

ALAN G. HEVESI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 26, 2003

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 2003-F-44

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 the actions taken by officials of the Department of Health as of November 6, 2003, to implement the recommendations contained in our report, *Medicaid Payments for Personal Care Services* (Report 2001-S-14). Our report, which was issued on April 26, 2002, assessed the Department of Health's policies and procedures for monitoring Medicaid payments for personal care services.

Background

The New York State Department of Health (Department) and the 58 local social services districts (local districts) administer the State's Medical Assistance program (Medicaid), which provides medical assistance to needy people. The Department, which is responsible for overall program administration, oversees New York's Medicaid Management Information System (MMIS), a computerized payment and information reporting system that is operated by a fiscal agent, Computer Sciences Corporation. The local districts determine whether individuals are eligible for Medicaid and whether Medicaid recipients are eligible for certain health care services.

Personal care services provided through New York's Medicaid program are defined by the Department's Rules and Regulations (Title 18, Section 505.14) as services that provide the patient with assistance in personal hygiene, dressing, feeding, housekeeping, nutritional and environmental support, and certain other health-related tasks. To be eligible for Medicaid reimbursement, the services must be essential to the maintenance of the patient's health and safety within his or her home.

The local districts are responsible for authorizing all personal care services, arranging for service delivery, and monitoring the services in accordance with guidelines developed by the Department. The Department is responsible for monitoring the services to ensure that the local districts are complying with regulations and guidelines. The Department is also responsible for ensuring that the payments made by the MMIS are appropriate. For fiscal year ended March 31, 2003, MMIS made payments totaling around \$2 billion for personal care services.

Summary Conclusions

In our prior audit, we found that Medicaid made \$1.6 million in potentially inappropriate payments for personal care services. These payments included \$1.3 million paid to Medicaid providers for personal care services rendered during periods when the Medicaid recipient was hospitalized, and \$200,000 paid during periods when the recipient was living in a nursing home. These payments also included \$100,000 in payments for personal care services that were not consistent with the services authorized by the local districts. Additionally, we found that, since 1997, the Department stopped performing routine post payment reviews involving computer matches to identify personal care service claims paid for periods during which the recipients were in hospitals or nursing homes.

In our follow-up review, we determined that the Department has initiated its own reviews of personal care services paid on behalf of recipients who were hospitalized or residing in nursing homes. The Department's review for the period July 1, 1996 through December 31, 2001 identified \$3.6 million in inappropriate personal care payments. The Department also initiated a second review for calendar year 2002. Department officials indicated that they plan to report on these findings on a yearly basis. In addition, the Department has developed a program manual for the local districts, which contains instructions and best practices for the local districts to use for prior approvals of personal care services.

Summary of Status of Prior Audit Recommendations

Department officials have implemented all three prior audit recommendations.

Follow-up Observations

Recommendation 1

Investigate the \$1.6 million in potentially inappropriate Medicaid payments identified in this report, and take steps to recover all overpayments.

Status – Implemented

Agency Action – In investigating the \$1.6 million in potentially inappropriate payments to personal care providers identified in our audit, the Department began its own payment review for the period July 1, 1996 through December 31, 2001. This review period encompassed the period covered by our audit, which was January 1, 1998 through December 31, 2000. The Department's review identified \$3.6 million in inappropriate

payments for personal care services. Of these inappropriate payments, the Department has collected a total of \$2 million and adjusted claims totaling \$200,000. The Department is still waiting to recover \$1.4 million.

Recommendation 2

Resume the performance of routine post payment reviews involving computer matches to identify personal care service claims that were paid for periods during which the recipients were in hospitals or nursing homes.

Status – Implemented

Agency Action – The Department has resumed the post payment computer matches to identify personal care service claims that are paid during periods when a recipient is in a hospital or nursing home. The Department expects to issue reports on the results of these matches on a yearly basis.

Recommendation 3

Assess local district practices for controlling and monitoring the prior approval process, and help the districts identify and implement the best controlling and monitoring practices.

Status – Implemented

Agency Action – The Department has developed a personal care program manual for the local districts. We reviewed excerpts from this manual, which contains adequate instructions and best practices for the local districts to use for prior approvals of personal care services. This manual is currently with the Department's Office of Counsel for review and approval.

Major contributors to this report were Ken Shulman, Bill Clynes, Don Paupini and Carol O'Connor.

We also thank the management and staff of the Department of Health for the courtesies and cooperation extended to our auditors during the review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Deidre A. Taylor