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
ACTING MEDICAID INSPECTOR GENERAL

February 2, 2012

Phelps Memorial Hospital Association
[redacted]
701 North Broadway
Sleepy Hollow, New York 10591

FINAL AUDIT REPORT
Audit #2012Z01-055H
Provider [redacted]

Dear [redacted]

The New York State Office of the Medicaid Inspector General (the "OMIG") completed an audit of Medicaid clinic and emergency room claims for Medicaid recipients who were inpatients at the hospital affiliated with the outpatient providers. 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.

Your response to the OMIG's January 17, 2012 Draft Audit Report agreed with the audit findings. As a result, the overpayments in the Final Report remain unchanged to those cited in the Draft Audit Report. The total Medicaid overpayment is $10,047.63, inclusive of interest.

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 or money order within 20 days of the date of the final report. The check should be made payable to the New York State Department of Health and be sent with the enclosed Remittance Advice form, signed and dated, to:

[redacted]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 1237
Albany, New York 12237

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General to have the overpayments applied against your future Medicaid payments. If your repayment terms exceed 90 days from the date of the final 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 report, the OMIG will impose a 15% withhold after 20 days until the agreement is established. 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:

Collections Management Group
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204
[redacted]

Do not submit claim voids or adjustments in response to this Final Report.

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 secure payment and liquidate the overpayment amount, 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.

The Facility 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 Section 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 Facility wishes to request a hearing, the request must be submitted in writing to:

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

If a hearing is held, the Facility may have a person represent the Facility or the Facility may represent itself. If the Facility chooses to be represented by someone other than an attorney, the Facility must supply along with the Facility's hearing request a signed authorization permitting that person to represent the Facility. At the hearing, the Facility may call witnesses and present documentary evidence on the Facility's behalf.

Questions concerning this audit may be directed to [redacted] at [redacted]

Sincerely,

[redacted]
Bureau of Business Intelligence
Office of the Medicaid Inspector General

Enclosure

CERTIFIED MAIL # [redacted]
RETURN RECEIPT REQUESTED

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE

Phelps Memorial Hospital Assoc
701 North Broadway
Sleepy Hollow, NY 10591

Provider [redacted]

AUDIT #2012Z01-055H

AUDIT TYPE

[X] PROVIDER
[ ] RATE
[ ] PART B
[ ] OTHER:

AMOUNT DUE: $ 10,047.63

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:

[redacted]
Medicaid Financial Management
New York State Department of Health
GNARESP Corning Tower, Room 1237
File #2012Z01-055H
Albany, New York 12237

5. If the provider number shown above is incorrect, please enter the correct number below.

CORRECT PROVIDER NUMBER

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
ACTING MEDICAID INSPECTOR GENERAL

FINAL REPORT

PHELPS MEMORIAL HOSPITAL ASSOCIATION
701 NORTH BROADWAY
SLEEPY HOLLOW, NEW YORK 10591

INPATIENT CLINIC / ER CROSSOVER
#2012Z01-055H

ISSUED FEBRUARY 02, 2012

BACKGROUND, PURPOSE AND SCOPE

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 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 State Public Health Law, New York State Social Services Law, regulations of the Departments of Health and Social Services [Titles 10, and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York] and the eMedNY Provider Manuals.

Under Section 86-1.18 of Title 10 of the New York Code, Rules and Regulations, the Department of Health establishes all-inclusive hospital inpatient rates that cover the costs of almost all services provided to Medicaid recipients who are hospitalized. Additionally, the Medicaid Provider Manual for Clinics specifically prohibits separate emergency room and clinic billing during a Medicaid recipient's inpatient hospital stay.

During a Medicaid recipient's hospital stay, the inpatient DRG based rate is a generally all-inclusive rate and there should be no emergency room or clinic billings by the hospital for that patient. In addition, no clinic or emergency room visit is to be billed if the patient is subsequently admitted that same day to the hospital.

The purpose of this audit is to identify Medicaid provider claims for either clinic or emergency room services, billed during a Medicaid patient's inpatient stay, excluding date of discharge. To accomplish this, claims submitted for clinic and/or emergency room services with payment dates from January 1, 2008 through June 30, 2011 were reviewed. Claims on the last day of an inpatient hospital stay were excluded from the audit.

DETAILED FINDING

The detailed finding of our audit is as follows:

1. **Clinic and Emergency Room Outpatient Visits Billed On the Same Day as a Hospital Inpatient Stay**

   Regulations state: "By enrolling the provider agrees ... that the information provided in relation to any claim for payment shall be true, accurate, and complete;"

   18 NYCRR §504.3(h)

   Regulations state: "By enrolling the provider agrees ... to comply with the rules, regulations and official directives of the department."

   18 NYCRR §504.3(i)

The eMedNY Provider Manual for Inpatient states: "If a patient is seen in the hospital's emergency room or outpatient clinic and is subsequently admitted to the hospital on the same day, Medicaid reimbursement will be limited to the hospital's inpatient rate. The hospital may not bill for the emergency room or clinic services provided on the day of admission."

Medicaid Provider Manual for Inpatient, Version 2007-1
Section III, Basis of Payment for Services Provided

The audit found that $9,375.26 was inappropriately billed to Medicaid for emergency room and clinic patients who, on the same date(s), received inpatient services (Exhibit 1).

DETERMINATION

In accordance with 18 NYCRR §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. The OMIG has preliminarily determined that accrued interest for the overpayments identified in this audit total $672.37.

Based on this, the total amount of overpayment, as defined in 18 NYCRR §518.1 is $10,047.63, inclusive of interest and now due the New York State Department of Health.

Do not submit claim voids or adjustments in response to this Final Audit Report.