NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

REVIEW OF INDEPENDENT HEALTH ASSOCIATION'S SUPPLEMENTAL MATERNITY AND NEWBORN CAPITATION PAYMENTS ON BEHALF OF ENROLLEES WITHOUT CORRESPONDING ENCOUNTER DATA

FINAL AUDIT REPORT

James C. Cox
Medicaid Inspector General
October 23, 2012

OFFICE OF THE MEDICAID INSPECTOR GENERAL

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 23, 2012

[redacted]
Independent Health Association
511 Farber Lakes Drive
Buffalo, NY 14221

Re: Final Audit Report
Audit #: 12-5493
Provider ID #: [redacted]

Dear [redacted]:

The New York State Office of the Medicaid Inspector General (OMIG) has identified Medicaid and Family Health Plus supplemental newborn or maternity capitation payments made to Independent Health Association (Contractor) where there was no corresponding hospital birth or delivery encounter data submitted. 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.

After reviewing the Contractor's October 10, 2012 response to the OMIG's September 13, 2012 Draft Audit Report, as well as any information/documentation submitted, the OMIG has considered the documentation and the report has been revised accordingly. Consideration of the documentation resulted in an overall reduction of $7,287.16 to the total Medicaid overpayment shown in the Draft Audit Report. A detailed explanation can be found in the Findings section.

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 DOH (Titles 10 and 18 of NYCRR), the regulations of the Office of Mental Health (Title 14 of the NYCRR), and the DOH'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 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 Contractor received a supplemental newborn and/or maternity capitation payment from Medicaid where no corresponding encounter data was reported by the Contractor for the services. The audit identified instances where the Contractor failed to maintain and provide documentation to support the billing of supplemental newborn and maternity capitation payments. The scope of the audit included supplemental newborn and maternity capitation payments with dates of services of January 1, 2011, to December 31, 2011.

Sections 3.9 and 3.10 of the Contract 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 or delivery before billing Medicaid for the supplemental payment, and maintain on file evidence of the payment. Section 18.5 (a)(iv) of the Contract, *Reporting Requirements for Encounter Data*, also requires the MCO to prepare and submit encounter data on a monthly basis to the DOH. Pursuant to 3.9(d) and 3.10(f) of the Contract, "Failure to have supporting records may, upon audit, result in recoupment of the supplemental maternity or newborn capitation payment by the DOH."

FINDINGS

A Draft Audit Report was issued September 13, 2012 identifying $7,287.16 in inappropriately billed claims for supplemental maternity or newborn capitation payments wherein the Contractor failed to submit encounter data. In its October 5, 2012 response to the Draft Audit Report the Contractor provided supporting documentation for the two claims identified in the Draft Audit Report totaling $7,287.16 (Attachment I). The OMIG reviewed and accepted the documentation, reducing the overpayments in the Draft Audit Report by $7,287.16 (Attachment I). As a result, the findings in the Final Audit Report are $0.00.

HEARING RIGHTS

The Contractor 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 Contractor 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

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 DOH and/or the OMIG; and
d) Have an interpreter if you do not speak English or are deaf.

Questions regarding the request for a hearing should be directed to [redacted], Office of Counsel, at [redacted]

If you have any questions regarding the audit, please contact [redacted] at [redacted] or email at [redacted]

Sincerely,

[redacted]

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

Enclosures (1)
Attachment:

CERTIFIED MAIL # [redacted]
RETURN RECEIPT REQUESTED