



**Office of the
Medicaid Inspector
General**

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

**REVIEW OF INDEPENDENCE CARE SYSTEM, INC.
CAPITATION PAYMENTS FOR INCARCERATED ENROLLEES IN
NYC DOC RIKERS ISLAND FACILITIES
SEPTEMBER 1, 2009 - DECEMBER 31, 2014**

**FINAL AUDIT REPORT
AUDIT # 15-4282**

**Dennis Rosen
Medicaid Inspector General**

October 20, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
BACKGROUND	1
PURPOSE AND SCOPE	2
FINDINGS	2
PROVIDER RIGHTS	2

ATTACHMENTS

ATTACHMENT I – Provider Response

ATTACHMENT II – Paid Appropriate

ATTACHMENT III – Final Report Overpayments with Voided Claims



Office of the
Medicaid Inspector
General

ANDREW M. CUOMO
Governor

DENNIS ROSEN
Medicaid Inspector General

October 20, 2015

[REDACTED]

Independence Care System Inc.
257 Park Avenue South 2nd Floor
New York, New York 10010

Re: Final Audit Report
Audit # 15-4282
Provider # [REDACTED]

Dear [REDACTED]

The New York State Office of the Medicaid Inspector General (OMIG) has identified instances where Independence Care System Inc. (Plan) received monthly Medicaid and/or Family Health Plus capitation payments for incarcerated enrollees in NYC DOC Rikers Island Facilities from September 1, 2009 through December 31, 2014. 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 report represents the final determination on the issues found during the OMIG's review.

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

PURPOSE AND SCOPE

The purpose of this audit was to identify instances where the Plan received a capitation payment from Medicaid when the enrollee was incarcerated for the entire payment month. The review includes capitation payments made to the Plan during the period from September 1, 2009 through December 31, 2014. These cases were identified by a computerized match comparing Medicaid and/or Family Health Plus managed care enrolled recipients to information provided by the New York State Department of Health, Office of Information Technology Services.

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 be ineligible for Managed Care for the entire payment month.

FINDINGS

A Draft Audit Report was issued on August 27, 2015 identifying \$25,089.51 in overpaid capitation payments made to the Plan for periods subsequent to the enrollee's incarceration. In its September 9, 2015 response to the Draft Audit Report, the Plan submitted documentation contesting a portion of the claims (Attachment I). Upon reviewing the documentation, the OMIG agreed to reduce the overpayments identified in the Draft Audit Report by \$10,061.46 (Attachment II), resulting in an overpayment of \$15,028.05. The total amount of overpayment as defined in 18 NYCRR 518.1(c) is \$15,028.05. Subsequent to the issuance of the Draft Audit Report, the Plan voided claims in the amount of \$15,028.05. Therefore, there is no balance due the New York State Department of Health (Attachment III).

In accordance with 18 NYCRR Parts 517 and 518 and pursuant to the Contract, specifically Section 3.6, 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 for the entire applicable payment month.

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 Section 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 the 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.

The OMIG reserves the right to conduct further reviews of the Plan's participation in the Medicaid program, take action where appropriate, and recover any associated overpayments. Please contact [REDACTED] if you have any questions regarding the above. Thank you for your cooperation.

Sincerely,

[REDACTED]

Division of Medicaid Audit
Office of the Medicaid Inspector General

Attachments (3)

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED