

**NEW YORK**  
*state department of*  
**HEALTH**

Howard A. Zucker, M.D., J.D.  
Acting Commissioner of Health

Sue Kelly  
Executive Deputy Commissioner

May 7, 2014

Mr. Brian Mason, Assistant Comptroller  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Dear Mr. Mason:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-Up Report 2013-F-16 on Department actions relative to the recommendations contained in earlier OSC Report 2009-S-36 entitled, "Medicaid Payments for Medicare Part A Beneficiaries."

Thank you for the opportunity to comment.

Sincerely,



Sue Kelly  
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko  
Jason A. Helgerson  
James C. Cox  
Diane Christensen  
Robert Loftus  
Joan Kewley  
Lori Conway  
Ronald Farrell  
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**Department of Health**  
**Comments on the**  
**Office of the State Comptroller's**  
**Follow Up Audit Report 2013-F-16 Entitled**  
**Medicaid Payments for Medicare Part A Beneficiaries**

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The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Audit Report 2013-F-16 entitled, "Medicaid Payments for Medicare Part A Beneficiaries." (Report 2009-S-36)

**Recommendation #1:**

Follow up on the Medicaid recipients we identified whose Medicare Part A coverage is not indicated on eMedNY and ensure their coverage is properly updated to eMedNY.

Status - Implemented

Agency Action –The initial audit found 5,906 Medicaid recipients whose Medicare Part A coverage was not indicated on eMedNY. Since then, the recipients' Medicare coverage was properly updated to eMedNY. Specifically, the Department's Medicaid fiscal agent, Computer Sciences Corporation (CSC), coordinated with the federal Centers for Medicare and Medicaid Services (CMS) to update Medicaid recipients' Medicare coverage on eMedNY. CSC performs the updates through a series of computerized file matches with CMS Medicare coverage data. Since the initial audit, these matches are performed more frequently (weekly as opposed to monthly). This has resulted in more accurate and timely updates of Medicaid recipients' Medicare coverage to eMedNY.

**Response #1:**

The Department confirms our agreement with this report.

**Recommendation #2:**

For the questionable claim payments made after January 1, 2008 that we identified, investigate and recover any overpayments made for services provided to the recipients eligible for Medicare Part A.

Status – Implemented

Agency Action – The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. OMIG directed Health Management System (HMS), its third party insurance contractor, to review 320 questionable claim payments totaling \$1.5 million we had identified. HMS determined 31 claim payments were improper and recovered \$340,807 on these claims. HMS also formally assessed the level of risk of improper payment of the remaining questionable claims and concluded they were either appropriately paid or did not warrant further investigation.

**Response #2:**

The Department confirms our agreement with this report.

**Recommendations #3:**

Instruct Medicaid providers to check with the Centers for Medicare and Medicaid Services for Medicare Part A coverage for Medicaid recipients likely to be eligible for Medicare (the aged and disabled).

Status – Not Implemented

Agency Action – Medicaid providers, including high volume providers such as hospitals, can check Medicaid recipients' Medicare Part A coverage through the CMS HIPAA Eligibility Transaction System (HETS). However, the Department has not instructed providers to verify eligibility through HETS. Accordingly, the Department should instruct Medicaid providers to check available systems, including HETS, for Medicare Part A coverage for Medicaid recipients likely to be eligible for Medicare.

**Response #3:**

The Department does not agree with the status of this recommendation because it does require and instruct Medicaid providers on how to use the Medicaid Eligibility Verification System (MEVS) to verify client eligibility prior to the provision of services. In addition to other information, the system verifies whether a client has Medicare coverage on a given date of service. The Medicare data reflected on MEVS is provided by a federal database known as the Medicare Beneficiary Database (MBD). Instructing Medicaid providers to also use the HIPAA Eligibility Transaction System (HETS) is unnecessary because MBD was established for the purpose of providing the CMS with a singular, authoritative database of comprehensive data on individuals enrolled in Medicare A, B, D, and Medicare Advantage.

**Recommendation #4:**

Assess the effectiveness of the vendor's policies and processes to identify Medicaid recipients who also have Medicare Part A coverage. Recommend improvements to the process as warranted.

Status – Implemented

Agency Action – During the course of our initial audit, HMS modified and improved how they select claims for their review. For instance, prior to our initial audit, HMS excluded claims with reported third party payment amounts. However, by including these claims in their reviews, HMS was able to identify and recover an additional \$22.3 million in inappropriate Medicaid claim payments.

**Response #4:**

The Department confirms our agreement with this report.