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March 4, 2008

Richard F. Daines, M.D.  
Commissioner  
NYS Department of Health  
Corning Tower  
Empire State Plaza  
Albany, NY 12226

Re: Report 2007-F-49

Dear Dr. Daines:

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 have followed up on the actions taken by officials of the Department of Health to implement the recommendations contained in our audit report, *Determining Medicaid Eligibility* (Report 2004-S-42).

**Background, Scope and Objectives**

The Department of Health (Department) administers the State's Medicaid program, which provides medical assistance to needy individuals. The Department has the responsibility of balancing the need for timely access to medical care for needy individuals with the responsibility of ensuring only eligible applicants receive benefits. Because of the complexity of the Medicaid eligibility process and the many Local Districts making these determinations, Department oversight and monitoring are essential in ensuring eligibility is correctly determined.

Our initial audit report, which was issued on November 15, 2006, found that generally, the Department's monitoring and oversight of the initial eligibility determination and recertification processes were working as intended. However, information provided to the Department and Local Districts after initial eligibility determination and subsequent recertification was not always used to identify ineligible recipients and discontinue Medicaid benefits when appropriate in a timely manner.

Our audit identified the following potentially inappropriate Medicaid payments for the period April 1, 2003 through February 3, 2006:

- \$3.6 million was paid for 4,277 deceased recipients for claims with dates of services after the recipient's date of death;
- \$4.3 million was paid for claims for emergency medical assistance without the required physician certification needed to continue eligibility; and
- \$2 million was paid for emergency medical claims for services after the allowable 90-day period of eligibility had expired.

We also identified 175,939 active Medicaid recipients who were either lacking a SSN or who had given the Local District an invalid SSN. We determined 58,402 of the 175,939 cases had been open for at least a year without action being taken to close the case or obtain an accurate SSN.

The objective of our follow-up, which was conducted in accordance with generally accepted government auditing standards, was to assess the extent of implementation, as of February 14, 2008, of the nine recommendations included in our initial report.

### **Summary Conclusions and Status of Audit Recommendations**

We found that Department officials have implemented all nine recommendations from our initial audit report.

### **Follow-up Observations**

#### **Recommendation 1**

*Department and Local District officials should investigate the 16,925 Medicaid claims totaling \$3.6 million paid for 4,277 deceased recipients for dates of services occurring after the recipients' date of death and recover any inappropriate payments. Department and Local District officials should review the Medicaid eligibility files for the remaining 1,210 cases to ensure the files contain accurate eligibility information.*

Status - Implemented

Agency Action - As a result of our audit, the Department conducted a comprehensive investigation of claims paid for deceased recipients. To date, the Department has recovered Medicaid claims totaling over \$14 million paid for deceased recipients for dates of service occurring after the recipients' date of death.

#### **Recommendation 2**

*The Department should perform routine matches with its Bureau of Vital Records to identify deceased Medicaid recipients and provide the Local Districts with this information.*

Status - Implemented

Agency Action - Instead of matching information with the Bureau of Vital Records, the Department now routinely matches Medicaid eligibility data with the Social Security Administration. Information from the Social Security Administration includes all deaths from all states. Monthly, the Department provides Local Districts with matched information.

### **Recommendation 3**

*The Department should provide the Local Districts with procedures for identifying recipients who have died and for discontinuing Medicaid eligibility on WMS.*

Status - Implemented

Agency Action - The Department has developed procedures for Local Districts to follow when deceased Medicaid recipients are identified through file matches. These procedures were sent to Local Districts during June 2007.

### **Recommendation 4**

*The Department should monitor Local District practices and verify the Local Districts are posting the correct date of death for the recipient on WMS and closing the Medicaid case in a timely manner.*

Status - Implemented

Agency Action - Each month, the Department samples results from their match with Social Security Administration to ensure Local Districts are closing Medicaid cases in a timely manner.

### **Recommendation 5**

*The Department should verify Local Districts are providing emergency medical assistance to illegal or undocumented immigrants and temporary non-immigrants according to federal and State regulations.*

Status - Implemented

Agency Action - The Department has issued directives for the Local Districts to follow when providing emergency medical assistance to illegal or undocumented immigrants and temporary non-immigrants. These directives were sent to Local Districts during December 2006, March 2007 and September 2007. The Department has also made changes to system edits related to emergency medical assistance coverage.

### **Recommendation 6**

*The Department should work with the Local Districts to establish procedures to evaluate a recipient's continued eligibility for emergency medical assistance.*

Status - Implemented

Agency Action - Department officials revised procedures and forms used for evaluating a recipient's continued eligibility for emergency medical assistance. These procedures and forms were provided to Local Districts during February 2007.

### **Recommendation 7**

*The Department should monitor and follow up with Local Districts on a regular basis to verify:*

- *All active recipients who are required to provide a SSN have provided a SSN; and*
- *Local Districts used the exception reports from the routine WMS-federal SSA matches to identify SSNs and verify the validity of SSNs provided.*

Status - Implemented

Agency Action - The Department provides SSN exception reports to the Local Districts monthly. Department staff periodically review the reports to ensure that incorrect social security numbers have been addressed. The Department provided clarification of Federal SSN requirements to the Local Districts in April 2007. Additionally, the WMS system edits associated with "SSN Applied For" and a blank SSN have been revised.

### **Recommendation 8**

*The Department should consider resuming the federal 1099 matches for Medicaid recipients on the WMS database.*

Status - Implemented

Agency Action - Department officials assessed the need to resume federal 1099 matches and have proposed legislation to perform tax matches in the 2008-09 New York State Executive Budget.

### **Recommendation 9**

*The Department should reinforce federal regulations requiring the Local Districts to follow-up on all RFI matches within 45 days and use the information from the matches to reassess recipient eligibility.*

Status - Implemented

Agency Action - Department officials reinforced federal RFI regulations in a letter to Local Districts in August 2006. During site visits to the Local Districts, Department staff review a sample of case files for evidence of RFI review. Local Districts who are not in compliance with regulations submit a corrective action plan to Department officials.

Major contributors to this report were Warren Fitzgerald and Mary T. Roylance.

We thank the management and staff of the Department for the courtesies and cooperation extended to our auditor during this process.

Very truly yours,

Shelia Emminger  
Audit Manager

cc: Mr. Stephen Abbott, Department of Health