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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 19, 2012

Mr. Carl Mattson
Vice President, Empire Plan
United HealthCare
22 Corporate Woods - 5th Floor
Albany, New York 12211

Re: Report 2012-F-23

Dear Mr. Mattson:

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 United HealthCare to implement the recommendations contained in our audit report entitled *New York State Health Insurance Program: United HealthCare - Overpayments for Claims Submitted by TotalCare Medical PC* (Report 2008-S-178).

Background, Scope and Objective

The New York State Health Insurance Program (NYSHIP) provides health coverage to State, local government, and school district employees, retirees, and their dependents. The Empire Plan is the primary benefit plan for NYSHIP. The Department of Civil Service contracts with United HealthCare (United) to process and pay medical claims from health care providers for covered services rendered to Empire Plan members. TotalCare Medical PC (TotalCare) is located in Warren County and provides physical medicine treatments, such as chiropractic services and physical therapy, to Empire Plan members.

Transcutaneous Electrical Nerve Stimulation (TENS) is a pain control treatment. A TENS unit is a portable device that lessens pain by sending electrical impulses through electrodes placed on a patient's skin. Generally, an Empire Plan member receives a single session on the use of a TENS unit from a provider and then takes the unit home for self-treatment. A TENS session can cost up to \$100 - significantly more than a session of chiropractic or physical therapy.

Our initial audit report was issued on July 28, 2009 and addressed payments to TotalCare from January 1, 2006 through November 30, 2008. Our objective was to determine if United had sufficient controls to preclude improper payments to TotalCare for claims for TENS services. We determined, however, that TotalCare submitted 4,633 improper claims to United for TENS services, and consequently, United overpaid TotalCare \$248,202. The overpayments occurred because TotalCare routinely provided physical therapy to patients, but billed United for TENS

services. If TotalCare billed these services properly, United would have paid up to \$8.00 for the sessions (and not up to \$100 for a TENS service).

We also determined that TotalCare miscoded the claims, and United did not have processing controls (system edits) to limit the number of times a TENS service can be claimed for an individual member. For example, TotalCare submitted 98 claims to United for an initial TENS service for one patient within one year. In this instance, the patient received ongoing physical therapy (not TENS services) in a physician's office at TotalCare, and the corresponding overpayments totaled about \$4,880.

The objective of our follow-up was to assess the extent of implementation, as of August 31, 2012, of the two recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

United officials made progress in addressing the issues identified in our initial report. However, additional action still needs to be taken. Of the two prior audit recommendations, one was implemented, and the other was partially implemented.

Follow-up Observations

Recommendation 1

Recover the \$248,202 in overpayments identified in this report from TotalCare Medical PC, and refund the amounts recovered to New York State.

Status - Partially Implemented

Agency Action - At the time of our follow-up, United had not yet recovered the \$248,202 in overpayments identified in our initial report. However, after our initial report was issued, United officials identified 799 additional improper TENS claims submitted by TotalCare Medical PC outside the period of our original audit. The additional 799 improper claims resulted in overpayments of \$23,840. Therefore, at the time of our follow-up, United was actively seeking recoveries from TotalCare totaling \$272,042 (\$248,202 + \$23,840). United's actions included the procurement of external legal counsel to help recover the \$272,042 which is owed to the State.

Recommendation 2

Establish appropriate payment system edits and other procedures, as necessary, to limit payments for TENS services to only legitimate claims for such services.

Status - Implemented

Agency Action - On April 21, 2009, United implemented the necessary claims processing controls to limit the number of times TENS services can be claimed and paid for an individual member. Specifically, United's claims processing system now limits the billing of a TENS service to one claim per member per condition. System edits detect

and deny multiple claims for TENS services for an individual member.

Major contributors to this report were Todd Seeberger, Cynthia Herubin and Anthony Calabrese.

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

Very truly yours,

David Fleming
Audit Manager

cc: Mr. Robert DuBois, Department of Civil Service
Ms. Stephanie Zoufaly, Department of Civil Service
Mr. Thomas Lukacs, Division of the Budget