



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

**REVIEW OF AMERICHoice OF NEW YORK, INC.  
INCORRECT SUPPLEMENTAL MATERNITY AND NEWBORN  
CAPITATION PAYMENTS**

**FINAL AUDIT REPORT**

**James G. Sheehan  
Medicaid Inspector General  
May 16, 2011**

## **OFFICE OF THE MEDICAID INSPECTOR GENERAL**

[www.omig.ny.gov](http://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 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.

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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 G. SHEEHAN  
MEDICAID INSPECTOR GENERAL

May 16, 2011

[REDACTED]  
Americhoice of New York, Inc.  
77 Water Street, 14<sup>th</sup> Floor  
New York, NY 10005

Re: Final Report  
Audit #: 11-2851  
Provider ID #: [REDACTED]

Dear [REDACTED]

The New York State Office of the Medicaid Inspector General (OMIG) performed an audit of Americhoice of New York, Inc. (the Plan) to determine the appropriateness of supplemental newborn and maternity capitation payments (payment rate codes 2292, 2293, and 2298) billed by the Plan. 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.

After reviewing the Plan's May 5, 2011 response to the OMIG's March 23, 2011 Draft Report, the OMIG has reduced the Draft Report disallowance of \$15, 704.14 to \$8,178.31 in the Final Report. A detailed explanation can be found under the Findings section.

### BACKGROUND

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 various 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 by the Departments of Health and Mental Hygiene [Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (10 NYCRR, 14 NYCRR, 18 NYCRR)] and the Medicaid Provider Manuals.

Sections 3.9 and 3.10 of the Medicaid Managed Care/Family Health Plus Contract (MMC/FHPC) 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/delivery before billing Medicaid for the supplemental payment, and maintain on file evidence of the payment. Sections 3.9(d) and 3.10(f) go on to state that "Failure to have supporting records may, upon audit, result in recoupment of the supplemental maternity or newborn capitation payment by NYS DOH".

As per 18 NYCRR §518 (Recovery and Withholding of Payments or Overpayments), the OMIG has the right to recover payments or overpayments made inappropriately or for services which were not provided. To identify inappropriate payments the OMIG utilized various data mining techniques that included demographic information from the mother and/or child, and a manual review of each claim using eMedNY and claim payment historical information.

### **PURPOSE AND SCOPE**

The purpose of the audit was to ensure that the Plan was in compliance with 18 NYCRR §515.2 which addresses unacceptable practices under the medical assistance program, that includes following appropriate billing procedures for supplemental newborn and maternity capitation payments. The review includes dates of service during the period April 1, 2005 through December 31, 2010.

### **FINDINGS**

The Final Report found that the Plan was out of compliance with 18 NYCRR §515.2 and Sections 3.9 and 3.10 of the MMC/FHPC when it failed to provide sufficient supporting documentation for supplemental maternity or newborn capitation claims identified in the Draft Report.

A Draft Report was issued March 23, 2011 identifying \$15,704.14 in inappropriately billed claims by the Plan to Medicaid for supplemental maternity or newborn capitation payments. In response to the Draft 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 overpayment in the Draft Report by \$7,525.83 (Attachment II). As a result, the overpayment as defined in 18 NYCRR §518.1 is \$8,178.31 (Attachment III).

In accordance with 18 NYCRR §518.4, interest may be collected and will accrue at the current rate from the date of the overpayment. Interest was calculated using the Federal Reserve Prime Rate, with the begin date of interest being the date of overpayment and the end date being March 23, 2011. For the overpayments identified in this audit, the OMIG has determined that accrued interest of \$1,411.12 is owed (Attachment III).

Based on this determination, the total amount of overpayment plus interest, as defined in 18 NYCRR §518.1 is \$9,589.43 and is now due the New York State Department of Health.

### **PAYMENT OPTIONS**

In accordance with 18 NYCRR §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 attached Remittance Advice to:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management, B.A.M.  
GNARESP Corning Tower, Room 1237  
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 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:

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 to:

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

[REDACTED]

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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.

If the Plan has any questions regarding the above, please contact [REDACTED] at [REDACTED] or email at [REDACTED]

Sincerely,

[REDACTED]

Bureau of Managed Care Audit & Provider Review  
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**

Americhoice of New York, Inc  
77 Water Street, 14<sup>th</sup> Floor  
New York, NY 10005

**PROVIDER #** [REDACTED]

**AUDIT #** 11-2851

**AMOUNT DUE:** \$9,589.43

**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 1237  
Albany, New York 12237-0016

*Thank you for your cooperation.*