

**Office of the Medicaid Inspector General  
of New York State (OMIG)**

Managed Care Compliance: Developing  
program integrity through partnerships

*Managed Care Compliance Conference  
Scottsdale, Arizona*

Presenters:

**Carol Booth, RN/Auditor  
Patrick Dufresne, Director**

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Bureau of Managed Care Audit & Provider Review, NYS OMIG



**Official Disclaimer**

*The opinions expressed during this  
presentation are those of Patrick Dufresne  
and Carol Booth only and do not  
necessarily represent those of the  
New York State Office of the  
Medicaid Inspector General*

**Thank you.**



## **New York State Medicaid “pre-OMIG”**

### **Department of Social Services**

- Dissolved 1996

### **Department of Health**

- Set policy
- Monitored its administration

## **Executive Order 140.1**

- Establishes Office of the Medicaid Inspector General (OMIG) as an independent entity within the Department of Health three years ago (2006)
- Mission: “To improve the efficiency and accountability of the New York State Medicaid program by preventing and detecting fraudulent, wasteful, and abusive practices.”

<http://www.omig.state.ny.us> “About the OMIG”

## Duties of the OMIG

Pursuant to Chapter 442 New York State Public Health Law, the OMIG must:

- Conduct, coordinate, supervise activities to prevent, detect, investigate fraud & abuse
- Solicit, receive, investigate complaints
- Recommend, implement policy
- Review business practices, conduct audits
- Develop Managed Care Compliance Guidelines

<http://www.omig.state.ny.us> "Mandatory Provider Compliance Programs"

## The OMIG



**Kind, Fair, Firm**  
**A New Direction**

## Partnerships

### INTERNAL

- Office of Managed Care
- Attorney General's Office Medicaid Fraud Control Unit (MFCU)
- Office of the State Comptroller
- New York State Insurance Department
- NYC Human Resources Administration
- Office of Health Insurance Programs

### EXTERNAL

- Department of Health & Human Services
- Trade Associations
- CPA, Consultants, Law Firms

## The Federal-State Health Reform Partnership (F-SHRP)

- Reducing excess capacity in its acute care hospital industry
- Shifting emphasis from institutional to community-based setting
- Investing in health information technology initiatives

### Performance Milestones:

#### Total mandated recoveries of \$ 1.6 billion

Year 2 FFY ending 2008 =	\$215 million
Year 3 FFY ending 2009 =	\$322 million
Year 4 FFY ending 2010 =	\$429 million
Year 5 FFY ending 2011 =	\$644 million

## New York State Medicaid

**70,000** providers  
**4 million** beneficiaries  
**400 million** claims processed annually

### Spending by Year:

2006 - \$40.1 billion

2007 - \$41.5 billion

2008 - \$43.5 billion

Provider payments extracted from Data Warehouse

## New York State Medicaid

### *Top Four Category of Services In 2008*

Pre-paid Managed Care	\$8.9 billion
Skilled Nursing Facilities	\$7.2 billion
Hospital Inpatient	\$5.8 billion
Home Health/Personal Care	\$4.2 billion

## 124 Managed Care Plans in NYS

- 57 fully capitated
  - Pharmacy and some mental health carved out
- 39 partially capitated
  - Many carved-out services
- 23 PHSP (Pre-paid Health Services Plan)
  - 90% Medicaid enrollees
- 5 SNP/AIDS (Special Needs Plan)
- In 66 counties all but 19 are mandatory managed care

## Managed Care population

Year	Eligible	Enrolled	%
12-06	2,911,734	2,003,754	69%
12-07	2,866,582	2,097,188	73%
12-08	2,785,815	2,286,754	82%

### Expenditures

2006 - \$7.2 billion

2007 - \$7.8 billion

2008 - \$8.9 billion

## **Mandatory Provider Compliance Program**

“Provider compliance programs shall, at a minimum, be applicable to **billings and payments** of the Medical Assistance Program (Medicaid) but need not be confined to such matters.”

<http://www.omig.state.ny.us/data/content/view/79/1/>

## **Managed Care Compliance Guidelines**

**WHAT IS COMPLIANCE?**

## How NYS OMIG defines it:

**COMPLIANCE =**  
**PROGRAM INTEGRITY**  
**+ PARTNERSHIP**

## The equation

**COMPLIANCE:**  
Following the rules

**INTEGRITY:**  
Following the rules when no one's looking

**PARTNERSHIP:**  
Helping each other follow the rules

## **OMIG spells compliance with an “R”**

### **Requirement**

- Review, Risk Assessment

### **Responsibility**

- Report, Recommend

### **Rewards**

## **Data mining**

***New York’s Data Warehouse is  
the largest in the nation***

### **Containing**

Hundreds of modules

Thousands of tables

Millions of data elements/attributes



## Using the Data Warehouse

# Managed Care Projects

## Managed Care Audit Projects

- Multiple CINs for One Enrollee
- Rebilling of Previous Disallowed Claims
- Supplemental Newborn & Maternity Payment
  - Supplemental Capitation Payments without Encounter Data
  - Payments for ***Men Having Babies!***
- Improper Retroactive Supplemental Security Income (SSI) Capitation Payments
- Payments for Deceased & Incarcerated Enrollees

<http://www.omig.state.ny.us> “2008-2009 Work Plan”

## **Multiple Client Identification Number (CIN)**

- Data match by Social Security Number (SSN) where enrollee was incorrectly assigned more than one CIN upon re-enrollment in Medicaid managed care program at the county level
- \$38 million overpaid to managed care plans during six year period
- SWAT team created to evaluate issues, build more systems integrity (corrective action)

## **Rebilling by Plans**

### **Such as:**

- Deceased/Incarceration Audit Projects

### **At issue:**

- Systems integrity
- Responsibility to develop better business practices

## **Men having babies**



## **Retroactive Supplemental Security Income (SSI) Capitation Payments**

**Self-Disclosure**

**Rewards vs. Penalties**

## No corresponding encounter data to support supplemental payments

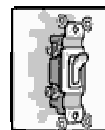
- No hospital encounter claim to support supplemental maternity/newborn capitation payments
- \$108 million of the payments questioned (10% of total)
- \$6 million recovered so far
- **Plans did not submit encounter data properly**

## Edits

Audits found flaws in system data  
(wrong DOBs, gender, other)

**14 different edits for Newborn/Maternity  
supplemental payments codes along have  
been developed**

They work best when turned on!



## Sample Edits

**Edit 7348:**

you may be born only once (no “born agains”)

**Edit 7647:**

you may not deliver a baby if you are male, female under 12 or over 50

**Edit 7797:**

you may not give birth to yourself

**Edit 1141:**

pre-payment review

## Who watches *us*?

**We are held to compliance by State and Federal oversight**

We receive “report cards” from the Federal Office of the Inspector General (OIG), Center for Medicare and Medicaid services (CMS), as well as our own State Comptroller’s office (OSC)

- **OIG** issues audit findings and takes back money
- **OSC** expects corrective actions to be taken
- **CMS** oversees the Federal-State Health Reform Partnership (F-SHRP) agreement



## Transparency

Transparency extends not only within the OMIG but with the public, trade associations, law firms, accounting firms, and provider community

### **OMIG has established web sites for the stakeholders of New York State**

- Intranet for internal staff
- Internet for the stakeholders of NYS
- Examples are posting Audit Work Plan, audit reports, etc.

<http://www.omig.state.ny.us> "2008-2009 Work Plan"

## Current plans

- Review of quarterly expenditure reports
  - Electronic analysis of MCO paid claims file that ties into the quarterly report
  - Claims related to Medicaid Managed Care enrollees
  - Determine whether claims were paid in compliance with provider contracts
  - Verify sampling of claim payments with providers

## Also...



- Determine the propriety of Third Party recoveries reported, if any
- Review the accuracy of IBNR (Incurred But Not Reported) accruals by product line)
- Review the propriety of related party transactions
- Review the propriety of direct and indirect administration costs

## Recap

Compliance ♦ Integrity ♦ Responsibility

Building Partnerships

Rewards

## Ten Questions to bring home

1. How accurate, complete, and timely is encounter data being submitted to the State Medicaid Program? **(what does the contract require?)**
2. Are we re-billing voided claims? **(why?)**
3. Do we stop billing when members die?
4. How effective is our SIU?
5. How is our organization's transparency? **(self check-up)**

## But wait, there's more...

6. How many network providers have self-disclosed this year?
7. Are roster reports verified for accuracy, and if inaccurate, what do we do with the inaccuracies?
8. Do we as the plan have edits to prevent improper billing of the Medicaid Program?
9. Are the plan payment controls when we bill Medicaid as strict as when our providers bill us?
10. What is the Compliance Officer's understanding about IBNR (Incurred But Not Reported)?

## Office of the Medicaid Inspector General of New York State (OMIG)

### *Presenter Contact Information*

**Patrick Dufresne, Director**

Bureau of MCA & PR  
[pwd01@omig.state.ny.us](mailto:pwd01@omig.state.ny.us) 518.402.1116



**Carol Booth, RN/Auditor**

Bureau of MCA & PR  
[clk04@omig.state.ny.us](mailto:clk04@omig.state.ny.us) 518.402.1117



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## Questions & Answers

