



**Office of the  
Medicaid Inspector  
General**

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

**REVIEW OF INDEPENDENT HEALTH ASSOCIATION  
MANAGED CARE CROSSOVER WITH A RESIDENTIAL TREATMENT  
FACILITY OR A STATE RUN FACILITY  
JANUARY 1, 2013 THROUGH DECEMBER 31, 2014**

**FINAL AUDIT REPORT  
AUDIT: #16-1663**

**Dennis Rosen  
Medicaid Inspector General**

**June 15, 2016**

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**Office of the  
Medicaid Inspector  
General**

**ANDREW M. CUOMO**  
Governor

**DENNIS ROSEN**  
Medicaid Inspector General

June 15, 2016

[REDACTED]  
Independent Health Association  
511 Farber Lakes Drive  
Buffalo, New York 14221

Re: Final Audit Report  
Audit # 16-1663  
Provider # [REDACTED]

Dear [REDACTED]

The New York State Office of the Medicaid Inspector General (OMIG) has identified instances where Independent Health Association (Plan) received monthly Medicaid and/or Family Health Plus capitation payments that were determined to be overpayments and recoverable based on the enrollee's inpatient or residential status in one of the following types of facilities: a Residential Treatment Facility or a State Run Facility. In accordance with the Medicaid Managed Care and Family Health Plus/HIV Special Needs Plan Model Contract (Contract) and Section 517.6 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (18 NYCRR), this Final Audit Report represents the OMIG's final determination regarding capitation payments made on behalf of enrollees who were receiving care in a Residential Treatment Facility or a State Run Facility.

**BACKGROUND**

The New York State Department of Health (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 assessing 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 (Titles 10 and 18 of the NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), the Department's Medicaid Provider Manuals, Medicaid Update publications, and the Contract.

## **PURPOSE AND SCOPE**

The purpose of the audit was to identify instances where the Plan received a monthly capitation payment from Medicaid for an enrollee who at the time was receiving all paid medical care for the entire month in a Residential Treatment Facility or a State Run Facility. When an enrollee has entered or stayed in a long-term hospital or a residential facility and the Plan is not at risk for medical services, the enrollee must be disenrolled retroactively and the capitation payments returned to Medicaid. The scope of the audit period is from January 1, 2013 through December 31, 2014.

In accordance with 18 NYCRR Parts 517 and 518, and pursuant to the Contract, Section 3.6 (SDOH Right to Recover Premiums), Section 19.7 (OMIG Audit Authority) and Appendix H, the OMIG, on behalf of the Department, has a right to recover premiums paid to the Plan for enrollees listed on the monthly roster who are later determined to have been ineligible for the entire applicable payment month.

## **FINDINGS**

A Draft Audit Report was issued on April 7, 2016, identifying \$10,458 that was inappropriately paid to the Plan when the Plan received monthly capitation payments for enrollees who were receiving medical care in a Residential Treatment Facility or a State Run Facility. Pursuant to Section 3.6 of the Contract and 18 NYCRR Parts 517 and 518, the OMIG, on behalf of the Department, may recover such overpayments paid to the Plan for members listed on the monthly roster who are later determined to have been ineligible for the entire applicable payment month. In response to the Draft Audit Report the Plan contested one claim (Attachment I). Upon reviewing the documentation, OMIG has considered the dispute, however no changes have been made. Therefore, the findings of the Final Audit Report remain unchanged from those cited in the Draft Audit Report.

Based on this determination, the total amount of overpayment identified in this Final Audit Report, as defined in 18 NYCRR 518.1, is \$10,458. Subsequent to the issuance of the Draft Audit Report, the Plan voided claims in the amount of \$10,458. Therefore, there is no balance due the New York State Department of Health.

## **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 within sixty (60) days of the date of this notice to:

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

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

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]. Thank you for your cooperation.

Sincerely,

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

[REDACTED]