



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
90 Church Street, 14th Floor
New York, NY 10007

ANDREW M. CUOMO
GOVERNOR

JAMES G. SHEEHAN
MEDICAID INSPECTOR GENERAL

April 11, 2011

Mr. Anthony Cornachio
NRI Group, LLC
337 W. 51st Street
New York, NY 10009

Final Audit Report

Audit #05-2199

Provider ID # [REDACTED]

Dear Mr. Cornachio:

This letter will serve as our final audit report of the completed review of payments made to NRI Group, LLC under the New York State Medicaid Program.

The New York State Department of Health is responsible for the administration of the Medicaid program. As part of this responsibility, 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 ensuring provider compliance with applicable laws, regulations, rules and policies of the Medicaid program as set forth by the Departments of Health and Mental Hygiene [Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (10 NYCRR, 14 NYCRR, 18 NYCRR)] and the Medicaid Management Information System (MMIS) Provider Manuals.

Outpatient chemical dependence services are provided in either hospital-based or free-standing settings. Regardless of the setting in which they are provided, these services must be furnished in one of two distinct programs: an outpatient chemical dependence clinic program or an outpatient chemical dependence rehabilitation program. The purpose of outpatient programs for individuals with a diagnosis of chemical dependence is to provide medical evaluation, clinical care management, clinical services, and rehabilitation services. The specific standards and criteria for chemical dependence clinics are outlined in Title 14 NYCRR Part 822 and Title 18 NYCRR Section 505.27. The MMIS Provider Manual for Clinics also provides program guidance for claiming Medicaid reimbursement for chemical dependence services.

A review of payments to NRI Group, LLC for outpatient chemical dependence services paid by Medicaid from January 1, 2004, through December 31, 2004, was completed. During the audit period, \$7,447,524.33 was paid for services rendered to 3,163 patients. This review consisted of a random sample of 100 patients with Medicaid payments of \$203,214.96. The purpose of the audit was to ensure that: Medicaid reimbursable services were rendered for the dates billed; appropriate rate or procedure codes were billed for services rendered; patient related records contained the documentation required by the regulations; and claims for payment were submitted in accordance with Department regulations and the Provider Manuals for Clinics.

The United States Department of Health and Human Services, Office of Inspector General, Office of Audit Services provided valuable assistance to the OMIG in the completion of this audit.

NRI Group, LLC's failure to comply with Title(s) 10, 14 and/or 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (NYCRR) and the MMIS Provider Manual for Clinics resulted in a total sample overpayment of \$110,508.99.

The statistical sampling methodology employed allows for extrapolation of the sample findings to the universe of cases (18 NYCRR Section 519.18). The point estimate of the amount overpaid is \$3,495,399.00 (Exhibit I). This audit may be settled through repayment of the point estimate amount of \$3,495,399.00.

The following detailed findings reflect the results of our audit. This audit report incorporates consideration of any additional documentation and information presented in response to the draft audit report dated April 20, 2010.

DETAILED FINDINGS

1. OASAS Quality of Care Review

The Office of the Medicaid Inspector General requested the Office of Alcoholism and Substance Abuse Services (OASAS) to undertake a quality of care review of 10 patients, of which 9 were from the sample of 100 patients selected for review.

In 1,495 instances pertaining to 9 patients, OASAS determined all 9 patient records lacked regulatory compliance for comprehensive evaluations, treatment planning (and reviews), and progress notes. These clinic visits were disallowed. This resulted in a sample overpayment of \$108,193.15 (Exhibit II). OASAS findings are detailed in Attachment I.

2. Claims Submitted Over 90 Days From the Date of Service

Regulations state: "Claims for payment for medical care, services or supplies furnished by any provider under the medical assistance program must be initially submitted within 90 days of the date the medical care, services or supplies were furnished to an eligible person to be valid and enforceable against the department or a social services district unless the provider's submission of the claims is delayed beyond 90 days due to circumstances outside of the control of the provider. Such circumstances include but are not limited to attempts to recover from a third-party insurer, legal proceedings against a responsible third-party or the recipient of the medical care, services or supplies or delays in the determination of client eligibility by the social services district. All claims submitted after 90 days must be accompanied by a statement of the reason for such delay and must be submitted within 30 days from the time submission came within the control of the provider, subject to the limitations of paragraph (3) of this subdivision."

18 NYCRR Section 540.6(a)(1)

The MMIS Provider Manual states: "Medicaid regulations require that claims for payment of medical care, services, or supplies to eligible enrollees be initially submitted within **90 days of the date of service** to be valid and enforceable, unless the claim is delayed due to circumstances outside the control of the provider."

*MMIS Provider Manual Information For All Providers
General Billing, Page 6*

In 27 instances pertaining to 10 patients, the claims were submitted more than 180 days after the date of service without the valid use of an exception code as the reason for late submission of claims. Regulations require a claim to be submitted within 90 days of the date of service; however, the OMIG disallowed claims submitted more than 180 days after the date of service without supporting documentation. This is in keeping with general industry standards. This resulted in a sample overpayment of \$1,953.99 (Exhibit III).

3. Missing Progress Note

Regulations state, "Progress notes shall be written at least every five visits or twice per month, whichever comes first, unless the patient is scheduled less frequently than twice per month, in which case a progress note shall be written after every session."

14 NYCRR Section 822.4(s)

In 3 instances pertaining to 2 patients, there was no progress note that related to the services billed. This resulted in a sample overpayment of \$217.11 (Exhibit IV).

4. Missing Record of Attendance

Regulations state, "An attendance note shall document the date, type and duration of the service provided."

14 NYCRR Section 822.4(r)

In 1 instance, no record of attendance was available. This resulted in a sample overpayment of \$72.37 (Exhibit V).

5. Group Counseling Patient Limit Exceeded

Regulations state, "Each outpatient service must directly provide the following: group counseling (containing no more than 15 persons) and individual counseling."

14 NYCRR Section 822.2(c)(1)

In 1 instance, the maximum number of patients allowed for group counseling services was exceeded. This resulted in a sample overpayment of \$72.37 (Exhibit VI).

Total sample overpayments for this audit amounted to \$110,508.99.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below. If you decide to repay the point estimate amount of \$3,495,399.00, one of the following repayment options must be selected within 20 days from the date of this letter:

OPTION #1: Make full payment by check or money order 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 and be sent with the attached Remittance Advice to:

Mr. Donald Collins
New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 1237
Albany, New York 12237-0048

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General. 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%. If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, the OMIG will impose a 15% withhold after 20 days until the agreement is established.

Furthermore, the OMIG may require financial information from you to establish the terms of the repayment agreement. If additional information is requested, the OMIG must receive the information within 30 days of the request or a 50% withhold will be imposed. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. The OMIG will notify you no later than 5 days after initiating such action. If you wish to enter into a repayment agreement, you must forward your written request within 20 days to the following:

Bureau of Collections Management
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204
Phone #: (518) 474-5878
Fax#: (518) 408-0593

If within 20 days, you fail to make full payment or contact the OMIG to make repayment arrangements, the OMIG will establish a withhold equal to 50% of your Medicaid billings to recover payment and liquidate the point estimate of the amount overpaid, interest and/or penalty, not barring any other remedy allowed by law. The OMIG will provide notice to you no later than 5 days after the withholding of any funds. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against the amount owed.

If you choose not to settle this audit through repayment of the point estimate of the amount overpaid, you have the right to challenge these findings by requesting an administrative hearing. As allowed by state regulations, you must make your request for a hearing, in writing, within sixty (60) days of the date of this report to:

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

Questions regarding the request for a hearing should be directed to Charlene D. Fleszar, Esq., Office of Counsel, at (518) 408-5811.

Issues you may raise shall be limited to those issues relating to determinations contained in the final audit report. Your hearing request may not address issues regarding the methodology used to determine the rate, or any issue that was raised at a proceeding to appeal a rate determination.

At the hearing you have the right to:

- a) be represented by an attorney or other representative, or to represent yourself;
- b) present witnesses and written and/or oral evidence to explain why the action taken is wrong; and
- c) cross examine witnesses of the Department of Health and/or the OMIG.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid Program, take action where appropriate, and recover monies owed through the initiation of a civil lawsuit or other legal mechanisms including but not limited to the recovery of state tax refunds pursuant to Section 206 of the Public Health Law and Section 171-f of the State Tax Law.

Should you have any questions, please contact Mr. Robert Hansly at (212) 417-5037.

Thank you for the cooperation and courtesy extended to our staff during this audit.

Sincerely,



Craig C. Francis, Director
Division of Medicaid Audit, New York City
Office of the Medicaid Inspector General

CCF:
Enclosure
Ver-27.5
Fin-10.0

CERTIFIED MAIL #7007-1490-0004-1293-6605
RETURN RECEIPT REQUESTED

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE**

NAME AND ADDRESS OF AUDITEE

Mr. Anthony Cornachio
NRI Group, LLC
337 W. 51st Street
New York, N.Y. 10009

PROVIDER ID # [REDACTED]

AUDIT #05-2199

AMOUNT DUE: \$3,495,399.00

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 OTHER:

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 check to:

Mr. Donald Collins
New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 1237
File #05-2199
Albany, New York 12237-0048

Thank you for your cooperation.