x-rays totaling \$6,930. The Department allows x-rays for patients with full dentures only in cases where there is evidence of disease. During our review of the dentists' records we found no such evidence.

We determined that all five dentists were inappropriately billing Medicaid for dental procedures that would not be performed on a patient with full dentures. We also determined the Medicaid claims processing system, eMedNY, lacks the controls necessary to detect and prevent these overpayments.

We informed the Office of the Medicaid Inspector General of our findings and provided detailed Medicaid claims information necessary to investigate the providers identified in our audit. At the conclusion of our audit, the Department was taking steps to improve eMedNY and develop the controls needed to detect inappropriate dental claims.

Recommendations

1. Review the \$2.9 million in potential overpayments we identified and recover inappropriate payments.
2. Investigate the five dentists we visited during our audit and determine if any further actions should be taken.
3. Implement appropriate controls to detect and prevent these overpayments from occurring.

AUDIT SCOPE AND METHODOLOGY

We audited Medicaid claims submitted by certain dentists for the five year period ended June 30, 2008, to determine whether Medicaid made inappropriate payments for

dental services performed on patients with dentures. To accomplish our audit objective, we met with Department officials, reviewed applicable federal and State laws and regulations, and examined the Department's relevant policies and procedures. We also visited the offices of five Medicaid dentists, interviewed each dentist, and reviewed a judgmental sample of their claims.

We conducted our audit according to 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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.

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.

REPORTING REQUIREMENTS

We provided a draft copy of this report to Department officials for their review and comment. Department officials generally agreed with our recommendations and indicated actions planned to implement the recommendations. We considered their comments in preparing this report. A complete copy of the Department's response is included as Appendix A.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Sheila Emminger, Warren Fitzgerald, Gail Gorski, David Schaeffer, and Frank Smith.

APPENDIX A - AUDITEE RESPONSE



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

Wendy E. Saunders
Executive Deputy Commissioner

February 11, 2009

Mr. Steven E. Sossei, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236

Dear Mr. Sossei:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's draft audit report 2008-S-125 on "Inappropriate Medicaid Payments for Dental Services Provided to Patients with Dentures."

Thank you for the opportunity to comment.

Sincerely,

Wendy E. Saunders
Executive Deputy Commissioner

Enclosure

cc: James Sheehan
Robert W. Reed
Deborah Bachrach
Nicholas Meister
Steve Abbott
Irene Myron
Ron Farrell
Gail Kerker

**Department of Health's
Comments on the
Office of the State Comptroller's
Draft Audit Report 2008-S-125 on
"Inappropriate Medicaid Payments for Dental Services
Provided to Patients With Dentures"**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) draft audit report 2008-S-125 on "Inappropriate Medicaid Payments for Dental Services Provided to Patients With Dentures."

Recommendation #1:

Review the \$2.9 million in potential overpayments we identified and recover inappropriate payments.

Response #1:

The Office of the Medicaid Inspector General (OMIG) will review the claims and recover any inappropriate payments identified.

Recommendation #2:

Investigate the five dentists we visited during our audit and determine if any further actions should be taken.

Response #2:

Any issues identified during the OMIG review noted above will be addressed as warranted, including referral of suspected fraud to the Office of the Attorney General's Medicaid Fraud Control Unit.

Recommendation #3:

Implement appropriate controls to detect and prevent these overpayments from occurring.

Response #3:

As the report notes, the Department is taking steps to improve eMedNY and to develop the controls needed to detect inappropriate dental claims. This includes the establishment of a system project (EP1267) to more accurately identify dental procedures during claim processing, and involves the development of several test edits to detect and prevent occurrences similar to those that led to the overpayments cited in the report. The project is currently in the developmental and testing phase, with the projected implementation date yet to be established.