NEW YORK STATE
DEPARTMENT OF HEALTH
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF CAPITAL AMERIGROUP NEW YORK LLC INCORRECT SUPPLEMENTAL MATERNITY AND NEWBORN CAPITATION PAYMENTS

FINAL AUDIT REPORT

James G. Sheehan
Medicaid Inspector General
April 27, 2011

OFFICE OF THE MEDICAID INSPECTOR GENERAL

www.omig.ny.gov

The mission of the Office of the Medicaid Inspector General (OMIG), as mandated by New York Public Health Law § 31 is to preserve 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.

DIVISION OF MEDICAID AUDIT

The Division of Medicaid Audit professional staff conducts audits and reviews of Medicaid providers to ensure compliance and program requirements and, where necessary, to recover overpayments. These activities are done to monitor the cost-effective delivery of Medicaid services for prudent stewardship of scarce dollars; to ensure the required involvement of professionals in planning care to program beneficiaries; safeguard the quality of care, medical necessity and appropriateness of Medicaid services provided; and, to reduce the potential for fraud, waste and abuse.

DIVISION OF MEDICAID INVESTIGATIONS

The Division of Medicaid Investigations (DMI) investigates potential instances of fraud, waste, and abuse in the Medicaid program. DMI deters improper behavior by inserting covert and overt investigators into all aspects of the program, scrutinizing provider billing and services, and cooperating with other agencies to enhance enforcement opportunities. Disreputable providers are removed from the program or prevented from enrolling. Recipients abusing the system are not removed from this safety net, but their access to services is examined and restricted, as appropriate. DMI maximizes cost savings, recoveries, penalties, and improves the quality of care for the state's most vulnerable population.

DIVISION OF TECHNOLOGY AND BUSINESS AUTOMATION

The Division of Technology and Business Automation will continue to support the data needs for the OMIG in the form of audit and investigative support, data mining and analysis, system match and recovery, through the use of commercial data mining products and procurement of expert service consultants.

OFFICE OF COUNSEL TO THE MEDICAID INSPECTOR GENERAL

The Office of Counsel to the Medicaid Inspector General promotes the OMIG's overall statutory mission through timely, accurate and persuasive legal advocacy and counsel.

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STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
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Albany, New York 12204

ANDREW M. CUOMO
GOVERNOR

JAMES G. SHEEHAN
MEDICAID INSPECTOR GENERAL

April 27, 2011

Ms. Debbie Gorden,
Regulatory Compliance Director
Amerigroup New York LLC
4425 Corporation Lane
Virginia Beach, VA 23462

Re: Final Report
Audit #: 11-2852
Provider ID #: [redacted]

Dear Ms. Gorden:

The New York State Office of the Medicaid Inspector General (OMIG) performed an audit of Amerigroup New York LLC (the Plan) to determine the appropriateness of supplemental newborn and maternity capitation payments (payment rate codes 2292, 2293, and 2298) billed by the Plan. In accordance with Section 517.6 of Title 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (18 NYCRR), this report represents the final determination on issues found during the OMIG's review.

After reviewing the Plan's April 22, 2011 response to the OMIG's March 28, 2011 Draft Report, the OMIG has reduced the Draft Report disallowance of $7,948.95 to $0.00 in the Final Report. A detailed explanation can be found under the Findings section.

BACKGROUND

The New York State Department of Health (NYS DOH) is responsible for the administration of the Medicaid program. As part of this responsibility, 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 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 Provider Manuals.

Sections 3.9 and 3.10 of the Medicaid Managed Care/Family Health Plus Contract (MMC/FHPC) provide for a supplemental newborn or maternity capitation payment to a Managed Care Organization (MCO) where applicable. The MCO must first make payment to the hospital for the birth/delivery before billing Medicaid for the supplemental payment, and maintain on file evidence of the payment. Sections 3.9(d) and 3.10(f) go on to state that "Failure to have supporting records may, upon audit, result in recoupment of the supplemental maternity or newborn capitation payment by NYS DOH".

As per 18 NYCRR §518 (Recovery and Withholding of Payments or Overpayments), the OMIG has the right to recover payments or overpayments made inappropriately or for services which were not provided. To identify inappropriate payments the OMIG utilized various data mining techniques that included demographic information from the mother and/or child, and a manual review of each claim using eMedNY and claim payment historical information.

PURPOSE AND SCOPE

The purpose of the audit was to ensure that the Plan was in compliance with 18 NYCRR §515.2 which addresses unacceptable practices under the medical assistance program, that includes following appropriate billing procedures for supplemental newborn and maternity capitation payments. The review includes dates of service during the period April 1, 2005 through December 31, 2010.

FINDINGS

The Final Report found that the Plan was in compliance with 18 NYCRR §515.2 and Sections 3.9 and 3.10 of the MMC/FHPC when it provided sufficient supporting documentation for supplemental maternity or newborn capitation claims identified in the Draft Report.

A Draft Report was issued March 28, 2011 identifying $7,948.95 in inappropriately billed claims by the Plan to Medicaid for supplemental maternity or newborn capitation payments. In response to the Draft Report the Plan submitted documentation contesting the claims (Attachment I). Upon reviewing the documentation, the OMIG agreed with the Plan and reduced the overpayment in the Draft Report by $7,948.95 (Attachment II). As a result, the overpayment as defined in 18 NYCRR §518.1 is $0.00.

Based on this determination, we are closing the above referenced audit as satisfied in full. Thank you for your cooperation. The OMIG reserves the right to conduct further reviews of your participation in the Medicaid Program, take action where appropriate, and recover monies owed.

If the Plan has any questions regarding the above, please contact Jason McCrea at (518) 408-0496 or email at Jason.McCrea@omig.ny.gov

Sincerely,

Paula E. Pugliese, Project Manager
Bureau of Managed Care Audit & Provider Review
Office of the Medicaid Inspector General

Enclosure
CERTIFIED MAIL # 7009 3410 0001 1148 4328
RETURN RECEIPT REQUESTED