



STATE OF NEW YORK DEPARTMENT OF HEALTH

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

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

March 28, 2011

Hon. Andrew M. Cuomo
Governor
State of New York
The State Capitol
Albany, New York 12224

Dear Governor Cuomo:

Pursuant to the provisions of Section 170 of the 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 2009-S-28 on "Medicaid Overpayments for Hospital Readmissions." Please feel free to contact me with any questions at (518) 474-2011

Sincerely,

Nirav R. Shah, M.D., M.P.H.
Commissioner of Health

Enclosure



STATE OF NEW YORK DEPARTMENT OF HEALTH

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

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

March 28, 2011

Hon. Sheldon Silver
Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Assemblyman Silver:

Pursuant to the provisions of Section 170 of the 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 2009-S-28 on "Medicaid Overpayments for Hospital Readmissions."

If you have additional questions or need further assistance, please contact Mr. James Clancy, Assistant Commissioner, Office of Governmental and External Affairs, at (518) 473-1124.

Sincerely,

Nirav R. Shah, M.D., M.P.H.
Commissioner of Health

Enclosure

cc: Mr. Clancy

2009-S-28 “Medicaid Overpayments for Hospital Readmissions”

cc: Jason A. Helgersen
James Sheehan
Robert W. Reed
Richard Cook
Diane Christensen
Stephen C. Abbott
Dennis Wendell
James Werking
Stephen LaCasse
Ronald Farrell
Mary Elwell
Irene Myron
Lynn Oliver

**Department of Health
Comments on the
Office of the State Comptroller's
Final Audit Report 2009-S-28 on
“Medicaid Overpayments for Hospital Readmissions”**

The following are the Department of Health’s (Department) comments in response to the Office of the State Comptroller’s (OSC) final audit report 2009-S-28 on “Medicaid Overpayments for Hospital Readmissions.”

Recommendation #1:

Follow-up with the four hospitals identified in this report that did not agree they were overpaid for any DRG readmission claims and determine whether any such claims were, in fact, overpaid. Make recovery of any overpayment.

Response #1:

The Office of the Medicaid Inspector General (OMIG) will request each hospital to furnish the medical records for the claims in question. The OMIG, working in conjunction with the Department, will then review the claims for appropriateness and pursue any overpayments as appropriate.

Recommendation #2:

Remind all hospitals that the role of the Department’s contractor does not relieve them of their responsibility to adhere to Department policies for combining admission and readmission claims as appropriate for DRG billing.

Recommendation #3:

Update Department policies for DRG readmission claims to provide useful clarifications and illustrations that will foster compliance.

Recommendation #4:

Formally evaluate policy changes for DRG readmissions including (a) denying all readmissions within one day of discharge for the same patient until appropriate justification is provided for paying the readmission claim and (b) treating affiliated hospitals as one entity.

Responses #2, #3, #4:

The 10th Emergency Bill enacted by the State Legislature on June 7, 2010 codified a change in Medicaid payment policy for potentially preventable medical readmissions that occur within 15 days of admission. For the period July 1, 2010 through March 31, 2012, reimbursement rates will be reduced for hospitals with higher than expected actual readmission rates. Additionally,

the Department will consult with representatives of health care facilities regarding potential future changes in readmission methodologies.

Recommendation #5:

Perform an analysis to determine if it is cost effective for the Department to exclude from contractor review the categories of claims cited in this report.

Response #5:

Consistent with the enacted law noted above, all potentially preventable readmissions will be included in the methodology.

Copies of Final Report 2009-S-28 with a personalized transmittal letter were sent to the following:

Hon. Andrew M. Cuomo
The Governor of the State of New York
The State Capitol
Albany, NY 12224

Hon. Thomas K. Duane
Ranking Member, Committee on Health
New York State Senate
Legislative Office Building, Room 430
Albany, NY 12247

Hon. Sheldon Silver
Speaker of the Assembly
New York State Assembly
Legislative Office Bldg., Room 932
Albany, NY 12248

Mr. Howard B. Glaser
Director of State Operations
Office of Governor Andrew M. Cuomo
Executive Chamber
Albany, New York 12224

Hon. John Sampson
Minority Conference Leader
New York State Senate
Legislative Office Building, Room 409
Albany, NY 12247

Hon. Herman D. Farrell, Jr.
Chairman, Ways & Means Committee
New York State Assembly
Legislative Office Bldg., Room 923
Albany, NY 12248

Hon. Ron Canestrari
Assembly Majority Leader
New York State Assembly
Legislative Office Building, Room 926
Albany, NY 12248

Hon. Louis R. Tobacco
Ranking Member, Assembly Committee on Health
New York State Assembly
Legislative Office Building, Room 907
Albany, NY 12248

Hon. Dean G. Skelos
Majority Conference Leader
New York State Senate
Legislative Office Bldg., Room 907
Albany, NY 12247

Robert L. Megna
Director of the Budget
The State Capitol, Room 113
Albany, NY 12224

Hon. Brian M. Kolb
Assembly Minority Leader
New York State Assembly
Legislative Office Building, Room 431
Albany, NY 12248

Hon. Thomas P. DiNapoli
Comptroller
NYS Office of the State Comptroller
110 State Street
Albany, NY 12236

Hon. Kemp Hannon
Chair, Committee on Health
New York State Senate
Legislative Office Building, Room 408
Albany, NY 12247

Hon. John A. DeFrancisco
Chair, Senate Finance Committee
New York State Senate
State Capitol Building, Room 416
Albany, NY 12247

Hon. Richard N. Gottfried
Chairman, Committee on Health
New York State Assembly
Legislative Office Building, Room 822
Albany, NY 12248

Hon. Liz Krueger
Ranking Member, Senate Finance Committee
New York State Senate
Legislative Office Building, Room 913
Albany, NY 12247

Mr. Jerry Barber
Assistant Comptroller
New York State Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Mr. James Introne
Deputy Secretary for Health and Director of Healthcare Redesign
Office of Governor Andrew M. Cuomo
State Capitol
Albany, NY 12224

Copies of Final Report 2009-S-28 with a personalized transmittal letter were sent to the following:

Hon. James P. Hayes
Ranking Member, Assembly Ways & Means Committee
New York State Assembly
State Capitol, Room 444
Albany, NY 12247

Hon. Robert J. Duffy
Lieutenant Governor
Office of Governor Andrew M. Cuomo
Executive Chamber
Albany, NY 12224