



Office of the  
Medicaid Inspector  
General

FRANK T. WALSH, JR.  
Acting Medicaid Inspector General

# **Audit of Improper Supplemental Maternity Capitation Payments Identified by OSC 2019-S-12**

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**Final Audit Report  
Audit #: 20-6125**

## **Healthfirst PHSP, Inc.**

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**Provider ID #: 01479670**



Office of the  
Medicaid Inspector  
General

ANDREW M. CUOMO  
Governor

FRANK T. WALSH, JR.  
Acting Medicaid Inspector General

May 27, 2021

[REDACTED]  
Healthfirst PHSP, Inc.  
100 Church Street, 18<sup>th</sup> Floor  
New York, New York 10007

Re: Final Audit Report  
Audit #: 20-6125  
Provider ID #: 01479670

Dear [REDACTED]

This is the Office of the Medicaid Inspector General's (OMIG) Final Audit Report for Healthfirst PHSP, 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 (18 NYCRR) Section 517.6, OMIG performed an audit of claims identified by the Office of the State Comptroller (OSC) Report 2019-S-12. This Final Audit Report represents the final determination on the issues found during OMIG's audit.

The Plan's March 8, 2021 response to OMIG's February 4, 2021 Draft Audit Report stated that the Plan is in agreement with the Draft Audit Report findings. As a result, the overpayments identified in this Final Audit Report remain unchanged from those cited in the Draft Audit Report. Based on this determination, the total amount due is \$93,826.92, inclusive of interest. A detailed explanation can be found in the Audit Findings section of this report.

The attachments referred to in this Final Audit Report will be sent via the Health Commerce System (HCS). Please provide a contact person with a dedicated HCS account. If you have any questions or comments concerning this report, please contact [REDACTED] through email at [REDACTED]. Please refer to audit number [REDACTED].

Attachments  
Certified Mail Number: 7019 0700 0000 1672 7809  
Return Receipt Requested

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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).

Pursuant to Section 3.10(e) of the Contract, costs of inpatient and outpatient care associated with maternity cases that end in termination or miscarriage shall be reimbursed to the Contractor through the monthly Capitation Rate for the Enrollee and the Contractor shall not receive the Supplemental Maternity Capitation Payment.

### Objective

The objective of this audit is to assess the Plan's adherence to applicable laws, regulations, rules and policies governing the New York State Medicaid program and to verify that:

- the Plan is not in receipt of Supplemental Maternity Capitation Payments for maternity cases that ended in termination or miscarriage; and
- Supplemental Maternity Capitation Payments were billed in accordance with applicable rules and requirements.

### Audit Scope

This audit identified instances where Supplemental Maternity Capitation Payments were billed by the Plan when the Plan may not have been entitled to receive the payment. The scope consisted entirely of Supplemental Maternity Capitation claims identified by OSC Audit 2019-S-12.



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## Audit Findings

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The OMIG issued a Draft Audit Report to the Plan on February 4, 2021 that identified \$78,721.55 in Medicaid overpayments where Supplemental Maternity Capitation Payments were made to the Plan for maternity cases that ended in termination or miscarriage. This audit included Supplemental Maternity Capitation Payments made to the Plan as identified by OSC Audit 2019-S-12. The Plan's March 8, 2021 response (Attachment A) to the Draft Audit Report stated that the Plan is in agreement with the Draft Audit Report findings. As a result, the overpayments identified (Attachment B) in this Final Audit Report remain unchanged from those cited in the Draft Audit Report. Pursuant to Sections 3.6 and 19.7, and Appendix H of the Contract, and Title 18 of the NYCRR Parts 517 and 518, OMIG, on behalf of DOH, may recover such overpayments.

In accordance with 18 NYCRR Section 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 this Draft Audit Report from the date of each overpayment through the date of the Draft Audit Report, February 4, 2021, using the Federal Reserve Prime Rate. For the overpayments identified in this audit, OMIG has determined that accrued interest of \$15,105.37 (Attachment B) is now owed.

Based on this determination, the total amount due to DOH, as defined in 18 NYCRR Section 518.1, is \$93,826.92, inclusive of interest. Subsequent to the issuance of the Draft Audit Report, the Plan voided claims in the amount of \$78,721.55. Therefore, the remaining amount due to DOH is \$15,105.37 (Attachment B).

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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, money order, or OMIG's Online Payment Portal 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**, should include the audit number on the memo line, and be mailed with the attached remittance advice to:

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

[REDACTED]  
[REDACTED]@ [REDACTED]

- If you elect to pay electronically through OMIG's Online Payment Portal, please visit [REDACTED] or contact OMIG's Bureau of Collections Management by telephone or email, at the above number or address.

**Option #2:** Enter into a repayment agreement with OMIG. 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%. OMIG's acceptance of a 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. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days, by telephone or email, as provided above.

Should you fail to select a payment option above within 20 days of the date of this Report, OMIG will initiate recoupment, by withholding all or a part of your payments otherwise payable, in accordance with 18 NYCRR 518.6. Additionally, OMIG reserves the right to use any remedy allowed by law to collect the amount due. Pursuant to the State Finance Law Section 18(5), a collection fee equal to twenty two percent (22%) of the amount due, including interest, may be added to the amount owed.

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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.



Office of the  
Medicaid Inspector  
General

## REMITTANCE ADVICE

Healthfirst PHSP, Inc.  
100 Church Street, 18<sup>th</sup> Floor  
New York, New York 10007

Provider ID #: 01479670

Audit #: 20-6125

Amount Due: \$15,105.37

Audit  
Type

- ☒ Managed Care  
☐ Fee-for-Service  
☐ Rate

### 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 the check to:

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

If you elect to pay electronically through OMIG's Online Payment Portal, please visit [REDACTED] or contact OMIG's Bureau of Collections Management by telephone or email at the above number or address.