



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
800 North Pearl Street
Albany, New York 12204

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

August 27, 2014

Lewis County General Hospital
[REDACTED]

7785 North State Street
Lowville, New York 13367-1229

REVISED FINAL AUDIT REPORT
Audit #2011Z56-026W
Provider [REDACTED]

Dear [REDACTED]:

The Office of the Medicaid Inspector General hereby rescinds the Final Audit Report for Audit #2011Z56-026W issued on August 9, 2012. It is replaced by this Revised Final Audit Report.

This letter constitutes the Office of the Medicaid Inspector General's (OMIG) Revised Final Audit Report of Medicaid fee-for-service payments for ordered ambulatory services that were also included in the clinic's Ambulatory Patient Group (APG) payment.

The New York State Department of Health (Department) is the single state agency responsible for the administration of the medical assistance (Medicaid) program. The OMIG is an independent office within the Department responsible for a variety of Medicaid program integrity functions. As part of its responsibilities, the OMIG conducts audits and reviews of various providers of Medicaid reimbursable services, equipment and supplies. These audits and reviews assess provider compliance with applicable laws, regulations, rules and policies of the Medicaid program as set forth in New York Public Health Law, New York Social Services Law, the regulations of the Department of Health and the Department of Mental Hygiene (Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York) and the Department's Medicaid Managed Care Model Contract, Medicaid Management Information System (MMIS) Provider Manuals and *Medicaid Update* publications.

Chapter 53 of the Laws of 2008 amended Article 2807 of the Public Health Law by adding a new Section (2-a). Public Health Law 2807 (2-a) required a new Medicaid payment methodology based on Ambulatory Patient Groups that would apply to most ambulatory care services provided by hospital outpatient departments, emergency departments and ambulatory surgery departments, and free-standing diagnostic and treatment centers and free-standing ambulatory surgery centers.

APG payment methodology is based on the Enhanced Ambulatory Patient Groups Classification System. APGs categorize the amount and type of resources used in various ambulatory visits. Patients within each APG have similar resource use and cost. APGs group together procedures and medical visits that share similar characteristics and resource utilization patterns for payment purposes. APGs are designed to predict the average pattern of resource use of a group of patients in a given APG. APG payment methodology pays differential amounts for ambulatory care services based on the resources required for each patient visit. APG payment methodology provides greater reimbursement for high intensity services and relatively less reimbursement for low intensity services.

APG methodology covers most medical outpatient services. It reimburses based on patients' conditions and severity, and packages the cost of certain ancillary lab and radiology services into the overall payment. It addresses the inadequacies of the previous system by paying varying amounts per visit, based on service intensity.

The purpose of this audit was to recoup fee-for-service payments for ordered ambulatory services that were also included in the clinic's APG payment. To accomplish this, all ordered ambulatory services paid fee-for-service, rendered and paid between January 1, 2010 and May 31, 2011 were reviewed.

After reviewing your response to the OMIG's May 1, 2012 Draft Audit Report, as well as any other information/documentation submitted, OMIG has determined that for the period and scope reviewed, Medicaid billing rules and regulations were generally adhered to. The OMIG has concluded that no further action is required pertaining to this audit.

You have the right to challenge this action and determination by requesting an administrative hearing within sixty (60) days of the date of this notice. In accordance with 18 NYCRR Section 519.18(a), if you wish to request a hearing, the request must be submitted in writing to:

General Counsel
Office of Counsel
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204

Questions regarding the request for a hearing should be directed to Office of Counsel, at [REDACTED].

Issues you may raise shall be limited to those issues relating to determinations contained in the Final Audit Report. Further, issues must be limited to those you raised in any written response to the Draft Audit Report. The hearing request may not address issues regarding the methodology used to determine the rate, or any issue that was raised at a proceeding to appeal a rate determination.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid program, take action where appropriate, and recover any associated overpayments.

If you have any questions regarding the above, please contact [REDACTED]

[REDACTED] Thank you for your cooperation.

Sincerely,

[REDACTED]
Office of the Medicaid Inspector General