NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF UNITED HEALTHCARE OF NEW YORK'S SUPPLEMENTAL MATERNITY AND NEWBORN CAPITATION PAYMENTS ON BEHALF OF ENROLLEES WITHOUT CORRESPONDING ENCOUNTER DATA

FINAL AUDIT REPORT

James C. Cox
Medicaid Inspector General
January 17, 2013

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 with 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; 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 supports 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.

TABLE OF CONTENTS

BACKGROUND	1
PURPOSE AND SCOPE	2
FINDINGS	2
REPAYMENT OPTIONS	3
HEARING RIGHTS	3-4
REMITTANCE ADVICE	5
ATTACHMENTS AND SCHEDULES	

ATTACHMENT I – Paid Appropriate Claims
ATTACHMENT II – Claims Voided by Provider/Total Amount Due

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

January 17, 2013

[redacted]
United Healthcare of New York, Inc.
77 Water Street, 14th Floor
New York, NY 10005

Re: Final Audit Report
Audit #: 12-5478
Provider ID #: [redacted]

Dear [redacted]

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid and Family Health Plus supplemental newborn or maternity capitation payments made to United Healthcare of New York, Inc. (Plan) where there was no corresponding hospital birth or delivery encounter data submitted. 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 the issues found during the OMIG's review.

After reviewing the Plan's November 21, 2012 response to the OMIG's September 13, 2012 Draft Audit Report, as well as any information/documentation submitted, the OMIG has considered the documentation and the report has been revised accordingly. Consideration of the documentation resulted in an overall reduction of $844,817.42 to the total Medicaid overpayment shown in the Draft Audit Report. A detailed explanation can be found in the Findings section.

BACKGROUND

The New York State Department of Health (DOH) is responsible for the administration of the Medicaid program. As part of its responsibility as an entity within DOH, the 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 the DOH (Titles 10 and 18 of NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), and the DOH's Medicaid Provider Manuals, *Medicaid Update* publications and Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract (Contract).

In accordance with 18 NYCRR Parts 517 and 518 and pursuant to the Contract, Section 3.6 (Compensation- State Department of Health Right to Recover Premiums) 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.

PURPOSE AND SCOPE

The purpose of the audit was to identify instances where the Plan received a supplemental newborn and/or maternity capitation payment from Medicaid where no corresponding encounter data was reported by the Plan for the services. The audit identified instances where the Plan failed to maintain and provide documentation to support the billing of supplemental newborn and maternity capitation payments. The scope of the audit included supplemental newborn and maternity capitation payments with dates of services of January 1, 2011, to December 31, 2011.

Sections 3.9 and 3.10 of the Plan 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 or delivery before billing Medicaid for the supplemental payment, and maintain on file evidence of the payment. Section 18.5 (a)(iv) of the Contract, *Reporting Requirements for Encounter Data*, also requires the MCO to prepare and submit encounter data on a monthly basis to the DOH. Pursuant to 3.9(d) and 3.10(f) of the Contract, "Failure to have supporting records may, upon audit, result in recoupment of the supplemental maternity or newborn capitation payment by the DOH."

FINDINGS

A Draft Audit Report was issued September 13, 2012 identifying $856,226.32 in inappropriately billed claims for supplemental maternity or newborn capitation payments wherein the Plan failed to submit encounter data. In its November 21, 2012 response to the Draft Audit Report the Plan provided supporting documentation for 201 of the claims identified in the Draft Audit Report totaling $844,817.42 (Attachment I). The OMIG reviewed and accepted the documentation, reducing the overpayments in the Draft Audit Report by $844,817.42 (Attachment I). As a result, the findings in the Final Audit Report are $11,408.90 (Attachment II).

In accordance with 18 NYCRR Parts 517 and 518 and pursuant to the Contract, Section 3.6 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.

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. Interest was calculated on the overpayments using the Federal Reserve Prime rate (3.25%) from the date of each overpayment through September 7, 2012. As a result, for the overpayments identified in this audit, the OMIG has determined that accrued interest of $268.82 is owed (Interest amount column of Attachment II).

Subsequent to the issuance of the Draft Audit Report the Plan repaid the overpayment via the submission of two claim voids in the amount of $11,408.90 (Attachment II) reducing the overpayment by this amount. Based on this determination, the total amount due New York State DOH, as defined in 18 NYCRR 518.1 is $268.82 inclusive of interest (Total Amount Due column of Attachment II).

The OMIG also recommends the Plan review its encounter data reporting process and take appropriate actions to ensure births are reported properly via the submission of encounter data to the DOH.

REPAYMENT OPTIONS

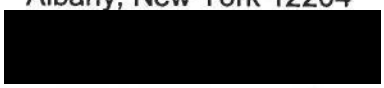
In accordance with 18 NYCRR Part 518, which regulates the collection of overpayments, your repayment options are described below.

OPTION #1: Make a full payment by check or money order within 20 days of the date of the Final Audit Report. The check should be made payable to the **New York State Department of Health** with audit number included and be sent with the attached Remittance Advice to:

New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 2739
Albany, New York 12237-0016

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 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. 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



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.

HEARING RIGHTS

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

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;
c) Cross examine witnesses of the DOH and/or the OMIG; and
d) Have an interpreter if you do not speak English or are deaf.

Questions regarding the request for a hearing should be directed to [redacted], Office of Counsel, at [redacted]

If you have any questions regarding the audit, please contact [redacted] at [redacted] or email at [redacted]

Sincerely,

[redacted]

Bureau of Managed Care Audit & Provider Review
Office of the Medicaid Inspector General

Enclosures (2)
Attachments:

CERTIFIED MAIL # [redacted]
RETURN RECEIPT REQUESTED

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE	PROVIDER #[redacted]
Medicaid/Government Programs United Healthcare of New York, Inc. 77 Water Street, 14th Floor New York, NY 10005	AUDIT # 12-5478
AMOUNT DUE: $268.82	PROVIDER TYPE ☐ Fee For Service ☐ Rate - LTC ☐ Rate - NH ☒ Managed Care ☐ 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:

[redacted]

New York State Department of Health
Medicaid Financial Management, B.A.M.
GNARESP Corning Tower, Room 2739
Albany, New York 12237-0016

Thank you for your cooperation.