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October 4, 2001

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

Re: Report 2001-F-28

Dear Dr. Novello:

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 reviewed actions taken by officials of the Department of Health (Health) as of August 22, 2001, to implement the recommendations contained in our audit report, *Multiple Medicaid Payments to Clinics for Similar Services* (Report 98-S-33), and the recommendations in a related letter containing matters of lesser significance. Our report, which was issued on September 24, 1999, addressed selected practices that Health used to help ensure that the Medicaid Management Information System (MMIS) does not make inappropriate multiple payments to clinics for similar services delivered to the same recipient on the same day.

Background

The Medicaid program provides medical assistance to needy people. Medicaid claims are processed and paid by the MMIS, a computerized payment and information reporting system. The New York State Department of Health is responsible for administering the Medicaid program and the MMIS. Health's management is responsible for establishing and maintaining a system of internal controls to help ensure the accurate payment of Medicaid claims. To accomplish this objective, Health has developed computer controls (edits) within MMIS to prevent or identify certain inappropriate payments. When Medicaid pays a clinic claim at an all-inclusive rate, it should generally not pay another claim from the clinic for the same recipient on the same day. Generally, a clinic may claim

reimbursement for only one payment per day; however, there are exceptions, such as a clinic delivering outpatient services and unrelated emergency services to the same recipient on the same day.

Summary Conclusions

In our prior audit, we found that Health had not established adequate controls to ensure that the multiple payments MMIS makes to clinic providers are not duplicate payments for similar services. We determined that during the period April 1, 1993 through December 31, 1998, MMIS overpaid clinics as much as \$36.4 million for similar services delivered to the same recipient on the same day.

In addition to the matters discussed in Report 98-S-33, we provided Health officials with a letter containing matters of lesser significance, in which we recommended that Health take further steps to improve the efficiency of Medicaid payments to clinic providers by verifying the accuracy of AIDS billing instructions and the edits that prevent duplicate payments.

In our follow-up review, we found that Health officials have made little progress in implementing the recommendations contained in our prior audit report and our letter. According to Health officials, they are in the process of investigating the facilities identified with inappropriate payments and have a plan to complete their investigation throughout the State. Health officials stated that there are other recovery project priorities that have slowed the process.

Summary of Status Prior Audit Recommendations

Of the five prior audit recommendations, we found that Health officials have partially implemented one recommendation and have not implemented four recommendations. Of the two recommendations contained in the letter on matters of lesser significance, Health officials have not implemented the recommendations.

Follow-up Observations re: Report 98-S-33

Recommendation 1

Investigate and recover all inappropriate payments to clinics that received payment for the same recipient on the same day.

Status – Partially Implemented

Agency Action – According to Health officials, audit staff made visits to 23 medical facilities and 6 county health departments that our audit identified as receiving inappropriate payments. Although the results have not been evaluated or finalized, officials informed us that 19 facilities had duplicate payments. Health officials stated they have a tentative plan to perform testing at an additional 40 to 50 facilities throughout the State over the next couple of months. During the course of our follow-up review, Health officials were unable to provide us with any detailed

documentation of the visits made by audit staff; however, they provided us with a summary of the visits.

Recommendation 2

Implement controls to prevent MMIS from inappropriately paying multiple claims for similar services to a clinic for the same recipient for the same day.

Status – Not Implemented

Agency Action – According to Health officials, they are unable to implement any controls until they have investigated the issues underlying Recommendation 1. Once Health officials fully investigate these issues, they will assess whether controls need to be developed.

Recommendation 3

Do routine audits to detect inappropriate clinic payments for the same recipient on the same day.

Status – Not Implemented

Agency Action – Consistent with their response to Recommendation 2, Health officials stated they can not perform audits relating to this issue until they fully investigate the issues underlying Recommendation 1.

Recommendation 4

Clarify Health’s billing instructions regarding the appropriateness of multiple billings for the same date of service, and define what constitutes “related illness” for billing purposes.

Status – Not Implemented

Agency Action – Consistent with their response to Recommendation 2, Health officials stated they can not review current or define new policies and procedures related to multiple billings until they have determined the extent of the issues underlying Recommendation 1.

Recommendation 5

Establish a methodology to routinely identify the inappropriate combinations of payments that will result as new programs are developed in the future.

Status – Not Implemented

Agency Action – Health officials stated that these inappropriate combination payments will be addressed through the Medicaid replacement system, called eMedNY.

Follow-up Observations re: Letter on Lesser Significant Matters

Recommendation 1

Review existing AIDS billing instructions to ensure they reflect the Department's current policies.

Status – Not Implemented

Agency Action – Health officials stated they can not review current or define new policies and procedures related to AIDS billing instructions until they determine the extent of the issues underlying Recommendation 1 of our audit report.

Recommendation 2

Verify that the revised computer logic preventing exact duplicate payments works as intended.

Status – Not Implemented

Agency Action – Health officials stated that a review to ensure the computer logic in the program preventing duplicate payments works as intended will be done once the extent of the issues underlying Recommendation 1 of our audit report are fully determined.

Major contributors to this report were Ken Shulman, Bill Clynes, Don Paupini and Tina Santiago.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Department of Health for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Deirdre A. Taylor