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STATE COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 18, 2008

Richard F. Daines, M.D.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Report 2008-F-44

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 Department of Health (Department) officials to implement the recommendation contained in our audit report, *Medicaid Payments to Signature Health Center, LLC* (Report 2006-S-59).

Background, Scope and Objective

The Department administers the Medicaid program. Some of the State's Medicaid recipients are also covered by Medicare and are referred to as dual-eligible recipients. By law, Medicaid is the payer of last resort and as such, it is the responsibility of Medicaid providers to determine whether a recipient has applicable Medicare or other third-party medical coverage and bill such insurance resources before billing Medicaid.

Our initial audit report, which was issued on November 27, 2006, examined whether Signature Health Center, LLC (Signature) inappropriately billed for dual-eligible recipients by reporting inaccurate Medicare payment information on its Medicaid claims. We identified \$831,000 in actual overpayments and estimated another \$455,000 was potentially overpaid. We recommended the Department investigate and recover overpayments made to Signature for dual-eligible recipient claims.

The objective of our follow-up was to assess, as of November 24, 2008, the extent of implementation of the recommendation included in our initial report.

Summary Conclusions and Status of Audit Recommendation

We found that Department officials have made significant progress in correcting the problems we identified and that the prior audit recommendation has been implemented.

Follow-up Observations

Recommendation 1

Investigate and recoup overpayments made to Signature for dual-eligible recipient claims.

Status - Implemented

Agency Action - As noted in our initial audit report, based on the findings identified by the State Comptroller's Office and its own independently derived findings, the Office of the Medicaid Inspector General issued a letter terminating Signature's participation in the Medicaid program effective August 21, 2006. The Office of the Medicaid Inspector General, on behalf of the Department, engaged a series of audits of Signature and as a result has collected over \$3.5 million from Signature. Additionally, in response to our initial audit, the Office of the Attorney General is investigating Signature Health Center.

Major contributors to this report were Andrea Inman and Wendy Matson.

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

Very truly yours,

Sheila Emminger
Audit Manager

cc: Stephen Abbott, Department of Health
Tom Lukacs, Division of the Budget
Steve Hamilton, Division of Investigations