



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
800 North Pearl Street
Albany, New York 12204

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

September 5, 2013

Mr. Christopher Booth,
President/Chief Executive Officer
Excellus Health Plan
165 Court Street
Rochester, New York 14647

Re: Medicaid Audit #09-5375

Dear Mr. Booth:

The New York State Department of Health (Department) is the single state agency responsible for the administration of the medical assistance (Medicaid) program. The Office of the Medicaid Inspector General (OMIG) is an independent office within the Department responsible for a variety of Medicaid program integrity functions. As part of its responsibilities, the OMIG conducts audits and reviews of various providers of Medicaid reimbursable services, equipment and supplies. These audits and reviews are directed at ensuring 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 of Health and the Department of Mental Hygiene (Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York) and the Department's Medicaid Managed Care Model Contract, Medicaid Management Information System (MMIS) Provider Manuals and *Medicaid Update* publications.

As part of this responsibility, the OMIG initiated audit #09-5375 of Excellus Health Plan's (the "Plan") records used to support the various cost reports that were submitted to the Medicaid program for the period January 1, 2002 through December 31, 2006. The purpose of this audit was to determine whether the Plan, and its related companies, properly allocated administrative costs to the various Medicaid programs for the years 2002 through 2006. This audit was conducted in conjunction with and as a supplement to OMIG audit #09-3634, which is a review of the Plan's total reported Medicaid Managed Care Program costs for the period January 1, 2003 through September 30, 2005.

Under audit #09-5375, the Plan's administrative cost as reported on its trial balance was reconciled to the Medicaid cost reports. However, in 2004, the Plan reclassified \$2,150,000 of administrative costs from the Other Managed Care Line of Business category (non-Medicaid) to the Medicaid Managed Care, Family Health Plus, and Child Health Plus categories, which are Medicaid programs. The Plan has not provided supporting documentation to substantiate this reclassification and OMIG has determined that any further action regarding the 2004 administrative cost reclassification will be addressed as part of audit #09-3634, which has not been finalized.

Therefore, Pursuant to 18 NYCRR 517.3(h), the OMIG hereby concludes its review related to the objective and scope specific to audit #09-5375 and has determined that no further action is warranted. We thank you for your continued interest and participation in the Medicaid program.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid program, take action where appropriate, and recover any associated overpayments. If you have any questions regarding the above, please contact me at [REDACTED] or by email at [REDACTED]. Thank you for your cooperation.

Sincerely, [REDACTED]

[REDACTED]
Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

cc: Ms. Brandi Bishop
Director, New York State Programs

CERTIFIED MAIL # 7011 1150 0001 0495 0832
RETURN RECEIPT REQUESTED