NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF CAPITAL DISTRICT PHYSICIANS' HEALTH PLAN, INC. RETROACTIVE DISENROLLMENT VOIDS DUE OVER 90 DAYS BASED ON NYSDOH/MANAGED CARE QUARTERLY RETRO DISENROLLMENT PREMIUM RECOVERY REPORTS FOR THE 2nd and 3rd QUARTERS, AND RETROACTIVE DISENROLLMENT VOIDS DURING THE 4TH QUARTER OF 2012

FINAL AUDIT REPORT
AUDIT # 13-5248

James C. Cox
Medicaid Inspector General

March 6, 2014

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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

March 6, 2014

[redacted]
Capital District Physicians' Health Plan, Inc.
500 Patroon Creek Blvd.
Albany, New York 12206-1057

Re: Final Audit Report
Audit # 13-5248
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 Capital District Physicians' Health Plan (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 the Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract (Contract) and 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.

BACKGROUND

The New York State Department of Health (the Department) is the state agency responsible for the administration of the Medicaid program. As part of its responsibility as an entity within the Department, 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 (Titles 10 and 18 of NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), and the Department's Medicaid Provider Manuals, *Medicaid Update* publications and applicable contract(s).

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 Department's Office of Health Insurance Programs/Division of Health Plan Contracting and Oversight, the Plan has not voided the capitation payments. The scope of the audit includes all retroactive disenrollment capitation payments with dates of service from October 1, 2007, through December 31, 2012.

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 the Department, 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.

FINDINGS

A Draft Audit Report was issued on September 30, 2013, identifying $34,869.74 in capitation payments made to the Plan for enrollees who were retroactively disenrolled for the entire payment month. In its January 29, 2014, response to the Draft Audit Report the Plan submitted documentation contesting a portion of the claims (Attachment I). Upon reviewing the documentation, the OMIG agreed with the Plan and reduced the overpayments in the Draft Audit Report by $4,492.68 (Attachment II). Subsequent to the issuance of the Draft Audit Report, the Plan submitted 63 claim voids in the amount of $21,429.39 (Attachment III)

As stated in the Contract, specifically Section 3.6 (Compensation – State Department of Health Right to Recover Premiums), and Appendix H of the Contract and 18 NYCRR Parts 517 and 518, the OMIG, on behalf of the Department, has a right to recover such 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%, from the date of overpayment to the date of the Draft Audit Report. For the overpayments identified in Attachment IV, the OMIG has determined that accrued interest of $468.80 is owed.

The total amount of overpayment, inclusive of interest, as defined in 18 NYCRR 518.1, is $30,377.06. Due to the submission of 63 claim voids totaling $21,429.39, (Attachment III), the remaining amount due is $9,416.47 (Attachment IV). Repayment of $9,416.47 is due the New York State Department of Health.

EFFECTIVE DATE

The OMIG, on behalf of the Department, is seeking to recover an overpayment in the amount of $9,416.47 from the Plan, effective 20 days from the date of this Final Audit Report.

PAYMENT OPTIONS

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

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, include the audit number 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
File # 13-5248
Albany, New York 12237-0016

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.

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 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.

PROVIDER 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 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 Plan wishes to request a hearing, the request must be submitted in writing 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 the Office of Counsel, at

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

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid program, take action where appropriate, and recover any associated overpayments. Please contact or via email at if you have any questions regarding the above. Thank you for your cooperation.

Sincerely,

Division of Medicaid Audit, Albany Office
Office of the Medicaid Inspector General

Attachments (4)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

Capital District Physicians' Health Plan, Inc.
500 Patroon Creek Blvd.
Albany, New York 12206-1057

PROVIDER [redacted]

AUDIT # 13-5248

AUDIT TYPE
[ ] PROVIDER
[ ] RATE-LTC
[ ] RATE-NH
[X] MANAGED CARE

AMOUNT DUE: $9,416.47

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
GNARESP Corning Tower, Room 2739
File # 13-5248
Albany, New York 12237-0048

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