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Acting Commissioner of Health

NEW YORK
state department of
HEALTH

Sue Kelly
Executive Deputy Commissioner

August 20, 2014

Ms. Andrea Inman, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Ms. Inman:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-Up Audit Report 2014-F-1 entitled, "Inappropriate Medicaid Payments for Recipients with Multiple Identification Numbers and No Social Security Numbers" (2010-S-29).

Thank you for the opportunity to comment.

Sincerely,


Sue Kelly
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko
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**Department of Health
Comments on the
Office of the State Comptroller's
Follow-Up Audit Report 2014-F-1 Entitled,
Inappropriate Medicaid Payments for Recipients with
Multiple Identification Numbers and
No Social Security Numbers**

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 2014-F-1 entitled, "Inappropriate Medicaid Payments for Recipients with Multiple Identification Numbers and No Social Security Numbers" (Report 2010-S-29).

Recommendation #1:

Take steps to minimize the potential for the issuance of multiple identification numbers to the same recipient. At a minimum, the Department should:

- Advise OTDA to strengthen the WMS clearance reports to require an appropriate review of applicant information when recipients do not provide social security numbers, but other information indicates the recipient already has a Medicaid identification number;
- Require HRA representatives to more thoroughly investigate whether newborns already have Medicaid identification numbers when mothers apply for their newborns; and
- Inform HRA and county social services agencies of the capabilities of WMS cross-county inquiry screens to identify Medicaid applicants that already have a Medicaid identification number even when applicants do not provide social security numbers.

Status – Implemented

Agency Action –The Department has taken steps to minimize the issuance of multiple Medicaid identification numbers to the same recipient. Department officials advised OTDA to strengthen the WMS clearance reports to limit the ability of local districts to assign a new identification number when a recipient does not provide a social security number, yet other information indicates the recipient already has an identification number. Further, in April 2013, the Department issued a General Information System communication (GIS) to local district Medicaid directors, including HRA. The GIS written guidance reinforced the importance of obtaining greater detail and more accurate demographic information during the application process in order to produce higher clearance reports and minimize the potential for the issuance of multiple identification numbers to the same recipient. The GIS written guidance also required local district workers to more thoroughly investigate certain applicants who have a higher potential for being issued multiple identification numbers, like those without social security numbers and newborns. The GIS further instructed local districts of the capabilities of WMS cross-county inquiry screens to help identify Medicaid applicants that may already have an identification number from another locality. Additionally, local district personnel received training that included instruction on the use of pertinent WMS tools to identify applicants who may already be enrolled in Medicaid and have an identification number. The Department also instructs its managed care enrollment broker to run a weekly report that helps detect and prevent recipient enrollment in multiple managed care plans.

Response #1:

The Department confirms our agreement with this report.

Recommendation #2:

Investigate the \$17.3 million in duplicate payments identified in this audit and recover when appropriate.

Status – Partially Implemented

Agency Action – The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. In response to our initial audit, OMIG recovered \$2.7 million in Medicaid overpayments as of May 2014.

Of the \$17.3 million in inappropriate payments, \$13 million pertained to payments to hospitals and clinics for recipients who were enrolled in managed care plans. Medicaid paid premiums on behalf of these recipients to the managed care plans; therefore, the plans were financially responsible for the hospital and clinic services provided to the recipients. In these cases, the Department paid monthly premiums to the recipient's managed care plan under one identification number and also made payments directly to hospitals and clinics under the recipient's other identification number. OMIG reviewed a subset of the inappropriate payments (involving foster care recipients) and recovered \$507,000. The remaining \$12.5 million of the \$13 million has not yet been reviewed or recovered.

The \$17.3 million also included \$2.6 million in duplicate payments made to different managed care plans for the same recipient enrolled under different recipient identification numbers. Prior to October 2009, Medicaid managed care contract language prevented the recovery of duplicate payments made to different managed care plans. However, subsequent changes to the contract provisions allowed for the recovery of such duplicate payments. As a result, OMIG identified \$2.4 million in recoverable duplicate payments made to different managed care plans since October 2009. OMIG is preparing to seek recoveries, but as of May 2014 none have been made.

The remaining \$1.7 million of the \$17.3 million pertained to duplicate payments made to the same managed care plan for the same recipient enrolled under different recipient identification numbers. OMIG conducted an independent review of duplicate payments made to the same managed care plan for the period 2009 through 2013. As a result, OMIG identified \$15.1 million in overpayments. As of May 2014, OMIG recovered \$2.2 million of the \$15.1 million.

Response #2:

In order to integrate and operate with Welfare Management System (WMS) and to minimize duplicate Client Identification Number's (CINs) and duplicate coverage, Information Technology Services (ITS), the Office of Temporary and Disability Assistance (OTDA) and New York State of Health (NYSoH) worked together to develop a web-service interface called Central CIN Clearance to apply better management of our shared consumers across these multiple systems. This composite web service invokes the CIN Clearance for upstate WMS, downstate WMS, and the NYSoH. This composite also invokes a NYSoH CIN ranking component, as well as CIN generation, which creates and assigns new CINs for consumers who have never had a CIN before. This web-service allows the Department, for the first time, to clear upstate and downstate WMS against each other, as well as with NYSoH. The Department continues to work to eliminate and resolve all suspected duplicate eligibility issues on a daily basis, however, we believe the Central CIN Clearance process will increase the effectiveness of preventing this issue.

Furthermore, as of June 2014, OMIG has recovered a total of \$3.1 million of the \$17.3 million total. A recent review of OMIG's cash recovery database discovered that the OMIG recovered an additional \$167,000, in capitation payments identified in OSC's initial audit. In addition, draft audit reports were issued on May 28, 2014, to twenty-five plans with anticipated recoveries of \$2.4 million for recipients enrolled in more than one Plan.

The OMIG will continue its efforts to identify and recommend that duplicate CINs be closed by working in conjunction with the local districts (including Human Resources Administration), the Department – Division of Health Plan Contracting and Oversight and the NYSoH. The Department is working with all parties to identify the causes of creating multiple CINs and will work on credible solutions to stop their creation. The Department will also work with OMIG to identify current issues with the recoupment of funds and will work towards resolving those issues so timely recoupment can be completed if necessary. In addition, OMIG will continue its ongoing efforts to recover past and avoid future overpayments by initiating audits and facilitating the retroactive disenrollment of multiple CINs.

The Department will recover all inappropriately paid Medicaid funds, as per its contract with the managed care plans. On July 11, 2014, the Department submitted to the Centers for Medicare and Medicaid Services (CMS), a contract amendment that defines the recovery parameters for duplicate Medicaid payments. Section 3.6 of the Model contract contains the change (last sentence of the paragraph and underlined). The amendment is still pending with CMS.

Section 3.6 The Department's Right to Recover Premiums

The parties acknowledge and accept that the Department has a right to recover premiums paid to the Contractor for Medicaid Managed Care (MMC) Enrollees listed on the monthly Roster who are later determined for the entire applicable payment month, to have been in an institution; to have been incarcerated; to have moved out of the Contractor's service area subject to any time remaining in the MMC Enrollee's Guaranteed Eligibility period; to have been in simultaneous receipt of comprehensive health care coverage from an Managed Care Organization (MCO) while being enrolled in either the MMC or Family Health Plus (FHPlus) product of the same MCO; or to have died. The Department has the right to recover premiums from the Contractor in instances where the Enrollee was inappropriately enrolled into managed care with a retroactive effective date, or when the enrollment period was retroactively deleted in accordance with Appendix H. The Department has a right to recover premiums for FHPlus Enrollees listed on the Roster who are determined to have been incarcerated; to have moved out of the Contractor's service area; or to have died. In any event, the Department may only recover premiums paid for MMC and/or FHPlus Enrollees listed on a Roster if it is determined by the Department that the Contractor was not at risk for provision of Benefit Package services for any portion of the payment period. Notwithstanding the foregoing, the Department always has the right to recover duplicate MMC or FHPlus premiums paid for persons enrolled in the MMC or FHPlus program under more than one CIN whether or not the Contractor has made payments to providers. All recoveries will be made pursuant to Guidelines developed by the Department. The Department will not allow, under any circumstance, duplicate Medicaid payments for an Enrollee.