



**Office of the  
Medicaid Inspector  
General**

**NEW YORK STATE  
OFFICE OF THE MEDICAID INSPECTOR GENERAL**

**REVIEW OF HEALTHNOW NEW YORK INC  
LOW BIRTH WEIGHT NEWBORN CAPITATION PAYMENTS  
MAY 1, 2014 THROUGH APRIL 30, 2015**

**FINAL AUDIT REPORT  
AUDIT #15-6294**

**Dennis Rosen  
Medicaid Inspector General**

**February 3, 2016**

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Office of the  
Medicaid Inspector  
General

ANDREW M. CUOMO  
Governor

DENNIS ROSEN  
Medicaid Inspector General

February 3, 2016

[REDACTED]  
HealthNow New York Inc.  
257 West Genesee Street 5-South  
Buffalo, New York 14202

Re: Final Audit Report  
Audit # 15-6294  
Provider # [REDACTED]

Dear [REDACTED]:

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid and Family Health Plus Newborn Capitation Payments for low birth weight newborns that may have been improperly paid to HealthNow New York (Plan). In accordance with the *Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract* (Contract) and Title 18 of the Official Compilation of the Codes, Rules, and Regulations of the State of New York (18 NYCRR) Section 517.5, this Final Audit Report represents the OMIG's final determination regarding Newborn Capitation Payments for low birth weight newborns made to the plan during the review period.

### **BACKGROUND**

The New York State Department of Health (the Department) is the state agency responsible for the administration of the Medicaid program. As part of its responsibility as an entity within the Department, the OMIG conducts audits and reviews of various providers of Medicaid reimbursable services, equipment and supplies. These audits and reviews are directed at ensuring 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 (Titles 10, 14 and 18 of the NYCRR), the Department's Medicaid Provider Manuals, Medicaid Update publications and applicable contracts.

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According to Section 3.9 of the *Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract*, "The Contractor (MCO) shall receive a capitation payment from the first day of the newborn's month of birth and, in instances where the Contractor (MCO) pays the hospital or birthing center for the newborn stay, a Supplemental Newborn Capitation Payment. The Contractor (MCO) cannot bill for a Supplemental Newborn Capitation Payment unless the newborn hospital or birthing center payment has been paid by the Contractor. The Contractor must submit encounter data evidence for the newborn stay. Failure to have supporting records may, upon an audit, result in recoupment of the Supplemental Newborn Capitation Payment by the Department. The Department's policy states that low birth weight "kick" payments, rate code 2291, can only be billed for live births when a newborn weighs less than 1,200 grams." (See also MRT #1458, February 2012 *Medicaid Update*, and March 7, 2012 Office of Health Insurance Programs webinar).

### **PURPOSE AND SCOPE**

The purpose of this audit was to identify instances where the Plan received a Supplemental Newborn Capitation Payment for low birth weight newborns from Medicaid when the newborn's birth weight did not qualify for such a payment. The audit also identified monthly capitation payments made after the date of death for newborns enrolled in Medicaid managed care.

Supplemental Newborn Capitation Payments were identified by a computerized match of all claims paid for rate code 2291 from dates of service May 1, 2014 through April 30, 2015. OMIG examined the documents and records related to these claims for instances of failure to report a birth weight, reported birth weights of exactly 1,200 grams, failure to report a date of birth, typical lengths of stay at a hospital without transfer to another facility, and additional inpatient bills that reported a birth weight greater than 1,200 grams. The results of this review are improper Supplemental Newborn Capitation Payments and monthly capitation payments that the OMIG now seeks to recover.

### **FINDINGS**

After reviewing the HealthNow's January 20, 2016 response to the Draft Audit Report, as well as documentation submitted, OMIG has determined that for the period and scope reviewed, HealthNow generally adhered to applicable Medicaid billing rules and regulations. The OMIG has concluded that no further action is required pertaining to this audit.

### **PROVIDER RIGHTS**

The Plan has 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 519.18 (a), "The issues and documentation considered at the hearing are limited to issues directly relating to the final determination. An appellant may not raise issues regarding the methodology used to determine any rate of payment or fee, nor raise any new matter not considered by the department upon submission of objections to a draft audit or notice of proposed agency action."

If the Plan wishes 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 a request for a hearing should be directed to the Office of Counsel, at [REDACTED].

[REDACTED]  
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If a hearing is held, the Plan may have a person represent the Plan or the Plan may represent itself. If the Plan chooses to be represented by someone other than an attorney, the Plan must supply, along with the Plan's hearing request, a signed authorization permitting that person to represent the Plan at the hearing; the Plan may call witnesses and present documentary evidence on the Plan's behalf. For a full listing of hearing rights please see 18 NYCRR Part 519.

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. Should you have any questions, please contact [REDACTED]

[REDACTED] Thank you for your cooperation.

Sincerely,

[REDACTED]  
Division of Medicaid Audit  
Office of the Medicaid Inspector General

Attachment

CERTIFIED MAIL # [REDACTED]

RETURN RECEIPT REQUESTED