



Office of the  
Medicaid Inspector  
General

**DENNIS ROSEN**  
Medicaid Inspector General

# **Audit of Low Birth Weight Newborn Capitation Payments**

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**Final Audit Report  
Audit #: 15-6298**

## **Hudson Health Plan Inc**

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**Provider ID #: [REDACTED]**



Office of the  
Medicaid Inspector  
General

ANDREW M. CUOMO  
Governor

DENNIS ROSEN  
Medicaid Inspector General

October 5, 2016

[REDACTED]  
Hudson Health Plan, Inc.  
625 State Street  
Schenectady, New York 12305

Re: Final Audit Report  
Audit #: 15-6298  
Provider ID #: [REDACTED]

Dear [REDACTED]

This is the Office of the Medicaid Inspector General's (OMIG) Final Audit Report for Hudson Health Plan Inc (Plan).

In accordance with the Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract and Title 18 of the Official Compilation of the Codes, Rules and Regulations of the State of New York Section 517.6, this Final Audit Report represents the final determination on the issues found during OMIG's audit.

After reviewing the Plan's February 19, 2016 response to OMIG's January 13, 2016 Draft Audit Report, OMIG has reduced the overpayments identified in the Draft Audit Report from \$1,153,383.01 to \$8,452.66 in this Final Audit Report. Subsequent to the issuance of the Draft Audit Report, the Provider voided claims in the amount of \$8,452.66. Based on this determination, there is no amount due. A detailed explanation can be found in the Audit Findings section of this report.

If you have any questions or comments concerning this report, please contact [REDACTED]  
[REDACTED] Please refer to audit number  
15-6298 in all correspondence.

[REDACTED]  
Bureau of Managed Care and FFS Audit  
Division of Medicaid Audit  
Office of the Medicaid Inspector General

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## Background, Objective, and Audit Scope

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### Background

The New York State Department of Health (DOH) is the single state agency responsible for the administration of the Medicaid program. As part of its responsibility as an independent entity within DOH, the Office of the Medicaid Inspector General (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 DOH (Titles 10 and 18 of the New York Codes, Rules and Regulations), the regulations of the Department of Mental Hygiene (Title 14 of the New York Codes, Rules and Regulations), DOH's Medicaid Provider Manuals, *Medicaid Update* publications, and the Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract (Contract).

In accordance with Section 3.6 of the Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract, "The parties acknowledge and accept that the SDOH has a right to recover premiums paid to the contractor for MMC Enrollees listed on the monthly Roster who are later determined for the entire applicable payment month, to have died. SDOH will not allow, under any circumstance, duplicate Medicaid payments for an Enrollee.

According to Section 3.9 (b)(d) and Section 19.6 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 SDOH." Section 19.6 states: "The Office of the Medicaid Inspector General (OMIG) can perform audits of the Contractor's submitted encounter data after DOH has reviewed and accepted the Contractor's encounter data submission. If the audit determines the Contractor's encounter data was incorrectly submitted and the Contractor received additional or higher Medicaid managed care capitation rate payments and/or Supplemental Newborn Capitation Payments and/or Supplemental Maternity Capitation Payments due to the incorrect encounter data, OMIG can recover from the Contractor the additional Medicaid funds that the Contractor received because of the encounter data misstatement."

### Objective

The objective of this audit was to assess the Plan's adherence to applicable laws, regulations, rules and policies governing the New York State Medicaid program and to identify and recover payments when:

- the Plan received Supplemental Newborn Capitation Payments from Medicaid for low birth weight newborns when the newborn's birth did not qualify for such a payment; and
- the Plan received monthly Medicaid Managed Care capitation payments after the newborn's date of death.

**Audit Scope**

This audit identified instances where Supplemental Newborn Capitation Payments and/or monthly capitation payments were made to the Plan for enrollees who had claim records indicating a birth weight greater than 1,200 grams, capitation payments made after their date of death, and/or no corresponding encounter claim records to support the payment of Rate Code 2291. This audit included Supplemental Newborn Capitation Payments and monthly capitation payments made to the Plan for dates of service beginning May 1, 2014 and ending April 30, 2015.

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## Audit Findings

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OMIG issued a Draft Audit Report to the Plan on January 13, 2016 that identified \$1,153,383.01 in Medicaid overpayments due to improperly paid Supplemental Newborn Capitation Payments and monthly capitation payments. The Plan's February 19, 2016 response (Attachment A) to the Draft Audit Report disputed 12 of the claims identified. After reviewing the Plan's response to the Draft Audit Report, OMIG agreed with the Plan and removed the 12 claims from the Final Audit Report findings. As a result, in this Final Audit Report, OMIG reduced the overpayments identified in the Draft Audit Report by \$1,144,930.35, from \$1,153,383.01 to \$8,452.66 (Attachment B). Pursuant to Sections 3.6 (Compensation – SDOH Right to Recover Premiums), 19.7 (OMIG Audit Authority), and Appendix H of the Contract, and Title 18 of the Official Compilation of the Codes, Rules and Regulations of the State of New York (18 NYCRR) Parts 517 and 518, OMIG, on behalf of DOH, may recover such overpayments.

The total amount of overpayment, as defined in 18 NYCRR 518.1, is \$8,452.66. Subsequent to the issuance of the Draft Audit Report, the Provider voided claims in the amount of \$8,452.66. Based on this determination, there is no amount due to DOH (Attachment C).

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## Repayment Options

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

**Option #1:** Make a full payment by check or money order within 20 days of the date of this Final Audit Report. The check should be made payable to the **New York State Department of Health** with the audit number included, and be sent with the attached remittance advice to:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management  
GNARESP Corning Tower, Room 2739  
Audit #: 15-6298  
Albany, New York 12237

**Option #2:** Enter into a repayment agreement with OMIG. If your repayment terms exceed 90 days from the date of this Final Audit Report, recoveries of amounts due are subject to interest charges at the Prime Rate plus two percent (2%). If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, OMIG will impose a 50% withhold after 20 days until an agreement is established. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. 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 New York 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:

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

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## Hearing Rights

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

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

If a hearing is held, the Plan may have a person represent it 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 its 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 its behalf.

For a full listing of hearing rights please see 18 NYCRR Part 519.

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## Contact Information

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Office Address:

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

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## Mission

The mission of the Office of the Medicaid Inspector General is to enhance the integrity of the New York State Medicaid program by preventing and detecting fraudulent, abusive, and wasteful practices within the Medicaid program and recovering improperly expended Medicaid funds while promoting high quality patient care.

## Vision

To be the national leader in promoting and protecting the integrity of the Medicaid program.