NEW YORK STATE | Office of the Medicaid Inspector General

**FRANK T. WALSH, JR.**
Acting Medicaid Inspector General

# Audit of Supplemental Maternity Capitation Payments Identified by OSC 2020-S-57

## Final Audit Report
## Audit #: 21-5933

# Molina Healthcare of New York, Inc.

## Provider ID #: 04342292

NEW YORK STATE | Office of the Medicaid Inspector General

**KATHY HOCHUL**
Governor

**FRANK T. WALSH, JR.**
Acting Medicaid Inspector General

May 12, 2022

[redacted]
Molina Healthcare of New York, Inc.
5232 Witz Drive
North Syracuse, New York 13212

Re: Final Audit Report
Audit #: 21-5933
Provider ID #: 04342292

Dear [redacted]

This is the Office of the Medicaid Inspector General's (OMIG) Final Audit Report for Molina Healthcare of New York, 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, this Final Audit Report represents the final determination on the issues found during OMIG's audit.

After reviewing the Plan's January 13, 2022 response to OMIG's November 10, 2021 Draft Audit Report, OMIG has reduced the overpayments identified in the Draft Audit Report from $16,916.52 to $9,604.94 in this Final Audit Report. Based on this determination, the total amount due is $10,611.39, 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 21-5933 in all correspondence.

[redacted]
Bureau of MC Audit and Program Reviews
Division of Medicaid Audit
Office of the Medicaid Inspector General

Attachments
Certified Mail Number: 7021 2720 0000 9234 5679
Return Receipt Requested

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# Background

## 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).

Contract

Section 1. Definitions. "Supplemental Maternity Capitation Payment" means the fixed amount paid to the Contractor for the prenatal and postpartum physician care and hospital or birthing center delivery costs, limited to those cases in which the Contractor has paid the hospital or birthing center for the maternity stay, and can produce evidence of such payment.

Section 3. Compensation. c) The monthly capitation payments, and the Supplemental Newborn Capitation Payment and the Supplemental Maternity Capitation Payment, when applicable, to the Contractor shall constitute full and complete payments to the Contractor for all services that the Contractor provides, except for payments due the Contractor as set forth in Sections 3.12, 3.13, and 3.14 of this Agreement for MMC Enrollees.

Section 3.10. Supplemental Maternity Capitation Payments. a) The Contractor shall be responsible for all costs and services included in the Benefit Package associated with the maternity care of an Enrollee. b) In instances where the Enrollee is enrolled in the Contractor's MMC or FHPlus product on the date of the delivery of a child, the Contractor shall be entitled to receive a Supplemental Maternity Capitation Payment. The Supplemental Maternity Capitation Payment reimburses the Contractor for the inpatient and outpatient costs of services normally provided as part of maternity care, including antepartum care, delivery and post-partum care. The Supplemental Maternity Capitation Payment is in addition to the monthly Capitation Rate paid by the SDOH to the Contractor for the Enrollee. e) 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. f) The Contractor may not bill a Supplemental Maternity Capitation Payment until the hospital inpatient or birthing center delivery is paid by the Contractor, and the Contractor must submit encounter data evidence of the delivery, plus any other inpatient and outpatient services for the maternity care of the Enrollee to be eligible to receive a Supplemental Maternity Capitation Payment. Failure to have supporting records may, upon audit, result in recoupment of the Supplemental Maternity Capitation Payment by the SDOH.

Section 18.5 Reporting Requirements (a)(iv)(A). The Contractor shall prepare and submit encounter data on a monthly basis to SDOH through SDOH's designated Fiscal Agent. Effective January 1, 2015, the Contractor shall prepare and submit encounter data twice a month, as specified by SDOH, to SDOH

through SDOH's designated Fiscal Agent. Each Contractor is required to have a unique identifier including a valid MMIS Provider Identification Number. Submissions shall be comprised of encounter records or adjustments to previously submitted records, which the Contractor has received and processed from provider encounter or claim records of all contracted services rendered to the Enrollee in the current or any preceding months.

Section 19.6 of the Contract 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 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. The Contractor will be entitled to the audit rights afforded to providers in Section 517.5 and Section 517.6 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York. Nothing in this section shall limit SDOH, OMIG or any other auditing entity from the development of alternative audit and/or recovery rights for time periods prior to the contract period, during the contract period, or subsequent to the contract period or limit other remedies or rights available to SDOH, OMIG or any other auditing entity relating to the timeliness, completeness and/or accuracy of the Contractor's reporting submission.

## Objective and Audit Scope

### 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.

### 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 consists entirely of Supplemental Maternity Capitation claims identified by OSC Audit 2020-S-57.

## Audit Findings

The OMIG issued a Draft Audit Report to the Plan on November 10, 2021 that identified instances where Supplemental Maternity Capitation Payments were made to the Plan on behalf of an enrollee for maternity cases that ended in termination or miscarriage, instances where Supplemental Maternity Capitation Payments were made to the Plan on behalf of an enrollee for which no supporting encounter data was submitted, instances where the hospital or birthing center was not paid for the inpatient stay or instances where the birth did not occur in a hospital or birthing center. This audit included Supplemental Maternity Capitation Payments made to the Plan as identified by OSC Audit 2020-S-57. The Plan's January 13, 2022 response (Attachment A) to the Draft Audit Report disputed the claims identified. After reviewing the Plan's response to the Draft Audit Report, OMIG partially agreed with the Plan and removed one claim from the Final Audit Report findings. As a result, in this Final Audit Report, OMIG reduced the overpayment amount identified in the Draft Audit Report by $7,311.58 (Attachment B), from $16,916.52 to $9,604.94 (Attachment C). Pursuant to 3.9(d), 3.10(f) and 19.6 of the Contract and 18 NYCRR Parts 517 and 518, the 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 overpayment identified in this Final Audit Report from the date of the overpayment to the date of the Draft Audit Report, November 10, 2021. For the overpayment identified in this audit, the OMIG has determined that accrued interest of $1,006.45 is now owed (Attachment C).

Based on this determination, the total amount due to DOH, as defined in 18 NYCRR Section 518.1, is $10,611.39, inclusive of interest (Attachment C).

## Repayment Options

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]

- 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.

## Hearing 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 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.

## Contact Information



Office Address:

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

## 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.

NEW YORK STATE | Office of the Medicaid Inspector General

# REMITTANCE ADVICE

**Molina Healthcare of New York, Inc.**
**5232 Witz Drive**
**North Syracuse, New York 13212**

**Provider ID #: 04342292**

**Audit #: 21-5933**

**Amount Due: $10,611.39**

**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
[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.