



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
90 Church Street, 14th Floor
New York, NY 10007

DAVID A. PATERSON
GOVERNOR

JAMES G. SHEEHAN
MEDICAID INSPECTOR GENERAL

October 4, 2010

[REDACTED]
AAA Health, Inc.
1090 Coney Island Avenue
Brooklyn, NY 11230

Final Audit Report

Audit #06-1498
Provider ID # [REDACTED]

Dear [REDACTED]

This letter will serve as our final audit report of the completed review of payments made to AAA Health, Inc. under the New York State Medicaid Program.

The New York State Department of Health is responsible for the administration of the Medicaid program. As part of this responsibility, the Office of the Medicaid Inspector General (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 Management Information System (MMIS) Provider Manuals.

Outpatient chemical dependence services are provided in either hospital-based or free-standing settings. Regardless of the setting in which they are provided, these services must be furnished in one of two distinct programs: an outpatient chemical dependence clinic program or an outpatient chemical dependence rehabilitation program. The purpose of outpatient programs for individuals with a diagnosis of chemical dependence is to provide medical evaluation, clinical care management, clinical services, and rehabilitation services. The specific standards and criteria for chemical dependence clinics are outlined in Title 14 NYCRR Part 822 and Title 18 NYCRR Section 505.27. The MMIS Provider Manual for Clinics also provides program guidance for claiming Medicaid reimbursement for chemical dependence services.

A review of payments to AAA Health, Inc. for outpatient chemical dependence services paid by Medicaid from January 1, 2004, through December 31, 2005, was completed. During the audit period, \$1,356,575.33 was paid for services rendered to 169 patients. This review consisted of a random sample of 100 patients with Medicaid payments of \$858,730.44. The purpose of the audit was to ensure that: Medicaid reimbursable services were rendered for the dates billed; appropriate rate or procedure codes were billed for services rendered; patient related records contained the documentation required by the regulations; and claims for payment were submitted in accordance with Department regulations and the Provider Manuals for Clinics.

AAA Health, Inc.'s failure to comply with Title(s) 10, 14 and/or 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (NYCRR) and the MMIS Provider Manual for Clinics resulted in a total sample overpayment of \$245,417.58.

The statistical sampling methodology employed allows for extrapolation of the sample findings to the universe of cases (18 NYCRR Section 519.18). The point estimate of the amount overpaid is \$414,756.00. (Exhibit I). This audit may be settled through repayment of the point estimate amount of \$414,756.00.

The following detailed findings reflect the results of our audit. This audit report incorporates consideration of any additional documentation and information presented in response to the draft report dated March 9, 2009.

DETAILED FINDINGS

In addition to any specific detailed findings, rules and/or regulations which may be listed below, the following regulations pertain to all audits:

Regulations state: "By enrolling the provider agrees: (a) to prepare and to maintain contemporaneous records demonstrating its right to receive payment . . . and to keep for a period of six years from the date the care, services or supplies were furnished, all records necessary to disclose the nature and extent of services furnished and all information regarding claims for payment submitted by, or on behalf of, the provider . . . (e) to submit claims for payment only for services actually furnished and which were medically necessary or otherwise authorized under the Social Services Law when furnished and which were provided to eligible persons; (f) to submit claims on officially authorized claim forms in the manner specified by the department in conformance with the standards and procedures for claims submission; . . . (h) that the information provided in relation to any claim for payment shall be true, accurate and complete; and (i) to comply with the rules, regulations and official directives of the department."
18 NYCRR Section 504.3

Regulations state: "All bills for medical care, services and supplies shall contain: . . . (8) a dated certification by the provider that the care, services and supplies itemized have in fact been furnished; that the amounts listed are due and owing . . .; that such records as are necessary to disclose fully the extent of care, services and supplies provided to individuals under the New York State Medicaid program will be kept for a period of not less than six years from the date of payment . . .; and that the provider understands that payment and satisfaction of this claim will be from Federal, State and local public funds and that he or she may be prosecuted under applicable Federal and State laws for any false claims, statements or documents, or concealment of a material fact provided. . . ."
18 NYCRR Section 540.7(a)

Regulations state: "An overpayment includes any amount not authorized to be paid under the medical assistance program, whether paid as the result of inaccurate or improper cost reporting, improper claiming, unacceptable practices, fraud, abuse or mistake." *18 NYCRR Section 518.1(c)*

Regulations state: "An unacceptable practice is conduct by a person which is contrary to: . . . (2) the published fees, rates, claiming instructions or procedures of the department" and "(3) the official rules and regulations of the Departments of Health, Education and Mental Hygiene. . . ." *18 NYCRR Section 515.2(a)*

Furthermore, according to regulations, all providers must prepare and maintain contemporaneous records demonstrating their right to receive payment under the medical assistance program. In addition, the provider must keep, for a period of six years, all records necessary to disclose the nature and extent of services furnished and the medical necessity therefore, including any prescription or fiscal order for the service or supply. This information is subject to audit for a period of six years and must be furnished, upon request. *18 NYCRR Section 517.3(b)*

1. **OASAS Quality of Care Review**

The OMIG requested the Office of Alcoholism and Substance Abuse Services (OASAS) to undertake a quality of care review of 15 cases from the sample of 100 cases selected for review.

In 3,135 instances pertaining to 15 patients¹, OASAS determined that the services did not meet the standards set by OASAS. These clinic visits were disallowed. This resulted in a sample overpayment of \$241,489.05 (Exhibit II).

OASAS' findings are detailed in **Attachment A**.

¹ Although only 15 cases were reviewed by OASAS, the "Quality Analysis Review" of OASAS (Attachment A) mentions "case record episodes." Since OASAS treats each admission as an episode, one case could have multiple episodes.

2. **Missing Progress Note**

Regulations state, "Progress notes shall be written at least every five visits or twice per month, whichever comes first, unless the patient is scheduled less frequently than twice per month, in which case a progress note shall be written after every session."

14 NYCRR Section 822.4(s)

In 21 instances pertaining to 15 patients, there was no progress note that related to the services billed. This resulted in a sample overpayment of \$1,617.63 (Exhibit III)

3. **Failure to Adhere to Treatment Plan - Group Counseling Sessions**

Regulations state, "Treatment according to the plan. The responsible clinical staff member shall ensure that the plan is included in the patient's record and that all treatment is provided in accordance with the treatment plan." *14 NYCRR Section 822.4 (m)*

In 15 instances pertaining to 6 patients, the number of group counseling sessions billed exceeded the number specified in the treatment plan. This resulted in a sample overpayment of \$1,155.45 (Exhibit IV).

4. **Duration of Visit Not Documented**

Regulations state, "An attendance note shall document the date, type and duration of the service provided." *14 NYCRR Section 822.4(r)*

In 11 instances pertaining to 10 patients, the record did not indicate the duration of the visit. The clinic visit was disallowed. This resulted in a sample overpayment of \$847.33 (Exhibit V).

5. **Group Counseling Patient Limit Exceeded**

Regulations state, "Each outpatient service must directly provide the following: group counseling (containing no more than 15 persons) and individual counseling." *14 NYCRR Section 822.2(c)(1)*

In 1 instance, the maximum number of patients allowed for group counseling services was exceeded. There were 16 patients in the group. This resulted in a sample overpayment of \$77.03 (Exhibit VI).

6. **No Service Provided**

Regulations state, "All occasions of service provided during a visit must be documented in the patient's treatment record." *18 NYCRR Section 505.27(b)(5)*

Furthermore, "The content and/or outcome of all visits must be fully documented in the individual patient or significant other's treatment record." *14 NYCRR Section 822.10(f)*

In 1 instance, the patient's record did not document that a service was provided. This resulted in a sample overpayment of \$77.03 (Exhibit VII).

7. **Missing Patient Record**

Regulations require that the Medicaid provider agrees, "to prepare and to maintain contemporaneous records demonstrating its right to receive payment under the medical assistance program and to keep for a period of six years . . . all records necessary to disclose the nature and extent of services furnished. . . ." *18 NYCRR Section 504.3(a)*

Regulations also require that bills for medical care, services and supplies contain a certification that such records as are necessary to disclose fully the services provided to individuals under the New York State Medicaid program will be kept for a period of not less than six years. These records must be furnished to the Department upon request.

18 NYCRR Section 540.7(a)(8) and Section 517.3

In 1 instance, the patient record was not available for review. This resulted in a sample overpayment of \$77.03 (Exhibit VIII)

8. **Duration of Clinic Visit Less Than Thirty Minutes**

Regulations state, "There shall be reimbursement only for visits that meet the following requirements: . . . each occasion of service must last at least 30 minutes."

14 NYCRR Section 822.10(e)(3)

In 1 instance, the duration of the clinic visit was less than thirty minutes. The clinic visit was disallowed. This resulted in a sample overpayment of \$77.03 (Exhibit IX).

Total sample overpayments for this audit amounted to \$245,417.58.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below. If you decide to repay the point estimate amount of \$414,756.00, one of the following repayment options must be selected within 20 days from the date of this letter:

OPTION #1: Make 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:


 New York State Department of Health
 Medicaid Financial Management, B.A.M.
 GNARESP Corning Tower, Room 1237
 Albany, New York 12237-0048

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.

Furthermore, 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 recover payment and liquidate the point estimate 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.

If you choose not to settle this audit through repayment of the point estimate, you have the right to challenge these findings by requesting an administrative hearing where the OMIG would seek and defend the point estimate of \$414,756.00. As allowed by state regulations, you must make your request for a hearing, in writing, within sixty (60) days of the date of this report 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]

Issues you may raise shall be limited to those issues relating to determinations contained in the final audit report. Your hearing request may not address issues regarding the methodology used to determine the rate, or any issue that was raised at a proceeding to appeal a rate determination.

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; and
- c) cross examine witnesses of the Department of Health and/or the OMIG.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid Program, take action where appropriate, and recover monies owed through the initiation of a civil lawsuit or other legal mechanisms including but not limited to the recovery of state tax refunds pursuant to Section 206 of the Public Health Law and Section 171-f of the State Tax Law.

Should you have any questions, please contact [REDACTED] at [REDACTED]

Thank you for the cooperation and courtesy extended to our staff during this audit.

Sincerely,

[REDACTED]
[REDACTED]
Division of Medicaid Audit, New York City
Office of the Medicaid Inspector General

cc: [REDACTED]

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

NAME AND ADDRESS OF AUDITEE

AAA Health, Inc.
1090 Coney Island Avenue
Brooklyn, NY 11230

PROVIDER ID # [REDACTED]

AUDIT #06-1498

AMOUNT DUE: \$414,756.00

AUDIT	<input checked="" type="checkbox"/>	PROVIDER
	<input type="checkbox"/>	RATE
	<input type="checkbox"/>	PART B
TYPE	<input type="checkbox"/>	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
File #06-1498
Albany, New York 12237-0048

Thank you for your cooperation.