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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 - 5<sup>th</sup> Floor  
Albany, New York 12211

Re: Report 2012-F-22

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 Albany Multi-Medicine Group* (Report 2008-S-177).

**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. Albany Multi-Medicine Group (Albany Multi-Med) is located in Albany 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 services or physical therapy.

Our initial audit report was issued on July 28, 2009 and addressed payments to Albany Multi-Med from January 1, 2004 through November 30, 2008. Our objective was to determine if United had sufficient controls to preclude improper payments to Albany Multi-Med for claims for TENS services. We determined, however, that Albany Multi Med submitted 6,468 improper claims to United for TENS services, and consequently, United overpaid Albany Multi-Med

\$448,883. The overpayments occurred because Albany Multi-Med routinely provided physical therapy to patients, but billed United for TENS services. If Albany Multi-Med billed these services properly, United would have paid up to \$6.50 for the sessions (and not up to \$100 for a TENS service).

We also determined that Albany Multi-Med 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, Albany Multi-Med submitted 144 claims to United for an initial TENS service for one member within one year. In this instance, the member received ongoing physical therapy (not TENS services) in a physician's office at Albany-Multi Med, and the corresponding overpayments totaled about \$10,097.

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 \$448,883 in overpayments identified in this report from Albany Multi-Medicine Group, 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 \$448,883 in overpayments identified in our initial report. However, after our initial report was issued, United officials identified 1,139 additional improper TENS claims submitted by Albany Multi-Med outside the period of our original audit. The additional 1,139 improper claims resulted in overpayments of \$61,512. Therefore, at the time of our follow-up, United was actively seeking recoveries from Albany Multi-Med totaling \$510,395 (\$448,883 + \$61,512). United's actions included the procurement of external legal counsel to help recover the \$510,395 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