

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

NEW YORK
state department of
HEALTH

Sue Kelly
Executive Deputy Commissioner

January 14, 2014

Brian Reilly, Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236

Dear Mr. Reilly:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-Up Report 2013-F-21 on Department actions relative to the recommendations contained in earlier OSC Report 2008-S-155 entitled, "Medicaid Claims Processing Activity October 1, 2008 Through March 31, 2009."

Thank you for the opportunity to comment.

Sincerely,



Sue Kelly
Executive Deputy Commissioner

Enclosure

cc: Jason A. Helgersen
James C. Cox
Michael Nazarko
Diane Christensen
Lori Conway
Robert Loftus
Joan Kewley
Ronald Farrell
Brian Kiernan
Elizabeth Misa
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**Department of Health
Comments on the
Office of the State Comptroller's
Follow-Up Report 2013-F-21 Entitled
Medicaid Claims Processing Activity
October 1, 2008 Through March 31, 2009**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Report 2013-F-21 entitled, "Medicaid Claims Processing Activity October 1, 2008 Through March 31, 2009" (Report 2008-S-155).

Recommendation #1:

Review the remaining \$750,370 related to the 66 overpaid claims we identified and recover overpayments as appropriate, and ensure correct payment of the 10 underpaid claims totaling \$102,893.

Status - Partially Implemented

Agency Action - As a result of this follow-up review, Department officials recently sent a file of the claims related to this recommendation to Island Peer Review Organization (IPRO), which is in the process of analyzing the 66 overpaid claims totaling \$750,370 and the 10 underpaid claims totaling \$102,893. Department officials stated that they intend to recover them as appropriate. Once IPRO has completed their analysis, they will report back to the Department with the payment adjustments. IPRO anticipates this will be completed by March 31, 2014.

Follow-up Response:

The Department has contacted IPRO and has confirmed that their analysis of claims will be completed by March 31, 2014.

Recommendation #2:

Recover the appropriate State and Federal share of the \$195,958 in improper transportation costs approved by Dutchess County. Also, recover the \$60,461 from the providers who did not void their inappropriate claims.

Status - Partially Implemented

Agency Action - The Office of the Medicaid Inspector General (OMIG), which operates as the Department's collection agent, has recovered monies from two of the three providers, totaling \$44,445 out of the \$60,461. However, Department officials state they disagreed with the part of the recommendation to recover the appropriate State and Federal share of the \$195,958 in improper transportation costs approved by Dutchess County. Department officials believe the 2004 letter describing the medical necessity of the transportation costs was misinterpreted by County Department of Social Services officials when it was pointed out by our auditors that the

trips were not “medically necessary.” Subsequently, County staff stopped Medicaid-funded transportation for the individual for that specific not “medically necessary” purpose. Department officials stated the Department does not find the county or provider liable for the late decisions made by hospital staff. Nor is the transportation provider liable, as it received authorization and performed the trips.

Follow-up Response:

The Department does not agree with this recommendation. The Department has reviewed its initial response to the recommendation and has determined that neither the county nor the transportation company should be held liable for these payments and no recoveries should be made.

Recommendation #3:

Complete implementation of the eMedNY edit that will prevent providers from billing more trips per day than the prior authorization was intended to allow.

Status – Implemented

Agency Action - The eMedNY program has two edits to prevent providers from billing more trips per day than the prior authorization was intended to allow. One edit will deny claims that bill for more trips per day than the prior authorization was intended to allow. The other edit will deny claims that bill for more trips, in total, than authorized.

Follow-up Response:

The Department confirms our agreement with this report.

Recommendation #4:

Issue guidance, that addresses the audit findings discussed in this audit report, to remind providers on the correct way to bill for transportation services.

Status – Implemented

Agency Action - As a result of the follow-up review, Department officials took steps to issue guidance to remind providers on the correct way to bill for transportation services. Officials provided an alert through the Upstate and New York City provider websites that reminded providers of the Department’s claims submission policy, with a focus on claiming only for the pickup charge and authorized mileage for the trip. There are instructions to contact the Department with questions about authorized charges for the trip and procedures to correct the charges, if necessary. There is also a warning about false claims and that actions will be taken if a fraud is detected.

Follow-up Response:

The Department confirms our agreement with this report.

Recommendation #5:

Continue to perform reviews of providers to ensure that only transportation for services covered by Medicaid are reimbursed; that recipients use the least costly, most medically-appropriate mode of transport; and that providers only bill for services rendered and adjust claims for cancelled trips.

Status - Partially Implemented

Agency Action - Officials state they are in the process of implementing a Department administered transportation management system throughout the State, removing this function from local county government. Where implemented, consistent application of transportation policy is maintained, significant pre- and post-trip review of medical destination is completed, and appropriate mode of transportation is documented and stored. The system is currently in place in New York City, and the Hudson Valley and Finger Lakes regions. Department officials are currently setting the system up in the western New York counties. Long Island will be the final area to be included and the entire system is expected to be fully implemented by fall 2014.

Follow-up Response:

The Department has confirmed that the implementation of a statewide Department administered transportation management system is on schedule to be fully implemented by fall 2014.

Recommendation #6:

Instruct and ensure that the provider who is billing for unloaded mileage discontinues this billing practice.

Status – Implemented

Agency Action - In a 2009 letter, Department officials instructed the provider who was billing for unloaded mileage to discontinue this billing practice. In addition, as mentioned above the Department is instituting a new transportation management system to ensure consistent application of the transportation policy. This should eliminate billing for unloaded mileage.

Follow-up Response:

The Department confirms our agreement with this report.

Recommendation #7:

Develop an edit that will appropriately pay Medicare coinsurance claims for recipients enrolled in a Medicare HMO.

Status – Implemented

Agency Action - The Department developed an edit that will appropriately pay Medicare coinsurance claims for dually enrolled recipients. It was released on February 18, 2010. With the edit in place, if a Nursing Home claim has both Medicaid full days and coinsurance days with Medicaid HMO involvement, then the claim will be denied.

Follow-up Response:

The Department confirms our agreement with this report.

Recommendation #8:

Recover the remaining \$12,251 in overpayments.

Status – Implemented

Agency Action - OMIG recovered the overpayments of \$12,251.

Follow-up Response:

The Department confirms our agreement with this report.