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COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 22, 2006

Mr. Tracy Bahl
Chief Executive Officer
United HealthCare
1114 Avenue of the Americas - Floor 35
New York, NY 10036

Re: New York State Health Insurance
Program - Duplicate Payments for
ESWT Services
Report 2006-S-54

Dear Mr. Bahl:

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 audited certain payments for Extracorporeal Shock Wave Therapy paid by the New York State Health Insurance Program's Empire Plan for the period January 2005 through March 2006.

A. Background

The New York State Health Insurance Program (NYSHIP) provides health insurance coverage to active and retired State, participating local government and school district employees and their dependents. The Empire Plan is the primary health benefits plan for NYSHIP. The Department of Civil Service (Department) contracts with United HealthCare (United) to process medical claims for the Empire Plan.

One of the medical services covered by United is Extracorporeal Shock Wave Therapy (ESWT). ESWT is a non-invasive treatment that involves delivery of shock waves, via a device, to a specific site on the body. The federal Food and Drug Administration approved ESWT for two conditions: lateral epicondylitis (tennis elbow) and plantar fasciitis. Plantar faciitis involves inflammation of the plantar fascia, which connects the heel to the toes.

B. Audit Scope, Objectives and Methodology

We audited payments United made to Dr. Anders Cohen for providing Extracorporeal Shock Wave Therapy (ESWT) for the period January 2005 through March 2006. Our objective was to determine whether the payments to this practitioner for these procedures were appropriate. To

accomplish our objective, we compared the claims paid to Dr. Cohen with claims submitted by other practitioners to identify possible duplicate claims. We interviewed Department and United officials to obtain an understanding of the controls over ESWT payments. In addition, we interviewed medical practitioners to determine how these services were administered, who provided them and how claims were submitted for payment. We also interviewed officials of the mobile ESWT contractor providing the services for which Dr. Cohen was paid.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

C. Results of Audit

During the period January 2005 through March 2006, United paid Dr. Cohen nearly \$1.8 million for ESWT services that he did not perform. We determined that Dr. Cohen (a neurosurgeon) was submitting claims for ESWT services to treat plantar fasciitis that duplicated the claims submitted by other practitioners (generally podiatrists) for ESWT services provided to the same patients on the same day. Upon further investigation, we found that a company called Rapid Recovery Health Services, Inc. (Rapid) was submitting these claims to United using Dr. Cohen's name. Rapid operates a mobile ESWT program, and leases ESWT devices for use in this treatment. Rapid delivers ESWT devices to practitioner's (typically podiatrists) offices, along with a technician to operate the devices. The practitioner pays Rapid a fee for the use of the device and the technician's time. Rapid's Chief Executive Officer and owner of the company informed us that his company was submitting claims in Dr. Cohen's name, and Dr. Cohen was a medical consultant to the company.

We scheduled a meeting with Dr. Cohen to determine why claims for ESWT services were submitted with his name as the servicing provider. Although Dr. Cohen did not attend the meeting, we met with Dr. Cohen's attorney and his business consultant. Dr. Cohen's business consultant informed us that Dr. Cohen was not performing the ESWT procedures, but was billing for the use of the ESWT device. This was inappropriate because the payment made by United to the actual servicing provider is a global payment for the entire procedure, covering the cost of the device and the individual providing the treatment. Accordingly, it was inappropriate for Rapid to be submitting claims in the name of Dr. Cohen and it was inappropriate for Dr. Cohen to be obtaining reimbursement for these claims.

We provided a preliminary copy of the matters contained in this report to United officials and considered their comments in preparing this report. United officials generally agreed with our findings and informed us that they will pursue recovery of overpaid claims identified in our audit.

We are also working cooperatively with the Department and United to refer this matter for further investigation.

Recommendations

1. *Recover and remit to the State all payments to Dr. Anders Cohen for Extracorporeal Shock Wave Therapy.*
2. *Immediately stop all payments to Dr. Anders Cohen for Extracorporeal Shock Wave Therapy.*

We would appreciate receiving your response to the recommendations made in this report within 90 days, indicating any action planned or taken to implement them.

Major contributors to this report were Kenneth Shulman, Robert Wolf, David Fleming, Francis Smith and Peter Amorosa.

We wish to express our appreciation to the management and staff of United for the courtesies and cooperation extended to our auditors during this audit.

Yours truly,

Steven E. Sossei
Audit Director

cc: Daniel Wall, Department of Civil Service
Lisa Ng, Division of the Budget
Carl Mattson, United HealthCare