



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Inappropriate Medicaid Payments for Recipients With Multiple Identification Numbers and no Social Security Numbers

Medicaid Program Department of Health



Report 2010-S-29

July 2012

Executive Summary

Purpose

To determine whether the Department of Health (Department) ensures local social services districts properly assign identification numbers to individuals eligible for Medicaid and if inappropriate Medicaid payments were made as a result of Medicaid recipients being assigned multiple identification numbers. The audit covers the period June 2007 - May 2010.

Background

The Department oversees and establishes guidelines for local social services districts (local districts) regarding Medicaid eligibility. Local districts are solely responsible for determining whether individuals applying for Medicaid meet eligibility requirements, and they are also responsible for assigning eligible Medicaid recipients unique identification numbers. The recipient identification number is a critical factor in determining the appropriateness of Medicaid payments. In prior audits, we identified significant overpayments because recipients were issued multiple Medicaid identification numbers.

Key Findings

- For the three years ended May 31, 2010, the Department overpaid about \$17.3 million in Medicaid because 9,848 recipients were enrolled into Medicaid with multiple identification numbers. The problem of multiple identification numbers and related overpayments is longstanding. Though the Department has taken steps to address it, still more needs to be done.
- Several circumstances led to the assignment of multiple Medicaid identification numbers. For example, the State's Welfare Management System (WMS) produces reports identifying persons who are already enrolled in Medicaid. However, the reports are not useful in checking for a duplicate recipient identification number when a social security number is not recorded in connection with an already established identification number. In addition, the WMS provides online tools that can help local social service districts identify people who are already enrolled in Medicaid in another locality even when the person seeking enrollment does not provide a social security number. However, local social service personnel were often not aware that these tools could be used in these situations.

Key Recommendations

- Take steps to minimize the potential for the issuance of multiple identification numbers to the same recipient. This includes improving the utility of pertinent WMS reports and advising local social service personnel of useful WMS tools.
- Investigate the \$17.3 million in overpayments and recover when appropriate.

Other Related Audits/Reports of Interest

[Department of Health: Improper Medicaid Payments for Recipients with Multiple Identification Numbers \(2008-S-163\)](#)

[Department of Health: Multiple Medicaid Payments for Managed Care Recipients \(2004-S-48\)](#)

State of New York
Office of the State Comptroller

Division of State Government Accountability

July 24, 2012

Nirav R. Shah, M.D., M.P.H.
Commissioner
Department of Health
Corning Tower Building
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Dear Dr. Shah:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls intended to safeguard assets.

Following is a report of our audit of the Medicaid Program entitled *Inappropriate Medicaid Payments for Recipients with Multiple Identification Numbers and no Social Security Numbers*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

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Background

The Department of Health (Department) administers the State's Medicaid program, which provided medical assistance to about 5 million individuals and paid over \$48 billion to Medicaid providers in 2010. To obtain Medicaid benefits, individuals must first apply for benefits with their respective local social services district (local district). New York has 58 local districts representing a county in all areas of the State except in New York City. The five boroughs of New York City comprise one local district overseen by the New York City Human Resources Administration.

The Department provides oversight and establishes guidelines for the local districts regarding Medicaid eligibility. However, local districts are solely responsible for determining whether individuals applying for Medicaid in their county meet eligibility requirements. Local districts are also responsible for assigning eligible Medicaid recipients unique identification numbers. A recipient's identification number is a critical factor in determining the appropriateness of Medicaid payments made by the Department. Each week, the Department's Medicaid claims processing system, eMedNY, uses various automated controls (edits) to detect inappropriate claims and prevent payment. For example, eMedNY has edits that use a Medicaid recipient's identification number to detect duplicate claims for the same recipient. The Department provides local districts with several methods for preventing Medicaid recipients from being assigned multiple identification numbers.

Local districts also determine eligibility for several other social welfare benefits and programs such as cash assistance, food stamps and the home energy assistance program. The eligibility rules for these programs vary, but generally a person eligible for cash assistance or food stamps will also be eligible for Medicaid. Thus, a local district worker may make several eligibility determinations the behalf of one individual. However, the same identification number is used across all public and medical assistance programs to control the delivery of benefits and payments to benefit providers. In addition, the same local district worker may also enroll Medicaid recipients in Medicaid managed care. In all instances, recipient eligibility information along with the recipient's corresponding identification number is transmitted to, and maintained by the State's eligibility system, referred to as the Welfare Management System (WMS).

The WMS maintains and processes information relating to individuals who have applied for, and have been determined eligible for, benefits under all assistance programs for which local districts are responsible for administering. At the local district level, WMS was implemented as two systems, the downstate WMS for New York City recipients and the upstate WMS for recipients living in the rest of the State. The New York State Office of Temporary and Disability Assistance (OTDA) has primary responsibility for administering WMS. All eligibility information transmitted by local district workers is ultimately aggregated by OTDA and communicated to the Department's Medicaid claims payment system, eMedNY. The Department uses eMedNY to make Medicaid payments to participating medical service providers or participating managed care plans.

When an individual is enrolled in a managed care plan, the plan is paid a monthly premium to provide a comprehensive range of medical services to the enrollee. The managed care plan can

provide these services directly or it can contract with other providers (e.g., hospitals or clinics) to provide these services. The managed care plan is paid the monthly premium until the enrollee is no longer eligible for Medicaid or has moved out of the area covered by the plan. The managed care plan is responsible for reimbursing other providers for service provided to plan members.

In a previous audit (2008-S-163) - Improper Medicaid Payments for Recipients with Multiple Identification Numbers, we identified overpayments that resulted because recipients were issued multiple Medicaid identification numbers. We identified the causes of the improper payments and made recommendations to prevent overpayments from recurring. The recipients identified in this prior audit had a social security number associated with each identification number that was issued. The current audit also focuses on recipients with multiple identification numbers. However, for this audit, the recipients in question were missing a social security number for at least one of their multiple identification numbers.

Audit Findings and Recommendations

Improper and Unnecessary Payments

A recipient's identification number is a critical factor in determining the appropriateness of Medicaid payments made by the Department. Each week, the Department's Medicaid claims processing system, eMedNY, uses various automated controls (edits) to detect inappropriate claims and prevent payment. For example, eMedNY has edits that use a Medicaid recipient's identification number to detect duplicate claims for the same recipient.

For the three years ended May 31, 2010, we determined Medicaid made improper payments totaling about \$17.3 million on behalf of Medicaid recipients because they had more than one identification number assigned to them. Our analysis of the Medicaid eligibility records identified 9,848 recipients who had more than one identification number. Of these recipients, 8,795 received multiple identification numbers from the New York City Human Resources Administration (HRA) alone, and another 651 recipients received multiple numbers from the HRA and the counties outside of New York City. The remaining 402 recipients received their multiple identification numbers from the counties outside of New York City. We identified these recipients by matching names, dates of birth and sex.

Our analysis of the improper Medicaid claim payments corresponding to multiple identification numbers disclosed the following:

- \$13.0 million in payments to hospitals and clinics for 5,141 recipients who were also enrolled in managed care plans. Medicaid paid premiums on behalf of these recipients to the managed care plans, and the plans were financially responsible for the hospital and clinic services provided to the recipients. In these cases, the Department paid monthly premiums to the recipient's managed care plan under one identification number and also made payments directly to hospitals and clinics under the recipient's other identification number;
- \$2.6 million in duplicate payments made to different managed care plans for the same recipient. In these cases (involving 3,526 recipients), the local district enrolled the same person in two different managed care plans under different identification numbers and paid monthly premiums concurrently to both plans; and
- \$1.7 million in duplicate payments made to the same managed care plan for the same recipient. In these cases (involving 2,264 recipients), the local district enrolled the same person twice in the same managed care plan under different identification numbers and made duplicative monthly premium payments to the plan.

In some cases, payments on behalf of these recipients involved more than one of these problems.

Because complete, accurate, and timely information is critical to determining Medicaid eligibility, the Department and OTDA have various tools and methods to assist local district personnel in making an eligibility determination and assigning an identification number. When a person

applies for Medicaid, a local district representative is expected to check WMS to determine if the applicant is already receiving any medical or public assistance benefits and has been assigned an identification number. For this purpose, local district representatives are provided reports produced by WMS that identify individuals who are enrolled in Medicaid or other assistance programs in their district. Local district personnel can also access WMS eligibility information online. This makes it possible for local district workers to determine if an individual applying for Medicaid in their district is currently enrolled in any medical or public assistance program across the entire State.

However, HRA personnel were not consistently using information on WMS and other available tools to update Medicaid's eligibility files. In addition, some of the controls in place to identify Medicaid recipients that already had Medicaid identification numbers were not working as intended. Consequently, some individuals were enrolled in Medicaid on multiple occasions and have two or more identification numbers. Because the identification numbers were different, duplicate claims for the same recipient went undetected by the Department's eMedNY system, and substantial Medicaid overpayments occurred.

For example, "clearance reports" produced by WMS were to be used by HRA representatives to identify individuals applying for Medicaid or other public assistance who may already have a Medicaid identification number. However, when applicants do not provide a social security number, the reports do not adequately identify the possibility of existing identification numbers, and representatives are not required to take further actions to confirm the existence of identification numbers. As a result, multiple identification numbers are assigned to recipients that do not provide social security numbers, and Medicaid overpayments occur.

In addition, if a mother applies for Medicaid or other social welfare benefits on behalf of her newborn and is not applying for herself, HRA's policy does not require its personnel to use the mother's demographic information when searching WMS to assign a Medicaid identification number to the newborn. Without using the mother's information, HRA personnel are less likely to identify newborns that already have Medicaid identification numbers. Also, HRA does not require its personnel to thoroughly question mothers about whether their newborns' are already Medicaid-eligible when the mothers do not have Medicaid themselves. About 50 percent of the multiple identification numbers we identified were related to newborns, and HRA's process for assigning identification numbers to newborns accounted for most of them.

We also found HRA representatives were unaware that other controls (i.e., cross-county inquiry screens) could be used to prevent the assignment of Medicaid identification numbers to individuals that already have numbers even when recipients did not provide social security numbers. The cross-county selection screens enable local district representatives to determine if an applicant already has a Medicaid identification number from a locality outside of New York City. Since HRA representatives were unaware of the capabilities of the cross-county selection screens, they did not adequately investigate applicants' Medicaid enrollment. As previously noted, we identified 651 recipients who had identification numbers from New York City and counties outside New York City. Proper use of the cross-county inquiry screens would have prevented some of these multiple identification numbers from being issued.

During the course of our audit, we advised Department officials of the improper payments resulting from the assignment of multiple identification numbers to individual Medicaid recipients. Officials agreed the State and localities need to strengthen controls over the Medicaid enrollment process to help minimize the risk of assigning multiple identification numbers to recipients that do not provide social security numbers. Moreover, officials agreed significant amounts of improper payments were made, and the Department agreed to take steps to recover \$1.7 million in duplicate payments to individual managed care plans which had multiple identification numbers for certain recipients they served. The Department will also take steps to recover \$2.6 million in duplicate premium payments to different managed care plans which served recipients with multiple identification numbers.

However, at the time of our fieldwork, the Department did not agree to investigate and recover the balance of overpayments (totaling about \$13.0 million) that resulted when hospitals and clinics provided services to managed care recipients. Officials indicated, at that time, that the Department could not determine which provider to recover payments from because each provider assumed risk for the recipients in question.

Nonetheless, we maintain the Department should investigate and pursue recovery of Medicaid payments to hospitals and clinics when it determines the hospitals and clinics had contracts with the managed care plans to provide services to plan members. For example, one of the hospitals we visited was paid a total of \$58,169 for inpatient and clinic services provided to recipients who were enrolled in a managed care plan the hospital has a contract with. The Department should recover the improper Medicaid payments made to the hospital. The hospital, under its contract with the managed care plan, should bill that plan for the services it provided. In their response to our draft report, Department officials stated that they would collaborate with the Office of the Medicaid Inspector General to address potential duplicate payments involving managed care plans and fee for service providers.

Since our prior audit report was issued the Department has made some improvements to prevent multiple identification numbers from being issued. It has also made improvements in identifying overpayments resulting from recipients having multiple identification numbers and recovering overpayments that occur. However, the current audit shows multiple identification numbers are still being issued, overpayments are still being made, and further improvements are needed with the Department's process to recover overpayments.

Recommendations

1. Take steps to minimize the potential for the issuance of multiple identification numbers to the same recipient. At a minimum, the Department should:
 - advise OTDA to strengthen the WMS clearance reports to require an appropriate review of applicant information when recipients do not provide social security numbers, but other information indicates the recipient already has a Medicaid identification number;
 - require HRA representatives to more thoroughly investigate whether newborns already have Medicaid identification numbers when mothers apply for their newborns; and
 - inform HRA and county social services agencies of the capabilities of WMS cross-county

inquiry screens to identify Medicaid applicants that already have a Medicaid identification number even when applicants do not provide social security numbers.

2. Investigate the \$17.3 million in duplicate payments identified in this audit and recover when appropriate.

Audit Scope and Methodology

Our audit objectives were to determine whether the Department ensures local social services districts properly assign identification numbers to individuals eligible for Medicaid and if inappropriate Medicaid payments were made because Medicaid recipients received multiple identification numbers. Our audit period included the three years ended May 31, 2010.

To accomplish our objectives, we interviewed Department officials, reviewed applicable sections of Federal and State laws and regulations, and examined the Department's relevant policies and procedures. We also visited the largest local district (New York City) and reviewed their procedures for assigning identification numbers to individuals eligible for Medicaid and other public assistance benefits. We selected New York City because it enrolled the most Medicaid recipients during our audit period. While at the local district, we selected a judgmental sample of 25 recipients with multiple identification numbers to determine why these recipients were assigned more than one identification number. We did not review local districts' practices for determining applicant's Medicaid program eligibility. We also visited two hospitals and two managed care organizations to review records supporting Medicaid claims.

In addition, we identified and selected only those Medicaid recipients who did not have a social security number associated with at least one of the Medicaid identification numbers assigned to them. Federal Medicaid regulations generally require applicants to provide a social security number when applying for benefits. Exceptions to this requirement include pregnant woman, newborns of women receiving Medicaid, and individuals who qualify for emergency medical assistance.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members (some of whom have minority voting rights) to certain boards, commissions, and public authorities.

These duties may be considered management functions for purposes of evaluating organizational

independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed 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.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and formal comments. We considered the Department's comments in preparing this report and have included them in their entirety at the end of it. In their response, Department officials generally concurred with our recommendations. Officials further indicated that certain actions are planned or have been taken to recover the overpayments we identified and prevent the issuance of multiple identification numbers to individual Medicaid recipients.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

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Vision

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To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments

Nirav R. Shah, M.D., M.P.H.
Commissioner

NEW YORK
state department of
HEALTH

Sue Kelly
Executive Deputy Commissioner

March 14, 2012

Brian E. Mason, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, New York 12236

Dear Mr. Mason:

Enclosed are the New York State Department of Health's comments on the Office of the State Comptroller's draft audit report 2010-S-29 on "Inappropriate Medicaid Payments for Recipients with Multiple Identification Numbers and no Social Security Numbers."

Thank you for the opportunity to comment.

Sincerely,


Sue Kelly
Executive Deputy Commissioner

Enclosure

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**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2010-S-29 on
Inappropriate Medicaid Payments for Recipients with Multiple
Identification Numbers and no Social Security Numbers**

The following are the Department of Health's (Department) comments in response to Office of the State Comptroller (OSC) Draft Audit Report 2010-S-29 on "Inappropriate Medicaid Payments for Recipients with Multiple Identification Numbers and no Social Security Numbers."

Recommendation #1:

Take steps to minimize the potential for the issuance of multiple identification numbers to the same recipient. At a minimum, the Department should:

- advise the New York State Office of Temporary and Disability Assistance (OTDA) to strengthen the Welfare Management System (WMS) clearance reports to require an appropriate review of applicant information when recipients do not provide social security numbers, but other information indicates the recipient already has a Medicaid identification number;
- require New York City Human Resources Administration (HRA) representatives to more thoroughly investigate whether newborns already have Medicaid identification numbers when mothers apply for their newborns; and
- inform HRA and county social services agencies of the capabilities of WMS cross-county inquiry screens to identify Medicaid applicants that already have a Medicaid identification number even when applicants do not provide social security numbers.

Response #1:

The following activities have either already been taken, or will be taken, to minimize the potential for the issuance of multiple identification numbers to the same recipient.

- OTDA has been advised to strengthen the WMS clearance routines and CIN/Medicaid identification number process to limit the ability of users to inappropriately assign a new CIN/Medicaid identification number when individual demographic data does not include a social security number but other information indicates the individual already has a CIN/Medicaid identification number.
- In September 2011, HRA issued more comprehensive procedures regarding the assignment of Medicaid Identification numbers to newborns. As a result, HRA representatives are now required to conduct more thorough investigations.

- The selection and assignment of CINS are being incorporated into refresher and new worker training sessions for local district staff.
- The Access NY application has been revised to inquire on whether applicants have had prior public health insurance coverage so that the local district can further probe to determine whether a prior CIN is available for use on the current case.
- Enrollment systems were modified so that the Department's enrollment broker which assigns eligible applicants to plans will reject cases for assignment where an existing CIN is determined, thereby avoiding duplicate managed care payments.
- The contract with health plans has been amended to specify, "Notwithstanding the foregoing, the SDOH always has the right to recover duplicate MMC or FHPlus premiums paid for persons enrolled in the MMC or FHPlus program under more than one Client Identification Number (CIN) whether or not the contractor has made payments to providers."
- A General Information System (GIS) communication will be issued in the Spring of 2012 to all local districts including HRA. This communication will reinforce the importance of avoiding duplicate CINs as well as using the WMS cross-county inquiry screens to identify applicants and additions to cases that already have a CIN, including cases where the social security number is not provided.

Recommendation #2:

Investigate the \$17.3 million in duplicate payments identified in this audit and recover when appropriate.

Response #2:

The potential duplicate payments identified by OSC can be categorized into three groupings; duplicate payments to the same plan (\$1.7 million), duplicate payments to different plans (\$2.6 million) and duplicate payments involving plans and fee for service (\$13 million). Payment data associated with the first group was forwarded to the local districts in June 2011 for review and to seek voids from the plans where appropriate. The recovery of payments associated with the second group is being pursued, as appropriate, through a joint Department/OMIG initiative that begins with dates-of-service on or after October 1, 2009; overpayments prior to this date will not be pursued since the contract provision permitting recovery is effective October 1, 2009. In addition, the Department and OMIG will collaborate on the approach to addressing the potential duplicate payments associated with the third group.