

THOMAS P. DiNAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 7, 2009

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

Re: Report 2008-F-55

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 officials of the Department of Health (Department) to implement the recommendations contained in our audit report, *Inappropriate Medicaid Billings For Dental Sealants* (Report 2007-S-58).

Background, Scope and Objective

The Department administers the Medicaid program which was established under Title XIX of the federal Social Security Act to provide needy people with medical assistance. Medicaid claims are processed and paid through the State's eMedNY system, which the Department implemented on March 24, 2005. When dental providers bill Medicaid, they are expected to comply with Department guidelines. Accordingly, the application of dental sealants are allowed only for patients between the ages of 5 and 15 years old and any necessary reapplications are restricted to once every three years.

Our initial audit report, which was issued on November 26, 2007, examined Medicaid payments for dental sealants for the four year period ended March 31, 2007. We identified \$469,300 in inappropriate payments for dental sealants. In these instances, the dentists claimed to have applied more dental sealants to Medicaid recipients than allowed by the Department. We recommended the Department review these claims and recover any inappropriate payments. We also recommended the Department implement edits in eMedNY to prevent inappropriate payments for excessive dental sealants. The objective of our follow-up was to assess, as of April 8, 2009, the extent of implementation of the six recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

Department officials made significant progress in correcting the problems we identified in our initial report. Of the six prior audit recommendations, four recommendations have been implemented, and two recommendations have been partially implemented.

Follow-up Observations

Recommendation 1

Review the \$463,000 in payments we identified and recover inappropriate payments.

Status - Partially Implemented

Agency Action - At the time of our review, the Department was assessing the payments in question and evaluating the extent to which any inappropriate payments could be recovered. Department officials advised us that it would be difficult to recover certain overpayments because recipients could have received sealant applications from multiple dentists within a three-year period. Officials noted that it is difficult for a dentist to determine if a recipient received a sealant application previously from another dentist, without the records from the prior dentist or notification of a prior application from the recipient. Under such circumstances, the Department would likely not have sufficient basis to recover payments for the subsequent reapplications of sealants.

Recommendation 2

Implement appropriate edits to the eMedNY system to prevent these overpayments from occurring, such as creating an edit to flag payments for multiple sealants to the same recipient for the same teeth within three years among different providers.

Status - Implemented

Agency Action - In August 2008, the Department implemented the Dental Verification System (DVS). As part of DVS, the Department requires prior approval for all dental sealant claims. The DVS verifies that claims for dental sealants do not exceed the limit of one every three years per tooth per recipient. Since August 2008, the Department has denied \$778,664 in inappropriate dental sealant claims.

Recommendation 3

Instruct dental providers on the appropriate way to bill Medicaid for sealant services.

Status - Implemented

Agency Action - The Department published instructions for dental providers in the June 2008 Medicaid Update on the appropriate way to bill Medicaid for dental sealants.

Recommendation 4

Review the \$6,300 in payments we identified and recover inappropriate payments.

Status - Partially Implemented

Agency Action - At the time of our review, the Department was assessing these payments and evaluating the extent to which they could be recovered. As noted previously, Department officials advised us that it would be difficult to recover certain overpayments because recipients could have received sealant applications from multiple dentists within a three-year period.

Recommendation 5

Ensure the date of birth information used by the eMedNY edit that checks a recipient's age is reliable and accurate.

Status - Implemented

Agency Action - The Department developed and implemented edits within the eMedNY system to ensure that a recipient's age is reliable and accurate prior to paying claims for dental sealants.

Recommendation 6

Reinstruct dental providers on the appropriate way to enroll in Medicaid and identify servicing providers.

Status - Implemented

Agency Action - The Department published instructions for dental providers in the January 2008 Medicaid Update on the appropriate way to enroll in Medicaid and identify servicing providers.

Major contributors to this report were Warren Fitzgerald and Earl Vincent.

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

Very truly yours,

Brian E. Mason
Audit Manager

cc: Mr. Thomas Lukacs, DoB
Mr. Stephen Abbott, DoH
Mr. Steven Sossei, OSC