



Office of the  
Medicaid Inspector  
General

**FRANK T. WALSH, JR.**

Acting Medicaid Inspector General

# **Audit of Capitation Payments for Incarcerated Enrollees**

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**Final Audit Report**

**Audit #: 21-6727**

## **Independent Health Association, Inc.**

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**Provider ID #: 01208997**



Office of the  
Medicaid Inspector  
General

**KATHY HOCHUL**  
Governor

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

September 8, 2022

[REDACTED]  
Independent Health Association, Inc.  
511 Farber Lakes Drive  
Buffalo, New York 14221

Re: Final Audit Report  
Audit #: 21-6727  
Provider ID #: 01208997

Dear [REDACTED]

This is the Office of the Medicaid Inspector General's (OMIG) Final Audit Report for Independent Health Association, 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 December 22, 2021 response to OMIG's December 9, 2021 Draft Audit Report, OMIG has reduced the overpayments identified in the Draft Audit Report from \$135,787.14 to \$125,781.47 in this Final Audit Report. Based on this determination, the total amount due is \$125,792.73, inclusive of rate adjustments. 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] or through email at [REDACTED]. Please refer to audit number 21-6727 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 0950 0000 1272 6101  
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).

In accordance with 18 Parts 517 and 518 and pursuant to the Contract, specifically Section 3.6 (SDOH Right to Recover Premiums), Section 19.7 (OMIG Audit Authority) and Appendix H, the OMIG, on behalf of DOH, 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.

### 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:

- capitation payments made to the Plan for an enrollee who was incarcerated for an entire payment month.

### Audit Scope

This audit reviewed Medicaid Managed Care capitation payments for incarcerated enrollees whose incarceration data was received by OMIG between January 1, 2020 and March 1, 2021.

## Audit Findings

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The OMIG issued a Draft Audit Report to the Plan on December 9, 2021 that identified \$135,787.14 in Medicaid overpayments for managed care enrollees that were determined to be incarcerated for a full payment month. The Plan's December 22, 2021 response (Attachment A) to the Draft Audit Report disputed a portion of the claims identified. After reviewing the Plan's response to the Draft Audit Report, OMIG partially agreed with the Plan and removed nine 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 \$10,005.67 (Attachment B), from \$135,787.14 to \$125,781.47 (Attachment C). During the audit process, rate adjustments occurred increasing the overpayment amount by \$11.26, from \$125,781.47, to \$125,792.73 (Attachment C). 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.

Based on this determination, the total amount due to DOH, as defined in 18 NYCRR Section 518.1, is \$125,792.73 (Attachment C), inclusive of rate adjustments. Subsequent to the issuance of the Draft Audit Report, the Plan voided claims in the amount of \$125,792.73. Therefore, there is no remaining amount due to DOH (Attachment C).



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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.