



NEW YORK STATE  
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF HEALTH FIRST PHSP, INC.  
MANAGED CARE CROSSOVER WITH A COLER-GOLDWATER  
FACILITY, RESIDENTIAL TREATMENT FACILITY  
OR A STATE RUN FACILITY

DATES OF SERVICE FROM  
NOVEMBER 1, 2007 THROUGH DECEMBER 31, 2012

FINAL AUDIT REPORT  
AUDIT #13-6291

James C. Cox  
Medicaid Inspector General

March 20, 2014

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### ATTACHMENTS AND SCHEDULES

- ATTACHMENT I – Provider Response
- ATTACHMENT II – Paid Appropriate
- ATTACHMENT III – Final Audit Report Overpayments



**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 20, 2014

[REDACTED]  
HealthFirst PHSP, Inc.  
100 Church Street 18<sup>th</sup> Floor  
New York, New York 10007

Re: Final Audit Report  
Audit # 13-6291  
Provider # [REDACTED]

Dear [REDACTED]

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid monthly capitation payments made to HealthFirst PHSP, Inc. (Plan) that were determined to be overpayments and recoverable based on the enrollee's inpatient or residential status in one of the following types of facilities: a Coler-Goldwater Facility, a Residential Treatment Facility, or a State Run Facility. 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 (NYCRR), this report represents the final determination regarding capitation payments made on behalf of enrollees who were receiving care in a Coler-Goldwater Facility, a Residential Treatment Facility or a State Run Facility.

**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 of Health (Titles 10 and 18 of the 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 the Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract (Contract).

Pursuant to Section 3.6, 6.1, and Appendix H and M of the Contract, and Chapter 2: Eligible Populations of the New York State Operational Protocol for the Partnership Plan, the OMIG, on behalf of the Department, has a right to recover premiums paid to the Plan for members 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 monthly capitation payment from Medicaid for an enrollee who at the time was receiving all paid medical care for the entire month in a Coler-Goldwater Facility, a Residential Treatment Facility or a State Run Facility. When an enrollee has entered or stayed in a long-term hospital or a residential facility and the Plan is not at risk for medical services, the enrollee must be disenrolled retroactively and the capitation payments returned to Medicaid. The scope of the audit period is from November 1, 2007 through December 31, 2012.

### **FINDINGS**

A Draft Audit Report was issued on October 22, 2013, identifying \$610,441.14 in overpaid capitation payments made to the Plan and not subsequently returned to Medicaid when the Plan received monthly capitation payments for enrollees who were receiving all paid medical care in a Coler-Goldwater Facility, a Residential Treatment Facility, or a State Run Facility. In 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 to reduce the overpayments in the Draft Audit Report by \$9,352.63 (Attachment II) resulting in an overpayment of \$601,088.51. As stated in the Contract, Section 3.6 (Compensation – State Department of Health Right to Recover Premiums) and 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.

The total amount of overpayment, as defined in 18 NYCRR §518.1(c) is \$601,088.51. Subsequent to the issuance of the Draft Audit Report, the Plan voided claims in the amount of \$599,810.71. Therefore, \$1,277.80 is due the New York State Department of Health (Attachment III).

### **EFFECTIVE DATE**

The OMIG, on behalf of the Department, is seeking to recover the remaining amount due in the amount of \$1,277.80 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:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management, B.A.M.  
GNARESP Corning Tower, Room 2739  
File # 13-6291  
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 50% withhold after 20 days until the agreement is established. 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. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

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

[REDACTED]  
**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 [REDACTED] or via e-mail at [REDACTED] if you have any questions regarding the above. Thank you for your cooperation.

Sincerely,

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

Attachments

CERTIFIED MAIL [REDACTED]  
RETURN RECEIPT REQUESTED

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

**NAME AND ADDRESS OF AUDITEE**

HealthFirst PHSP, Inc.  
100 Church Street 18<sup>th</sup> Floor  
New York, New York 10007

**PROVIDER** [REDACTED]

**AUDIT #13-6291**

**AMOUNT DUE: \$1,277.80**

**AUDIT  
TYPE**

PROVIDER  
 RATE-LTC  
 RATE-NH  
 MANAGED  
CARE

**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 #13-6291  
Albany, New York 12237-0048

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