NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF AMERIGROUP NEW YORK LLC SUPPLEMENTAL LOW BIRTH WEIGHT NEWBORN CAPITATION PAYMENTS APRIL 1, 2012 – MAY 31, 2014

FINAL AUDIT REPORT
AUDIT # 14-3570

James C. Cox
Medicaid Inspector General

November 25, 2014

TABLE OF CONTENTS

	Page
BACKGROUND	1
PURPOSE AND SCOPE	2
FINDINGS	2
PROVIDER RIGHTS	2

ATTACHMENTS

ATTACHMENT I – Plan Response
ATTACHMENT II – Paid Appropriate

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

November 25, 2014

[redacted]
Amerigroup New York LLC
4425 Corporation Lane
Virginia Beach, Virginia 23462

Re: Final Audit Report
Audit #: 14-3570
Provider ID #: [redacted]

Dear [redacted]

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid and Family Health Plus Supplemental Newborn Capitation Payments for low birth weight newborns that may have been improperly paid to Amerigroup New York LLC (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 Supplemental Newborn Capitation Payments for low birth weight newborns made to Amerigroup New York LLC 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.

Supplemental Newborn Capitation Payments were identified by a computerized match of all claims paid for rate code 2291 between dates of service April 1, 2012 and May 31, 2014. The OMIG examined 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.

FINDINGS

After reviewing Amerigroup's November 7, 2014 response to the Draft Audit Report, as well as documentation submitted, OMIG has determined that for the period and scope reviewed, Amerigroup 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

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.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid program, to take other administrative or legal action where appropriate, and recover any Medicaid overpayments through the initiation of a set-off or withholding of payments, a civil lawsuit, or any other lawful means.

Should you have any questions please contact or via e-mail at Thank you for your cooperation.

Sincerely

Division of Medicaid Audit, Albany Office
Office of the Medicaid Inspector General

ATTACHMENTS (2)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED