



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

**REVIEW OF CAPITAL DISTRICT PHYSICIANS HEALTH PLAN  
RETRO DISENROLLMENT VOIDS DUE OVER 90 DAYS BASED ON  
NYSDOH/MANAGED CARE QUARTERLY RETRO DISENROLLMENT  
PREMIUM RECOVERY REPORT 4TH QUARTER 2010**

**FINAL AUDIT REPORT**

**James C. Cox  
Acting Medicaid Inspector General  
October 5, 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 C. COX**  
ACTING MEDICAID INSPECTOR GENERAL

October 5, 2011

[REDACTED]  
Capital District Physicians Health Plan  
500 Patroon Creek Blvd.  
Albany, NY 12206-1057

Re: Final Audit Report  
Audit # 11-5052  
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 (the Plan) that were paid on behalf of retroactively disenrolled members that presented no risk to the managed care organization. In each instance the Plan had been previously notified of the retroactive disenrollment and inappropriate payments and was instructed to void the capitation payments. This review identified those retro disenrollment capitation payments that did not have a subsequent claim void submitted 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 September 7, 2011 response to the OMIG's August 16, 2011 Draft Report, the OMIG has reduced the Draft Report disallowances from \$36,382.83 to \$33,518.28 in the Final Report. A detailed explanation can be found in the Findings section.

**BACKGROUND**

The New York State Department of Health 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] and the Medicaid Provider Manuals.

In accordance with 18 NYCRR Part 518 and pursuant to the Medicaid Managed Care and Family Health Plus Contract, Section 3.6 (Compensation – State Department of Health Right to Recover Premiums) and Appendix H, the OMIG 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 member was disenrolled retroactively for the payment month. Following notification of the retro disenrollment by the local district and the State Department of Health/Division of Managed Care via the Quarterly Retro Disenrollment Premium Recovery Report, the Plan had not voided the capitation payment. The scope of the audit includes all retro disenrollment capitation payments listed repeatedly on both the 2010 3rd Quarter and 2010 4th Quarter Retro Disenrollment Premium Recovery Reports.

## FINDINGS

A Draft Report was issued August 16, 2011 identifying \$36,382.83 in capitation payments inappropriately paid to the Plan for Medicaid recipients who were disenrolled retroactively for the payment month. In response to the Draft Report the Plan submitted documentation contesting a portion of the claims. Upon reviewing the documentation, the OMIG agreed with the Plan and reduced the overpayments in the Draft Report by \$2,865.66 (Attachment II). Subsequent to the issuance of the Draft Report, adjustments in the amount of \$1.11 were made to the claims identified on the Draft Report. As a result the Final Report identified an overpayment, inclusive of these adjustments, of \$33,518.28 (Attachment IV). As stated in the Medicaid Managed Care and Family Health Plus Contract, Section 3.6 (Compensation – State Department of Health Right to Recover Premiums) and Appendix H, the OMIG has a 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.

In accordance with 18 NYCRR Section 518.4, interest may be collected and will accrue at the current rate from the date of overpayment. Interest was calculated on overpayments identified in the Final Report using the Federal Reserve Prime rate, with a begin date of interest of January 1, 2011 and the end date of August 16, 2011. For the overpayments identified in Attachment IV, the OMIG has determined that accrued interest of \$2,888.97 is owed.

Subsequent to the release of the Draft Report, the plan voided claims in the amount of \$388.74 (Attachment III). As a result, the total amount of overpayment due, inclusive of interest, as defined in 18 NYCRR § 518.1, is \$ 36,018.51 and is due the New York State Department of Health.

## REPAYMENT 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 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:

Collections Management Group  
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.

### **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 Section 519.18(a), 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 [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. Further, issues must be limited to those you raised in any written response to the draft audit report. The hearing 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.

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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.
- d) Have an interpreter if you do not speak English or are deaf.

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.

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

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

**NAME AND ADDRESS OF AUDITEE**

Capital District Phys. Health Plan  
500 Patroon Creek Blvd.  
Albany, NY 12206-1057

**PROVIDER #** [REDACTED]

**AUDIT # 11-5052**

**AMOUNT DUE: \$ 36,018.51**

**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.*