



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

**REVIEW OF SOUTHERN TIER PEDIATRICS
RETROACTIVE DISENROLLMENT VOIDS DUE OVER 90 DAYS BASED ON
NYSDOH/MANAGED CARE QUARTERLY RETROACTIVE
DISENROLLMENT PREMIUM RECOVERY REPORT FOR THE
1st, 2nd, and 3rd QUARTERS 2011**

FINAL AUDIT REPORT

**James C. Cox
Medicaid Inspector General
June 12, 2012**

OFFICE OF THE MEDICAID INSPECTOR GENERAL

www.omig.state.ny.us

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.

TABLE OF CONTENTS

	PAGE
BACKGROUND	1
PURPOSE AND SCOPE	2
FINDINGS	2
HEARING RIGHTS	2-3
ATTACHMENTS AND SCHEDULES	
ATTACHMENT I – Final Report Overpayments	
ATTACHMENT II –Payment of Audit (Check copy)	



**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

June 12, 2012

[REDACTED]
Southern Tier Pediatrics
Hoffman Medical Bldg.
302 Hoffman Street
Elmira, NY 14905

Re: Final Audit Report
Audit # 12-3261
Provider # [REDACTED]

Dear [REDACTED]:

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid and Family Health Plus capitation payments made to Southern Tier Pediatrics (the "Plan") which the Plan was later instructed to return because the enrollees were retroactively disenrolled from the Plan. The OMIG review determined that the Plan had failed to return the payments. 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.

As of the release date of this final audit report, the Plan has agreed to the amount stated in the draft audit report dated May 10, 2012. As a result the findings in the final audit report remain unchanged to those cited in the draft audit report with disallowances of \$1,224.61.

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 Department of Health (Titles 10 and 18 of NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), and the Department of Health'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 Contractor 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 capitation payment from Medicaid and subsequently the enrollee was retroactively disenrolled for the entire payment month. Following notification of the retroactive disenrollment by the local district and the State Department of Health's Division of Health Plan Contracting and Oversight via the Quarterly Retroactive Disenrollment Premium Recovery Report, the Plan has not voided the capitation payments. The scope of the audit includes all retroactive disenrollment capitation payments with dates of service beginning with January 1, 2007, listed repeatedly on the First, Second, and Third Quarter Quarterly Retro Disenrollment Premium Recovery Reports for 2011.

FINDINGS

A draft audit report was issued May 10, 2012 identifying \$1,244.61 in overpaid capitation payments made to the Plan when it failed to return the monthly capitation payments associated with enrollees who were retroactively disenrolled for the entire payment month. In response to the draft audit report the Plan agreed to the amount listed on the draft audit report. As a result the final audit report identified an overpayment of \$1,244.61 (Attachment I). As stated in the Contract, Section 3.6 (Compensation – State Department of Health Right to Recover Premiums), Appendix H, and 18 NYCRR Parts 517 and 518, the OMIG has a right to recover overpayments 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 identified in the final audit report using a Federal Reserve Prime Rate of 3.25%, an overpayment begin date of October 1, 2011, and an end date of May 10, 2012. For the overpayments identified in Attachment I, the OMIG has determined that accrued interest of \$ 135.74 is owed.

The total amount of overpayment, inclusive of interest, as defined in 18 NYCRR 518.1, is \$1,360.35. Subsequent to the issuance of the draft audit report, the Plan submitted a check in the amount of \$1,360.35 to the NYS Department of Health leaving a balance of \$0.00 due on this audit.

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

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

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 Department of Health and/or the OMIG; and
- d) Have an interpreter if you do not speak English or are deaf.

If you have any questions regarding the above, please contact [REDACTED] at [REDACTED] or via e-mail at [REDACTED]

Thank you.

Sincerely,

[REDACTED]

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

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED