



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

**REVIEW OF NYS CATHOLIC HEALTH PLAN INC.'S  
INCARCERATION MATCH  
DATES OF SERVICE FROM JANUARY 1, 2011  
THROUGH DECEMBER 31, 2011**

**FINAL AUDIT REPORT**

**James C. Cox  
Medicaid Inspector General  
October 31, 2012**

## **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**  
MEDICAID INSPECTOR GENERAL

October 31, 2012

[REDACTED]  
NYS Catholic Health Plan, Inc. c/o Fidelis Care NY  
95-25 Queens Boulevard, 8th Floor  
Rego Park, NY 11374

Re: Final Audit Report  
Audit # 12-3412  
Provider [REDACTED]

Dear [REDACTED]:

The New York State Office of the Medicaid Inspector General (OMIG) has identified instances where NYS Catholic Health Plan Inc. (Plan) received monthly Medicaid and Family Health Plus capitation payments in months when the enrollee was incarcerated. 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 the issues found during the OMIG's review.

**BACKGROUND**

The New York State Department of Health (DOH) is responsible for the administration of the Medicaid program. As part of its responsibility as an entity within DOH, 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 NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), and the Department of Health's Medicaid Provider Manuals, *Medicaid Update* publications and Medicaid Managed Care/Family Health Plus/HIV Special Needs Plan Model Contract (Contract).

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 DOH, 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.

## **PURPOSE AND SCOPE**

The purpose of this audit was to identify instances where the Plan received a capitation payment for an incarcerated enrollee. These cases were identified by a computerized match comparing Medicaid and Family Health Plus managed care enrolled recipients to information provided by the New York State Department of Correctional Services and Division of Criminal Justice Services. The scope of the review included capitation payments made to the Plan during the period January 1, 2011 through December 31, 2011.

## **FINDINGS**

A Draft Audit Report was issued June 26, 2012 identifying \$433,565.02 in capitation payments made to the Plan for incarcerated enrollees. Prior to the Draft Audit Report being issued, \$770.48 (Attachment I) in capitation payments that were identified in the Draft Audit Report were voided by the Plan, reducing the findings to \$432,794.54.

In response to the Draft Audit Report the Plan disputed one claim (Attachment II). Upon reviewing the claim information it was determined that the enrollee was not incarcerated for the full payment month, and the OMIG agreed to reduce the findings by the disputed claim of \$288.94 (Attachment III). As stated in the Contract, Section 3.6 (Compensation – State Department of Health Right to Recover Premiums), Appendix H, and 18 NYCRR Parts 517 and 518, the OMIG, on behalf of DOH, has a right to recover capitation payments 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. As a result, the total amount of findings identified in this Final Audit Report is \$432,505.60.

Subsequent to the issuance of the Draft Audit Report, the Plan submitted 1,234 claim voids in the amount of \$432,568.28 (Attachment IV), creating an audit overpayment to DOH of \$62.68. This overpayment is the result of a previous cash recovery on two claims overpaid by \$31.34 each (Attachment V) which were recovered in a previous audit (#11-7124). The Plan, after receipt of our draft report, fully voided both claims (\$291.68 each) instead of submitting a claim adjustment (\$260.34 each) to reflect the partial cash recovery previously made on these two claims.

As a result, the Plan will be receiving a refund in the amount of \$62.68 which will be reflected in a future remittance statement. If the Plan owes any funds to the State, said refund 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), "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 within sixty (60) days of the date of this notice 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]

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;
- c) Cross examine witnesses of the Department of Health and/or the OMIG; and
- d) Have an interpreter if you do not speak English or are deaf.

If you have any questions regarding the above, please contact [REDACTED] at [REDACTED] or via e-mail at [REDACTED]

Sincerely,

[REDACTED]

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

Attachments: (5)

CERTIFIED MAIL # [REDACTED]  
RETURN RECEIPT REQUESTED