



# 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*

James W. Clyne, Jr.  
*Executive Deputy Commissioner*

January 26, 2010

Brian E. Mason, Audit Manager  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11<sup>th</sup> Floor  
Albany, New York 12236

Dear Mr. Mason:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's follow-up review 2009-F-35 on "Duplicate Medicaid Payments for Outpatient Services" (2006-S-73).

Thank you for the opportunity to comment.

Sincerely,

James W. Clyne, Jr.  
Executive Deputy Commissioner

Enclosure

cc: Robert W. Reed  
James Sheehan  
Deborah Frescatore  
Michael F. Hogan, Ph.D.  
Diana Jones Ritter  
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**Department of Health  
Comments on the  
Office of the State Comptroller's  
Follow Up Review 2009-F-35 on  
“Duplicate Medicaid Payments for Outpatient Services”**

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The following are the New York State Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) follow-up review 2009-F-35 on "Duplicate Medicaid Payments for Outpatient Services" (Report 2006-S-73).

Please note that no comments are submitted regarding Recommendation #2 which was confirmed by the OSC follow-up to have been implemented.

**Recommendation #1:**

Review the \$8.8 million duplicate payments we identified and recover overpayments where appropriate.

**Response #1:**

\$6.4 million of the payments identified by OSC involve Office of Mental Retardation and Developmental Disabilities (OMRDD) day habilitation claims. The Office of the Medicaid Inspector General (OMIG) stated previously that this \$6.4 million amount is substantially overstated because there was no prohibition against the provision of day habilitation services from multiple providers if certain criteria were met. At the request of the OMIG, OMRDD conducted audits of 25 providers involving 570 claims. These audits found that the claims were correct for 17 of the providers which accounted for 495 of the 570 total claims (87 percent); four other providers had claims voided because the errors totaled less than \$1,000 for the entire period. For the four remaining providers, OMRDD determined the proper auditable amount to be \$750,000; it has finalized its review of these claims and found \$297,700 unsubstantiated, with \$174,000 recovered to date and ongoing initiatives to recover the balance.

The remaining OMRDD claims identified by OSC encompass hundreds of providers and would be cost prohibitive to audit. Staffing limitations precludes the OMIG from further activity on the OMRDD claims.

The \$2.4 million balance of the payments identified by OSC represent duplicate claims involving methadone maintenance and various other clinic services. The Office of the Attorney General is reviewing the clinic services portion totaling just under \$2 million. The remaining \$433,000 represents claims from Office of Alcoholism and Substance Abuse Services (OASAS) methadone providers. OASAS staff met with the OSC auditors during their follow-up and provided information on relevant edits but were unable to offer further comments because the OSC supporting documentation available at that time did not identify the claims by provider. However, the OMIG plans on scheduling a review of these claims using a different technique when staffing permits.