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

October 10, 2000

Kevin M. McClune
Audit Director
Office of the State Comptroller
Alfred E. Smith State Office Building
Albany, New York 12236

Dear Mr. McClune:

The Department of Health has reviewed your preliminary #1 audit report relating to the Medicaid Clinic and Emergency Room Claims Paid During a Recipient's Hospital Stay (2000-F-9). Our comments are noted on the attached. Thank you for the opportunity to comment at this stage in the audit process.

Very truly yours,

Dennis P. Whalen
Executive Deputy Commissioner

Enclosure
cc: Ms. Brown
Mr. Hinckley
Mr. Howe
Ms. Pettinato

Department of Health
Comments on the
Office of the State Comptroller's
Audit Report
2000-F-9 Entitled
"Medicaid Clinic and Emergency Room
Claims Paid During a Recipient's Hospital Stay"

The following are the Department of Health's (DOH) comments in response to the Office of State Comptroller's (OSC) Audit Report entitled "Medicaid Clinic and Emergency Room Claims Paid During a Recipient's Hospital Stay" (2000-F-9).

Recommendation #1:

Improve the timeliness of recovery activities related to inappropriate clinic and emergency room payments.

Response #1:

The Department's Office of Medicaid Management (OMM) is pursuing the recovery of inappropriate clinic and emergency room payments identified as inappropriate for the initial audit period. When the recoveries for the initial audit period are complete, existing computer programs will be run to identify potential inappropriate clinic payments for subsequent periods.

Recommendation #2:

Investigate and recover as necessary clinic and emergency room claims paid on a recipient's hospital admission date as well as claims paid to non-affiliated clinics during a recipient's hospital stay.

Response #2:

OMM is in the process of pursuing the recovery of the remaining $6.8 million as appropriate.

With regard to recovery of the $5.6 million of overpayments made to non-affiliated facilities, OMM is in the process of field-testing a sample of these claims for appropriateness of recoveries.

Recommendation #3:

Review the logic of the computerized programs used to audit clinic and emergency room claims and determine the corrective action needed to include claims submitted for a recipient's date of admission to a hospital. Perform a similar review for the audit software used to audit claims from referred ambulatory and laboratory service providers and recover payments for any identified inappropriate claims.

Response #3:

OMM has modified the computer matching programs to consider the hospital admission date in identifying potential clinic and emergency room overpayments.

OMM has not yet updated the logic used to identify potential overpayments for referred ambulatory and laboratory services. This is a priority activity which is scheduled to be completed within the next three months.

Recommendation #4:

Develop and follow computer program specification approval procedures to control future modifications to computerized audit software.

Response #4:

This has been implemented

Recommendation #5:

Enhance post payment audit software to include payments to clinics not affiliated with the hospital.

Response #5:

Field-testing will be completed and evaluated for possible implementation. In the past, there have been situations regarding payments to clinics not affiliated with the hospital that have not been cost effective to pursue and not appropriate for collection activity.