



**Office of the
Medicaid Inspector
General**

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

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

**FINAL AUDIT REPORT
AUDIT #15-6312**

**Dennis Rosen
Medicaid Inspector General**

May 19, 2016

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Office of the
Medicaid Inspector
General

ANDREW M. CUOMO
Governor

DENNIS ROSEN
Medicaid Inspector General

May 19, 2016

[REDACTED]

United Healthcare of New York, Inc.
77 Water Street, 14th Floor
New York, New York 10005

Re: Final Audit Report
Audit # 15-6312
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 United Healthcare of New York, Inc. (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.

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 between dates of service May 1, 2014 and April 30, 2015. The OMIG examined 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 equal to or 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

A Draft Audit Report was issued on January 13, 2016 identifying 45 claims that resulted in \$1,524,080.48 of improperly paid low birth weight Newborn Capitation Payments. In its April 13, 2016 response to the Draft Audit Report (Attachment I), the Plan provided supporting documentation for the claims identified in the Draft Audit Report. After reviewing the Plan's submission, OMIG has determined the overpayment identified in the Draft Audit Report should be reduced by \$1,071,898.89 (Attachment II). As a result, the findings in the Final Audit Report are \$452,181.59.

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

In accordance with 18 NYCRR 518.4, interest may be collected on any overpayments identified in this audit and will accrue at the current rate from the date of the overpayment. Interest was calculated on the overpayments identified in the Final Audit Report using the Federal Reserve Prime Rate from the date of overpayment to the date of the Draft Audit Report. OMIG, on behalf of the Department, has determined that accrued interest of \$10,784.04 is owed (Attachment III).

Based on this determination, the total amount of overpayment, inclusive of interest, as defined in 18 NYCRR §518.1(c), is \$462,965.63. Repayment of \$462,965.63 is due the New York State Department of Health (Attachment III).

EFFECTIVE DATE

The OMIG, on behalf of the Department, is seeking to recover the amount remaining due of \$462,965.63 from the Plan, effective 20 days from the date of this Final Audit Report.

PAYMENT OPTIONS

In accordance with 18 NYCRR Part 518, which regulates the collection of overpayments, your repayment options are described below.

OPTION #1: Make full payment by check or money order within 20 days of the date of the Final Audit Report. The check should be made payable to the New York State Department of Health, include the audit number and be sent with the attached Remittance Advice to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 2739
File # 15-6312
Albany, New York 12237-0016

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General. If your repayment terms exceed 90 days from the date of the Final Audit Report, recoveries of amounts due are subject to interest charges at the prime rate plus 2%. If the process of establishing the repayment agreement exceeds 20 days from the date of the Final Audit Report, the OMIG will impose a 50% withhold after 20 days until the agreement is established. OMIG's acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

Bureau of Collections Management
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204
Phone #: [REDACTED]
Fax#: [REDACTED]

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:

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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].

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.

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

[REDACTED]

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

ADDRESS OF AUDITEE

United Healthcare of New York, Inc.
77 Water Street, 14th Floor
New York, New York 10005

PROVIDER #: [REDACTED]

AUDIT #: 15-6312

AMOUNT DUE: \$462,965.63

**AUDIT
TYPE**

- FEE FOR SERVICE
 RATE-LTC
 RATE-NH
 MANAGED CARE

CHECKLIST

1. To ensure proper credit, please enclose this form with your check.
2. Make checks payable to: *New York State Department of Health*
3. Record the Audit Number on your check.
4. Mail check to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 2739
File # 15-6312
Albany, New York 12237-0016

5. If the provider number shown above is incorrect, please enter the correct number below.

Thank you for your cooperation.