



## Department of Health

**ANDREW M. CUOMO**  
Governor

**HOWARD A. ZUCKER, M.D., J.D.**  
Commissioner

**SALLY DRESLIN, M.S., R.N.**  
Executive Deputy Commissioner

January 4, 2018

Ms. Andrea Inman, Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, New York 12236-0001

Dear Ms. Inman:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Follow-Up Audit Report 2017-F-4 entitled, "Appropriateness of Medicaid Eligibility Determined by the New York State of Health System." (2014-S-4)

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Sally Dreslin".

Sally Dreslin, M.S., R.N.  
Executive Deputy Commissioner

Enclosure

cc: Marybeth Hefner  
Jason A. Helgersen  
Dennis Rosen  
Erin Ives  
Brian Kiernan  
Timothy Brown  
Elizabeth Misa  
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**Department of Health  
Comments on the  
Office of the State Comptroller's  
Follow-Up Audit Report 2017-F-4 entitled,  
Appropriateness of Medicaid Eligibility Determined by the  
New York State of Health System**

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The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Follow-Up Audit Report 2017-F-4 entitled, "Appropriateness of Medicaid Eligibility Determined by the New York State of Health System"

**Background**

New York State (NYS) is a national leader in its oversight of the Medicaid Program. The Office of the Medicaid Inspector General (OMIG) conducts on-going audits of the Medicaid program and managed care plans. The Department and OMIG will continue to focus on achieving improvements to the Medicaid program and aggressively fighting fraud, waste and abuse.

Under Governor Cuomo's leadership, the Medicaid Redesign Team (MRT) was created in 2011 to lower health care costs and improve quality of care for its Medicaid members. Since 2011, Medicaid spending has remained under the Global Spending Cap, while at the same time providing health care coverage to an additional 1,276,304 fragile and low income New Yorkers. Additionally, Medicaid spending per recipient decreased to \$8,609 in 2016, consistent with levels from a decade ago.

**Recommendation #1**

*With high priority, develop and implement read-only access to allow for adequate oversight and auditability of the NYSOH system.*

Status – Implemented

Agency Action – In November 2015, the Department implemented a secure read-only access functionality within the NYSOH eligibility system, which allows a user to view data submitted by NYSOH applicants, results of system processing, and communications between NYSOH and applicants. This functionality alone does not provide an adequate audit trail, but in conjunction with other NYSOH tools, the eligibility system is auditable.

**Response #1**

The Department confirms our agreement with this report.

**Recommendation #2**

*Design and implement a formal mechanism to independently monitor and manage approved business requirements and functionalities that have yet to be incorporated into the NYSOH production system.*

Status – Implemented

Agency Action – During our follow-up, Department officials demonstrated they have access to tools that allow them to monitor and manage unfinished business requirements and functionalities.

### **Response #2**

The Department confirms our agreement with this report.

### **Recommendation #3**

*Investigate the life status of the 354 deceased NYSOH enrollees identified and update their Medicaid enrollment and coverage, as appropriate.*

Status – Implemented

Agency Action – We confirmed the Department updated the Medicaid enrollment and coverage for 350 deceased NYSOH enrollees. The Department determined the remaining four NYSOH enrollees were alive.

### **Response #3**

The Department confirms our agreement with this report.

### **Recommendation #4**

*Review the \$325,030 in inappropriate Medicaid payments identified and recover where appropriate.*

Status – Implemented

Agency Action – The Office of the Medicaid Inspector General (OMIG) investigates and recovers improper Medicaid payments on behalf of the Department. As of May 10, 2017, the OMIG recovered \$308,719 of the \$325,030, and sent collection letters to providers to recover \$8,400 more of the identified inappropriate payments. The OMIG also determined \$7,539 was appropriate and disregarded \$372 that was below the OMIG's review threshold.

### **Response #4**

The Department confirms our agreement with this report.

### **Recommendation #5**

*Formally assess the controls for and accuracy of NYSOH's processing of federal Hub responses that indicate whether an individual is alive or deceased. Implement improvements where necessary.*

Status – Implemented

Agency Action – The Department conducted comprehensive testing with the Hub to assess NYSOH's receipt of Hub responses related to a new service in 2016 called the Periodic

Verification Composite (PVC) service. The PVC service is provided by the Social Security Administration and reports whether an individual is alive or deceased and, if deceased, the date of death. The Department provided test documentation that showed the Hub sent and NYSOH correctly received the PVC data for deceased individuals in their test cases.

#### **Response #5**

The Department confirms our agreement with this report.

#### **Recommendation #6**

*Develop and implement formal procedures for the routine and timely identification of deceased enrollees. Consider leveraging the Department's current monthly matching process to include NYSOH enrollees until the federal periodic verification process is fully implemented.*

Status – Implemented

Agency Action – Since January 2016, the Department uses the federal Hub PVC service (discussed in Recommendation 5, Agency Action) to routinely identify deceased enrollees.

#### **Response #6**

The Department confirms our agreement with this report.

#### **Recommendation #7**

*Review the 32,989 multiple CINs identified in this report, and end eligibility and coverage where appropriate.*

Status – Implemented

Agency Action – The Department made significant progress to end eligibility and coverage for the 32,989 improper CINs we identified. However, as of August 18, 2017, we determined that 1,069 of the 32,989 CINs still had active Medicaid eligibility, which caused additional inappropriate payments totaling up to \$801,759 to continue between January 1, 2016 and August 1, 2017. After this finding was shared with Department officials, they prioritized the matter and ended the eligibility and coverage for the 1,069 active CINs.

#### **Response #7**

The Department confirms our agreement with this report.

#### **Recommendation #8**

*Review the \$3,040,341 in overpayments identified in this report caused by multiple CINs, and recover where appropriate.*

Status – Partially Implemented

Agency Action – As of May 10, 2017, the OMIG recovered overpayments totaling \$265,843. OMIG officials reported \$1,249,642 of the identified overpayments were under review and the remaining \$1,524,856 (\$3,040,341 - \$265,843 - \$1,249,642) would be reviewed as time and resources permitted.

### **Response #8**

To date, OMIG has recovered \$324,480, and will continue to review the identified overpayments, and pursue recovery of any payment determined to be inappropriate.

### **Recommendation #9**

*Design and implement controls to prevent the improper addition of a new person (newborn) to a mother's account when an unborn CIN already exists on that account.*

Status – Implemented

Agency Action – The Department designed and implemented controls to address the improper addition of a newborn to a mother's account when an unborn CIN already existed (the Department requires NYSOH to issue a CIN to an "unborn recipient" when a Medicaid recipient reports that she is pregnant). The Department provided system design documentation showing NYSOH rules were implemented to prevent the addition of a newborn under one year of age when an unborn CIN already existed on the mother's account. The Department also provided its test results showing the proper addition of a new person when an unborn CIN already existed.

### **Response #9**

The Department confirms our agreement with this report.

### **Recommendation #10**

*Design and implement controls in the universal CIN clearance process, including when a mother's CIN is found, to determine if any associated CINs for unborn recipients already exist.*

Status – Partially Implemented

Agency Action – NYSOH was designed to be updated with newborn information automatically via coordination of various electronic files from hospitals; however, due to design flaws, the Department had not implemented this part of the system as planned. In response to our initial audit, the Department indicated this hospital matching process would be activated on April 30, 2016.

During our follow-up, Department officials said the hospital matching process had not been implemented due to design problems. Officials expected the process to be corrected and implemented in fall 2017.

### **Response #10**

Functionality for the newborn matching interface was deployed in October 2017. Upstate files are being processed, and the processing of downstate files is expected to begin in February 2018.

### **Recommendation #11**

*Design and implement a process to notify the eMedNY claims processing and payment system to link the errant multiple CINs NYSOH created.*

Status – Implemented

Agency Action – The Department incorporated procedures to link multiple NYSOH-created CINs that were inappropriately assigned to the same recipient into an existing manual process used to link multiple CINs created by WMS. However, our follow-up found only 1,578 of the 32,989 multiple CINs identified in our initial audit were linked in eMedNY (according to the Medicaid Data Warehouse). Considering the length of time it takes to manually link improper CINs, the Department should consider automating this process for simple and clear improper CIN cases to allow staff to concentrate on more complex CIN cases.

### **Response #11**

The Department confirms our agreement with this report.

### **Recommendation #12**

*Review the 283 unborn CINs for the 60 applicants we identified and end eligibility and coverage where appropriate.*

Status – Implemented

Agency Action – We confirmed the Department ended Medicaid eligibility and coverage for the inappropriate unborn CINs we identified.

### **Response #12**

The Department confirms our agreement with this report.

### **Recommendation #13**

*Review the case with overpayments totaling \$4,796 identified in this report and recover where appropriate.*

Status – Implemented

Agency Action – The claims representing the \$4,796 were voided and fully recovered.

### **Response #13**

The Department confirms our agreement with this report.

**Recommendation #14**

*Analyze where the breakdown in system development occurred (pertaining to establishing a limit on unborn CINs as designed), and take corrective action to prevent similar errors in further NYSOH development.*

Status – Implemented

Agency Action – The initial audit determined that rules establishing a limit on unborn CINs, which were agreed upon during NYSOH design and development, were not implemented as designed. Although Department officials were unable to explain why or how this happened, our follow-up determined that the Department corrected the limit on unborn CINs.

**Response #14**

The Department confirms our agreement with this report.