

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

**H. Carl McCall
STATE COMPTROLLER**



**DEPARTMENT OF HEALTH
ADMINISTRATION OF CONTRACT C-014917
MEDICAID MANAGED CARE PROGRAM
MAXIMUS, INC.**

2001-R-2

**DIVISION OF MANAGEMENT AUDIT AND
STATE FINANCIAL SERVICES**

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H. Carl McCall
STATE COMPTROLLER

Report 2001-R-2

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
NYS Department of Health
Empire State Plaza, Corning Tower
Albany, New York 12237

Dear Dr. Novello:

The following is our audit report on the administration of State Contract C-014917 between the Department of Health and Maximus, Inc., for the period of April 1, 1998 through March 31, 2001.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article II, Section 8 of the State Finance Law. We list major contributors to this report in Appendix A.

Office of the State Comptroller
Division of Management Audit
and State Financial Services

June 28, 2002

Division of Management Audit and State Financial Services

110 STATE STREET ♦ ALBANY, NEW YORK 12236
123 WILLIAM STREET ♦ NEW YORK, NEW YORK 10038

EXECUTIVE SUMMARY

DEPARTMENT OF HEALTH ADMINISTRATION OF CONTRACT C-014917 MEDICAID MANAGED CARE PROGRAM MAXIMUS, INC.

SCOPE OF AUDIT

The New York State Department of Health (Department) administers the Federal Medicaid program that provides medical assistance to the State's indigent residents. Since July 1997, the State has been allowed to enroll Medicaid recipients in managed care programs, under which managed care organizations receive monthly premium payments for each enrolled recipient. To facilitate an effective transfer of Medicaid recipients, the Department joined with participating counties in establishing a Statewide mandatory Medicaid Managed Care program (Program) known as the Partnership Plan. Under this Plan, recipient education and Program enrollment activities may be performed by either the Department, local departments of social services, or contracted enrollment brokers, but the Department is ultimately responsible. Accordingly, brokers providing services under a contract are to submit periodic performance reports to the Department.

The Department entered into Contract C-014917 (Contract) with Maximus, Inc. (Maximus), for the period April 1, 1998 through June 30, 2000, to provide education and enrollment services for the Medicaid Managed Care program for New York City-based Medicaid recipients. In July 2000, the scope of this cost-plus Contract was expanded to provide for services to Medicaid recipients in Nassau and Suffolk counties, and the term of the Contract was extended to June 30, 2002.

Our audit addressed the following questions about Maximus' Contract-related billings and selected related financial operations, as well as the Department's oversight thereof, for the period April 1, 1998 through March 31, 2001:

- Are Maximus' Contract-related billings supported, justified, and appropriate?

- Does the Department provide effective oversight of Maximus' operations under this Contract?

AUDIT OBSERVATIONS AND CONCLUSIONS

Maximus was paid \$32.9 million for expenses incurred in connection with services performed under the Contract during the period April 1, 1998 through March 31, 2001. We tested the supporting documentation for a sample of the personal services, and other-than-personal services expenses claimed under the Contract and found that most items tested were properly supported. Our testing did disclose that Maximus overbilled the State for the use of corporate apartments in New York City and Virginia that it maintained for visiting administrators. According to Maximus' financial analyst, who was responsible for preparing the claims, he was not aware that there was a monthly cap on such expenses. We also found that Maximus overbilled for fringe benefits and administrative overhead. Maximus had used estimated rates, which were higher than the actual rates that should have been used. These two factors resulted in a disallowance of \$178,394. (See pp. 5-10)

We also found that the Department had not deducted the amount of retainage required by the Contract from Maximus' monthly bills for the first 14 months of the Contract. During this time, Maximus billed for, and was paid, \$9,794,381 on the Contract. Five percent of that amount, or \$489,719, should have been retained to help ensure that all required services were performed prior to payment, but was not. Department officials explained that various start-up costs had been incurred during the first year of the Contract to which no performance measures could be applied. They said the required retainage is currently being withheld. (See p. 10)

COMMENTS OF DEPARTMENT OFFICIALS

Department officials agreed that certain charges were incorrectly billed and indicated they will continue to work with Maximus and the Office of the State Comptroller to determine the exact amount involved.

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INTRODUCTION

Background

The New York State Department of Health (Department) administers the Medicaid program that provides medical assistance to the State's indigent residents. In July 1997, the United States Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS), formerly known as the Health Care Financing Administration, approved a waiver that permitted the State to enroll Medicaid recipients in Managed Care programs. Under the State's Medicaid Managed Care program, managed care organizations (MCOs) receive monthly premium payments for each enrolled recipient. In return, the MCOs must ensure that each enrollee has a primary care provider and adequate access to a full continuum of 24-hour health care of acceptable quality. To help ensure an effective transfer of Medicaid recipients into the program, the Department and participating counties established a Statewide mandatory Medicaid Managed Care program (Program) known as the Partnership Plan.

In accordance with the Partnership Plan, all recipient education and Program enrollment activities are to be performed by either the Department, local departments of social services (local districts), or contracted enrollment brokers. Regardless of who performs the services, the Department is responsible for all education and enrollment activities. Contracted enrollment brokers that provide services under a contract are to submit periodic performance reports to the Department.

The Department entered into Contract C-014917 (Contract) with Maximus, Inc. for the period April 1, 1998 through June 30, 2000, to provide education and enrollment services for the Medicaid Managed Care program for New York City-based Medicaid recipients. In July 2000, the scope of this cost-plus Contract was expanded to provide for services to Medicaid recipients in Nassau and Suffolk counties as well. At that time, the term of the Contract was extended until June 30, 2002. The original Contract for services to New York City totaled \$23.6 million. The expansion and extension of Contract services

added an additional \$43 million, bringing the total Contract cost to nearly \$67 million. Through March 31, 2001, Maximus billed the State \$32.9 million on this Contract.

Pursuant to Contract terms, Maximus is required to reach out to the targeted Medicaid population, often in concert with local community-based organizations, to:

- educate the targeted population regarding the nature of managed care and available managed care choices;
- operate an in-State call center featuring toll-free customer service;
- enroll the targeted Medicaid population into managed care plans via mail or telephone, or on a face-to-face basis; and
- provide information system support for all Contract-related functions, including linkages to State operating systems, the Medicaid Management Information System, managed care plans, and other interested parties.

Audit Scope, Objectives and Methodology

We audited Maximus' Contract-related billings and selected related financial operations for compliance with the fiscal requirements of the Contract, as well as the Department's oversight thereof, for the period April 1, 1998 through March 31, 2001. The objectives of our financial-related audit were to determine whether Maximus' Contract-related billings were appropriate; and whether the Department has provided effective contractor oversight. To achieve our objectives, we reviewed the Contract and associated documents, assessed internal controls, and tested a sample of expense items claimed by Maximus under the Contract. The number and types of transactions tested are discussed in the report. We also reviewed the Department's contract-monitoring procedures, and interviewed relevant Department and Maximus officials and staff.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess the operations that are included in our audit scope. Further, these standards

require that we understand the internal control structure and compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. We therefore focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our audit reports on an “exception basis.” This report, therefore, highlights those areas needing improvement.

Internal Control and Compliance Summary

Our consideration of Maximus’ internal control structure over Contract operations found that it is sufficient to capture and record relevant Contract-related transactions. However, as described later in this report, improvements are needed in the areas of expense documentation, overhead calculations and the Department’s procedures to provide effective oversight.

Response of Department Officials to Audit

We provided draft copies this report to Department and Maximus officials for their review and comment. Their comments were considered in preparing this report and are included as Appendix B.

Department officials agreed that certain charges were incorrectly billed and indicated they will continue to work with Maximus and the Office of the State Comptroller to determine the exact amount involved.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

COMPLIANCE WITH FISCAL REQUIREMENTS

Pursuant to the Contract, Maximus is required to maintain sufficient internal controls and systems to: accurately account for the program's financial activities; support and justify Contract-related expenses; and prevent inappropriate expenditures from occurring. As such, we reviewed selected expense items to assess whether the corresponding products and/or services were actually received, and whether they were appropriate for Contract billing purposes.

For the period April 1, 1998 through March 31, 2001, Maximus claimed \$32,938,349 in expenses and profit for reimbursement under the Contract. We tested the payroll expenses claimed by Maximus by systematically sampling 124 payroll transactions, and found no errors. Therefore, we concluded that the amounts claimed by Maximus for payroll were appropriate.

We also tested the supporting documentation for a judgmental sample of 1,436 other-than-personal services higher dollar value transactions, in seven expense categories. We found that most items tested were properly supported. Our testing did disclose that Maximus overbilled for the use of corporate apartments maintained for visiting administrators in New York City and Virginia. According to Maximus' financial analyst, who was responsible for preparing the claims, he was not aware that there was a monthly cap on such expenses. We also found that Maximus overbilled for fringe benefits and administrative overhead. Maximus had used estimated rates, which were higher than the actual rates that should have been used. These two factors resulted in a disallowance of \$178,394 (see Exhibit A).

We also found that the Department had not deducted the amount of retainage required by the Contract from Maximus' monthly bills for the first 14 months of the Contract. During this time, Maximus billed for, and was paid, \$9,794,381 on the Contract. Five percent of that amount, or \$489,719 should have

been retained to help ensure that all required services were performed prior to payment, but was not.

Fringe Benefits, Overhead, and General and Administrative Expenses

Maximus uses computed rates to bill for certain expenditures that are corporate-related and cannot be separated readily into program-specific components. These rates are used for fringe benefits, overhead, and general and administrative costs. Each of the three computed rates is based on the overall cost of operating Maximus’ Government Operations Division, whose responsibilities include the Contract Program. Maximus also applies a 9 percent management fee (project management fee) on all Program expenses as a profit mark-up. Since the Program’s actual expenses are not formally compiled until the end of Maximus’ fiscal year (September 30), an estimated rate is used for monthly billing purposes.

During the two-year period ended September 30, 2000, Maximus billed the Department a total of \$25.2 million for the Medicaid Managed Care project, including more than \$7.5 million for the estimated rates and project management fee. We determined that the actual rates for two of the three computed components were slightly lower than the estimated rates used, resulting in a net overpayment of \$171,003, or about 0.7 percent of the total billings for the period.

The following tables show the over/under payment for each of these components for the noted fiscal years.

| | <u>Fiscal Year Ended September 30, 1999</u> | | |
|-------------------------|---|-----------------------|-------------------|
| | <u>Billings Based</u> | <u>Billing Based</u> | |
| | <u>on Estimated Rate</u> | <u>on Actual Rate</u> | <u>Difference</u> |
| Fringe Benefits | \$1,107,650 | \$1,189,558 | -\$81,908 |
| Overhead | 482,702 | 341,078 | 141,624 |
| General and Admin. Exp. | 756,266 | 752,947 | 3,319 |
| Project Mgmt. Fee | <u>859,506</u> | <u>851,730</u> | <u>7,776</u> |
| | <u>\$3,206,124</u> | <u>\$3,135,313</u> | <u>\$70,811</u> |

Fiscal Year Ended September 30, 2000

| | <u>Billings Based on Estimated Rate</u> | <u>Billings Based on Actual Rate</u> | <u>Difference</u> |
|-------------------------|---|--|-------------------|
| Fringe Benefits | \$1,447,634 | \$1,503,458 | -\$55,824 |
| Overhead | 576,586 | 446,994 | 129,592 |
| General and Admin. Exp. | 1,084,960 | 1,066,808 | 18,152 |
| Project Mgmt. Fee | <u>1,228,556</u> | <u>1,220,284</u> | <u>8,272</u> |
| | <u>\$4,337,736</u> | <u>\$4,237,544</u> | <u>\$100,192</u> |

Maximus' fringe benefit expenditures include payroll-related expenses other than the direct payroll costs charged to the Contract. Maximus considers only the cost of time spent directly working on a project to be a salary expense of the project. Any time off for holidays, sick leave, or vacation is accounted for separately and applied to the direct labor base as a fringe benefit. In addition to leave time, the fringe benefit rate also includes such components as 401(K) employer contributions, insurance benefits, FICA, and workers' compensation. As a result of the separate accounting for paid leave time, the rate charged for fringe benefits appears to be high when compared to those in place at State agencies; but it is actually in line with normal fringe benefit rates considering the above noted accounting treatment.

The fringe benefit rate is applied to total direct labor expenses. The estimated rate Maximus used for the fringe benefit component was less than the actual rate applied by Maximus during the audit period. During fiscal 1998/99, an estimated rate of 38 percent was used, but the actual rate was 40.81 percent, resulting in an underpayment of \$81,908. For the fiscal year 1999/2000, 38 percent was used for part of the year and 41 percent for the remainder, for an average of 38.8 percent. The actual rate for this period was 40.3 percent, resulting in an underpayment of \$55,824. The total underpayment for fringe benefits for the two fiscal years totaled \$137,732.

Program overhead accounts for the costs of indirect administrative labor and general marketing labor for Government Operations projects, as well as other associated expenses (e.g., corporate officers, etc).

To determine the associated expense, the overhead rate is applied to the combined cost of direct labor and fringe benefits. Maximus used an estimated rate for overhead that was

considerably higher than the actual rate for both fiscal years. During Maximus' 1998/99 fiscal year, an estimated rate of 12 percent was used, even though the actual rate was only 8.31 percent, resulting in an overpayment to Maximus of \$141,624. For Maximus' 1999/2000 fiscal year, 12 percent was used as the estimated rate for part of the year, and 8.82 percent for the remainder, for an average of 11.13 percent. The actual rate for this period was 8.54 percent, resulting in an overpayment of \$129,592. The total overpayment for overhead for the two fiscal years was \$271,216.

The Program's general and administrative rate covers the expenses of Maximus' Government Operations Division and an allocation of home office expenses.

The general and administrative rate is applied to all Program expenses before the project management fee is calculated. Although this rate was slightly understated for the audit period, it resulted in an overpayment for each year because it was applied, in part, to the overstated overhead rate. This resulted in an overpayment of \$21,471. We also disallowed other-than-personal services expenses of \$6,243, discussed in the subsequent section of this report, to which we applied the correct general and administrative rate generating an additional disallowance of \$538. The disallowance for the general and administrative expenses totaled \$22,009.

Finally, the project management fee is applied to all expenses of the Program, including fringe benefits, overhead, and general administrative costs. After negotiations, this fee was set at 9 percent by the Contract, and its application to the incorrect rates noted above resulted in an overpayment of \$16,048 for project management. Because of the reduction in other-than-personal services expenses, we took an additional disallowance of \$610 in project management fees, bringing the total disallowance to \$16,658.

Other-Than-Personal Services Expenses

We tested a total of \$6,666,563 in other-than-personal services costs of the \$13,775,697 claimed by Maximus under the Contract for the period April 1, 1998 to March 31, 2001. Our testing disclosed that all but \$6,243 of the amount tested was properly claimed. Of this amount, \$4,580 resulted

from overbilling for corporate apartments, and \$1,663 for various other unsupported or inappropriate expenses.

Corporate Apartments

Maximus maintains corporate apartments at 25 Broad Street, across from its Manhattan project office, and in McLean, Virginia, near their corporate headquarters. The apartments are maintained to help ensure the availability of a room in a convenient location for corporate and visiting staff working at the New York project and for New York project personnel who travel to the Virginia offices. In a letter dated December 14, 1998, Maximus and the Department agreed that use of the New York apartment would be billed at \$225 per day of actual use, up to but not exceeding the current negotiated monthly rental rate (\$3,100 initial rate). The Virginia apartment was to be billed at a rate of \$70 per day.

We reviewed claims totaling \$62,195 for use of the corporate apartments during April 1999 through March 2001. These claims included \$58,500 for use of the New York apartment, and \$3,695 for use of the Virginia apartment. We found that for ten of these months, the amount claimed for the New York apartment exceeded the agreed-upon initial monthly rental cap of \$3,100 as well as subsequent increased caps. These excess claims, which ranged from \$275 to \$1,175 per month, totaled \$3,950. We also found that \$630 in billings for the Virginia apartment were not supported adequately. As a result, the total overbilling for the apartments was \$4,580.

Maximus' financial analyst said the overbilling for the New York City apartment occurred because he was unaware of the monthly caps. The necessary adjustments to his records were made when we brought this to his attention.

Other Expenses

We found that several of the billings in various other-than-personal services expense categories were either unsupported or inappropriate. These disallowed expenses totaled \$1,663. Examples of these disallowed expenses include out-of-town travel expenses where, we found that on one occasion, two tickets had been purchased inadvertently for the same passenger traveling from Virginia to New York. We disallowed a charge of \$404 for one of these tickets. We also found that the

miscellaneous expense category contained a \$60 charge for an employee's wedding gift.

Retainage

Article 7.3 of the Contract calls for the Department to withhold 5 percent of each monthly invoice total to be paid at a later date in the form of performance measure incentives. The monthly retainage fee is to be returned to Maximus on a quarterly basis when the average, aggregate performance measures meet or exceed the standards established by contract.

When we compared the monthly payments with the contractor's billings for the corresponding periods, we found that the Department had not deducted the required amount of retainage for the first 14 months of the Contract. During these months, Maximus billed for and was paid \$9,794,381 on the Contract. Five percent of that amount, or \$489,719, should have been retained but was not.

In response to our preliminary report, Department officials explained that during the first year of the Contract, Maximus incurred various start-up costs to which no performance measures could be applied. They further stated that sufficient contractor oversight procedures were applied to support the payments made during this period. They stated further, that they are currently withholding the required retainage.

Recommendations

1. Recover the aggregate Contract overpayments of \$178,394 identified in this report.
2. Deduct the required retainage from all future billings prior to payment.

**SUMMARY OF AUDIT DISALLOWANCES
CONTRACT C-014917
MAXIMUS, INC.
FOR THE PERIOD APRIL 1, 1998 TO MARCH 31, 2001**

| | Amount Claimed | Amount Allowed | Amount (Underbilled) Disallowed |
|-------------------------------------|---------------------------|---------------------------|--|
| Direct Labor | \$9,107,901 | \$9,107,901 | |
| Fringe Benefits | 3,564,854 | 3,702,586 | \$(137,732) |
| Overhead | 1,365,513 | 1,094,297 | 271,216 |
| Other-Than-Personal Services | 13,775,697 | 13,769,454 | 6,243 |
| General and Administrative Expenses | 2,404,704 | 2,382,695 | 22,009 |
| Project Management Fee | 2,719,680 | 2,703,022 | 16,658 |
| | | | |
| Net Total Disallowed | \$32,938,349 | \$32,759,955 | \$178,394 |

MAJOR CONTRIBUTORS TO THIS REPORT

William Challice
Frank Patone
Aaron Fruchter
Peter Schmidt
Robert Tabi
Hector Mercedes
Michael Soberman
Marticia Madory



STATE OF NEW YORK
DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr.P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

May 29, 2002

William P. Challice
Audit Director
Office of the State Comptroller
Division of Management Audit & State
Financial Services
123 William Street – 21st floor
New York, New York 10038

Dear Mr. Challice:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's draft audit report 2001-R-2, entitled "Administration of Contract C-014917 Medicaid Managed Care Program – Maximus, Inc."

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Whalen', written in a cursive style.

Dennis P. Whalen
Executive Deputy Commissioner

Enclosure

Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report
2001-R-2 Entitled
"Administration of Contract C-014917
Medicaid Managed Care Program – Maximus, Inc."

The following are the Department of Health's (DOH) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2001-R-2 entitled "Administration of Contract C-014917 Medicaid Managed Care Program – Maximus, Inc."

Background

The Department holds a contract with Maximus, Inc. to perform education, outreach and enrollment functions in support of the Medicaid Managed Care and Family Health Plus programs for New York City, Nassau County, and Suffolk County. Maximus is currently in the second year of a two-year extension to its initial contract with the Department. OSC approved the initial contract on May 28, 1998. In New York City, Nassau County, and Suffolk County, Maximus has processed nearly 700,000 new enrollments and transfers, handled over one million incoming phone calls, and reached nearly 130,000 individuals through community presentations and presentations in the local district offices. Over 300,000 voluntary and mandatory enrollment packets have been sent since August 1999.

The audit reviewed the support for, and propriety of, contract-related expenses incurred during the period April 1, 1998 through March 31, 2001. It is evident from the draft audit findings that there are no substantial contract issues.

The following are the Department's responses to OSC's specific recommendations.

RECOMMENDATION #1:

Recover the aggregate contract overpayments of \$178,394 identified in the draft audit report.

RESPONSE #1:

The OSC audit finds that Maximus has overcharged the Department in two areas. The first disputed charges were for other than personal services, primarily related to two corporate apartments used by Maximus. The second disputed charges were specific to the use of estimated rates for fringe and overhead, with no retroactive adjustment made at the time that actual rates are calculated.

RESPONSE #1 (cont'd):

The Department is in agreement that certain charges for other than personal services were incorrectly billed. These charges were credited by Maximus in the July 2001 voucher; however, there is some discrepancy as to the amount of the overcharge. Maximus sent a letter dated December 14, 2001 to OSC detailing the actual amount of the overcharge, and requesting a response from OSC to reconcile the difference. No response has been received to date, however, the Department will continue to work with Maximus and OSC to determine the true amount that needs to be reconciled.

With regard to the audit finding concerning the reconciliation of actual overhead and fringe rates, the Department will work with Maximus to recover the differences due to changes in rates. It should be noted that the amount that is gained by the reconciliation is less than one percent of the total amount paid to Maximus. It should also be noted that reconciliation in the future could lead to additional costs to the State, depending on the direction of the rate adjustments.

RECOMMENDATION #2:

Deduct the required retainage from all future billings prior to payment.

RESPONSE #2:

Excluding the first months of the contract used by Maximus to hire staff, locate work space, purchase equipment, etc. the Department always evaluated, and continues to evaluate, performance prior to recommending payment of monthly Maximus vouchers.

Maximus reduces monthly payment requests by the required five percent retainage, and submits vouchers for the retained amounts on a quarterly basis. The Department evaluates performance compared to the contractual requirements prior to approving Maximus' retainage vouchers. This procedure has been in place since August 1999 when all performance areas of the contract were fully implemented. Prior to that, the Department evaluated performance for operational areas of the contract before approving monthly vouchers.

In September 1998, Maximus initiated some voluntary mailings and took over responsibility for the HRA consumer HelpLine. The full managed care program, including mandatory mass mailings, community presentations, full operation of the call center, and autoassignments in Phase I areas, began in August 1999.

RESPONSE #2 (cont'd):

From October 1998 through July 1999 the Department used available Maximus reports to substantiate that Maximus performed HelpLine tasks in accordance with the contract performance criteria. This evaluation, conducted prior to payment, allowed the Department to recommend full payment of the claims submitted for those months since it had already been determined that Maximus met the performance standards. The cover memos that accompanied the vouchers for payment demonstrate that the Department was reviewing performance and making recommendations as to payment in full without the need for the retainage reduction. Copies of the cover memos are attached.

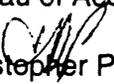
Autoassignment data provided by the Department was not available to evaluate Maximus' performance against contract retainage criteria until January 2000, and therefore could not be applied to vouchers submitted starting in August 1999. As a result, at the time, the Department and Maximus agreed on a method to reduce the monthly vouchers by the five percent retainage and submit separate vouchers for those amounts at three-month intervals, after data necessary to assess all performance areas became available. This process is currently in place.

The Department will continue to require Maximus to reduce monthly vouchers by the five percent retainage amounts, and evaluate performance prior to payments of retained amounts.

FILE COPY

**STATE OF NEW YORK - DEPARTMENT OF HEALTH
Office of Managed Care
INTEROFFICE MEMORANDUM**

TO: Emma Mullen
Bureau of Accounts Management/FMG

FROM:  Christopher Parker
Bureau of Intergovernmental Affairs

SUBJECT: MAXIMUS Voucher (contract CO 14917)

DATE: April 1, 1999

Attached is a voucher from MAXIMUS, Inc., contract CO 14917, for the month of February, 1999. We recommend payment in the full amount. MAXIMUS has satisfied all performance criteria that apply at this time and therefore a retainage of a portion of the payment, as allowed by the contract, is not required.

Please contact me if I can be of assistance at 473-4377.

Attachments

PERSONAL

**STATE OF NEW YORK - DEPARTMENT OF HEALTH
Office of Managed Care
INTEROFFICE MEMORANDUM**

TO: Emma Mullen
Bureau of Accounts Management/FMG

FROM: Christopher Parker
Bureau of Intergovernmental Affairs

SUBJECT: MAXIMUS Voucher (contract CO 14917)

DATE: April 23, 1999

Attached is a voucher from MAXIMUS, Inc., contract CO 14917, for the month of March 1999. We recommend payment in the full amount. MAXIMUS has satisfied all performance criteria that apply at this time and therefore a retainage of a portion of the payment, as allowed by the contract, is not required.

Please contact me if I can be of assistance at 473-4377.

Attachments

FILE COPY

**STATE OF NEW YORK - DEPARTMENT OF HEALTH
Office of Managed Care
INTEROFFICE MEMORANDUM**

TO: Emma Mullen
Bureau of Accounts Management/FMG

FROM: Christopher Parker
Bureau of Intergovernmental Affairs

SUBJECT: MAXIMUS Voucher (contract CO 14917)

DATE: June 3, 1999

Attached is a voucher from MAXIMUS, Inc., contract CO 14917, for the month of April 1999. We recommend payment in the full amount. MAXIMUS has satisfied all performance criteria that apply at this time and therefore a retainage of a portion of the payment, as allowed by the contract, is not required.

Please contact me if I can be of assistance at 473-4377.

Attachments

STATE OF NEW YORK - DEPARTMENT OF HEALTH
Office of Managed Care
INTEROFFICE MEMORANDUM

TO: Emma Mullen
Bureau of Accounts Management/FMG

FROM: Christopher Parker
Bureau of Intergovernmental Affairs

SUBJECT: MAXIMUS Voucher (contract CO 14917)

DATE: October 18, 1999

Attached is a voucher from MAXIMUS, Inc., contract CO 14917, for the month of June, 1999 for \$ 895,987.32. Please note that the original voucher has been reduced by \$ 23360.69 in agreement with the contractor, pending resolution of the appropriateness of certain charges.

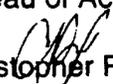
Please contact me if I can be of assistance at 473-4377.

Attachments

PERSONAL

**STATE OF NEW YORK - DEPARTMENT OF HEALTH
Office of Managed Care
INTEROFFICE MEMORANDUM**

TO: Emma Mullen
Bureau of Accounts Management/FMG

FROM:  Christopher Parker
Bureau of Intergovernmental Affairs

SUBJECT: MAXIMUS Voucher (contract CO 14917)

DATE: October 8, 1999

Attached is a voucher from MAXIMUS, Inc., contract CO 14917, for the months of July, 1999. We recommend payment in the full amount. MAXIMUS has satisfied all performance criteria that apply at this time and therefore a retainage of a portion of the payment, as allowed by the contract, is not required.

Please contact me if I can be of assistance at 473-4377.

Attachments