



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601
October 20, 2004

REGION V
OFFICE OF
INSPECTOR GENERAL

Report Number A-05-03-00019

Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
New York State Department of Health
Corning Tower, 14th Floor
Empire State Plaza
Albany, New York 12237

Dear Dr. Novello:

Enclosed are two copies of the U.S. Department of Health and Human Services, Office of Inspector General's final report entitled "Audit of Payments for Medicaid Services to Deceased Beneficiaries" for the period October 1, 1998 through September 30, 2001. A copy of this report will be forwarded to the action official noted below for his/her review and any action deemed necessary.

Final determination as to actions taken on all matters will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

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To facilitate identification, please refer to report number A-05-03-00019 in all correspondence relating to this report.

Sincerely,

A handwritten signature in cursive script that reads "Paul Swanson".

Paul Swanson
Regional Inspector General
for Audit Services

Enclosures – as stated

Page 2 – Antonia C. Novello

Direct Reply to HHS Action Official:

Associate Regional Administrator
Centers for Medicare and Medicaid Services, Region II
Division of Medicaid and State Operations
26 Federal Plaza, 38th Floor
New York, NY 10278

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF PAYMENTS FOR
MEDICAID SERVICES TO
DECEASED BENEFICIARIES**

**OCTOBER 1, 1998 THROUGH
SEPTEMBER 30, 2001**

**NEW YORK STATE
DEPARTMENT OF HEALTH**



**OCTOBER 2004
A-05-03-00019**

Office of Inspector General

<http://oig.hhs.gov>

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed as well as other conclusions and recommendations in this report represent the findings and opinions of the HHS/OIG/OAS. Final determination on these matters will be made by authorized officials of the HHS divisions.



EXECUTIVE SUMMARY

BACKGROUND

The Social Security Administration (SSA) maintains a data file of deceased individuals, to assist in preventing payments for services after death. The data file is compiled from death certificate information purchased from state governments and from death notifications received from funeral homes, friends, and family. The SSA maintains the most complete death records for the Federal Government. The data file is available to State and Federal Government entities. We matched this file against Medicaid payments by the State of New York to identify potential payments for alleged services after death. This match resulted in \$35.8 million of potential overpayments for alleged services after death.

OBJECTIVE

The objective of our review was to identify Medicaid overpayments resulting from provider billings for medical services for dates after the beneficiaries' death.

FINDINGS

The New York Department of Health (State agency) did not identify all of the payments billed for medical services on dates after a beneficiary's death. From the developed universe of potential overpayments, we statistically selected 100 payments and confirmed that 5 were for alleged services after the Medicaid beneficiary's death and 24 were for alleged service dates after the SSA's recorded date of death. The beneficiaries had multiple indicators of death. As a result, we estimate that \$6.7 million in potential overpayments were made to providers for beneficiaries with multiple indicators of death occurring prior to the provider's indicated date of service.

However, despite repeated requests, we were not provided with death certificates or access to the State agency's Office of Vital Records death files. The lack of death certificates prevented us from making a conclusive determination of the amount of overpayments for the 24 payments noted above. Until death certificates or access to more definitive death information is provided, or the State performs a thorough review, the actual amount of overpayments within the universe of \$35.8 million cannot be established.

RECOMMENDATIONS

We recommend that the State agency:

- determine whether the beneficiary died prior to the Medicaid provider's billed date of service and recover any overpayments

- expand data sharing between the State agency's and New York City's Medicaid and Vital Records Offices
- consider using the SSA death file to improve data matching and to enhance identification of Medicaid deceased beneficiaries

In a written response dated September 8, 2004, New York officials generally agreed with the recommendations and had initiated corrective actions. The response is summarized in the body of the report and is included in its entirety as Appendix B to the report.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
BACKGROUND	1
OBJECTIVE, SCOPE AND METHODOLOGY	1
Objective	1
Scope	1
Methodology	1
FINDINGS AND RECOMMENDATIONS.....	2
CRITERIA	2
Payments for Service Dates After Death - Overpayments.....	3
Payments for Service Dates After Death - Potential Overpayments	3
Inconclusive Data - No Supporting Death Information	5
Coordinated Data Matching and Data Sharing was Limited	5
EFFECT - Payments for Service Dates After Death	5
RECOMMENDATIONS	6
STATE AGENCY COMMENTS & OIG RESPONSE.....	6
APPENDIX	
SAMPLING METHODOLOGY	A
STATE AGENCY COMMENTS	B

INTRODUCTION

BACKGROUND

The SSA maintains a data file of deceased individuals, to assist in preventing payments for services after death. The data file is compiled from death certificate information purchased from state governments and from death notifications received from funeral homes, friends, and family. Reported deaths are routinely added to the SSA's death files. The SSA maintains the most complete death records for the Federal Government.

The Medicaid program provides medical services to needy Medicaid eligible beneficiaries. The program is jointly administered by the Federal Government through the Centers for Medicare & Medicaid Services (CMS) and by the states through their designated state agency. During fiscal year 2000, Federal and State spending for Medicaid services in New York totaled \$30.1 billion.

We matched the SSA death files against Medicaid payments by the State of New York to identify potential payments for alleged services after the beneficiary's death. This match amounted to a universe of \$35.8 million of potential overpayments for alleged services after death.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective. The objective of our audit was to identify Medicaid overpayments resulting from provider billings for medical services for dates after the beneficiary's death.

Scope. For the period October 1, 1998 through September 30, 2001, Medicaid beneficiaries' names, social security numbers and birth dates were matched with corresponding data for deceased individuals from the SSA death files. For Medicaid eligible beneficiaries identified as deceased, we determined the amounts paid for services provided in the month after their deaths through December 31, 2001. There were 122,498 paid claims for services billed after death, totaling \$35.8 million. A statistical sample of 100 claims for medical services totaling approximately \$25,700 was reviewed. Death data from SSA, the New York City Office of Vital Records, and other data systems were used to determine whether the paid claims were for deceased beneficiaries and, therefore, unallowable. Details of the sampling methodology are presented in Appendix A.

The overall internal control structure of the State agency's Medicaid program was not reviewed. Our internal control review was limited to obtaining an understanding of its procedures to identify payments for services to deceased individuals and to recover the overpayments.

Methodology. For each of the 100 claims, we determined whether the State agency had made recoveries. If not, we established that the payment was for alleged services billed for dates after the death of the beneficiary. We used the State agency's Medicaid

Management Information System data to verify that the individuals listed in the SSA death files were the individuals for whom the payments were made. We compared SSA and Medicaid Management Information System data, including the social security number, name, and date of birth, for each of the individuals. We performed a review of the New York City Office of Vital Record's death listings, Federal Medicare and Supplemental Security Income death records and obtained death and eligibility information from State and City Medicaid files. We did not receive death certificates or access to death record information within affiliated New York State and City offices and were not able to conclusively document the death of each beneficiary in our audit sample. Because of the extent of unconfirmed deaths in our sample, we paid the New York City Office of Vital Records to search for the death certificates of two beneficiaries.

We performed our audit work at the State agency's offices in Albany, New York and at the New York City Department of Health. The fieldwork was conducted from February 2003 through January 2004.

Our audit was conducted in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency did not have effective controls to identify and recover payments for alleged services billed for dates after beneficiaries died or procedures to obtain necessary death certificates or other death information records from affiliated New York State and City offices. Using a statistical sample of 100 potential overpayments, we confirmed that 5 paid claims were for alleged services after the Medicaid beneficiary's death and 24 paid claims were for alleged service dates after the SSA's recorded date of death. The beneficiaries had multiple indicators of death. As a result, we estimate that \$6.7 million in potential overpayments were made to providers for beneficiaries with multiple indicators of death occurring prior to the provider's indicated date of service.

However, despite repeated requests, we did not receive death certificates or access to the State agency's Office of Vital Records death files. The lack of death certificates prevented us from making a conclusive determination of the amount of overpayments for the 24 payments noted above. Until death certificates or access to more definitive death information is provided, or the State performs a thorough review, the actual amount of overpayments within the universe of \$35.8 million cannot be established.

CRITERIA

The Code of Federal Regulations Title 42, Part 433 states that an overpayment is the amount that the Medicaid agency paid to a provider in excess of the amount allowable for furnished services. Medically necessary services could not be furnished to a deceased beneficiary.

Payments for Service Dates After Death - Overpayments

The State agency did not identify all of the payments to providers billing for medical services for dates after the beneficiaries’ death. From the 100 paid claims selected in our sample, we found that 5 payments were for services billed for Medicaid beneficiaries after their deaths. The overpayments were not adjusted.

Although access to death records was not provided despite repeated requests, we were able to review a listing of deaths from the New York City Office of Vital Records. The listings identified the name of the deceased beneficiary, the date of death, and the individual’s age at the time of death. To obtain a match, we calculated the age at the beneficiary’s death, using the date of birth and date of death information received from SSA data. However, we were unable to match the beneficiary’s social security number or date of birth.

Additional audit work was performed to substantiate the death of the beneficiary, which included reviewing death information from Federal Medicare and Supplemental Security Income files and death and eligibility termination information from New York City’s Medicaid files. Since death certificates were not provided, two requests for death certificates were purchased for beneficiaries that lacked conclusive support. A death certificate was on file to confirm the deceased status of one of the beneficiaries.

Based on the above sources, five beneficiaries had dates of death that agreed with the Office of Vital Records death listings. Support was available to confirm the five beneficiaries were deceased before the Medicaid service could have been provided. The table below summarizes our findings and the source of data documenting each beneficiary’s death status.

Table 1

Beneficiary	Number of Claims	Deceased Per:				
		Death Certificate	Medicaid	Medicare	NYC Vital Records	SSI
1	1		Yes	Yes	Yes	
2	1		Yes	Yes	Yes	Yes
3	1			Yes	Yes	
4	1	Yes	Yes	Yes	Yes	
5	1		Yes	Yes	Yes	Yes

Based on the information in Table 1, enough additional support was available to conclude that the five beneficiaries were deceased and that providers were overpaid for service dates billed subsequent to the beneficiaries’ date of death.

Payments for Service Dates After Death – Potential Overpayments

Although evidence from Federal, State and City resources supported the deceased status of 21 beneficiaries associated with 24 claims, some conflicting information warrants

follow-up before a conclusive determination of overpayment can be established. Multiple indicators of death and eligibility termination were obtained from the New York City’s Office of Vital Records death listing, State and City Medicaid files, Federal Medicare and Supplemental Security Income files. Data was available to support that beneficiaries were deceased, but there were conflicts between the various sources. The deceased status information was not conclusive because the various sources noted:

- the beneficiaries being both deceased and alive
- the beneficiaries having recorded dates of death both prior to and after the date of service
- the beneficiaries’ recorded eligibility termination, due to death, not supported by an actual date of death entry

New York City death listings lacked social security numbers and dates of birth and could not be completely matched. The table below summarizes the evidence supporting the beneficiary’s death status.

Table 2

Beneficiary	Number of Claims	Deceased Per:				
		SSA Death Files	Medicaid	Medicare	NYC Vital Records	SSI
6	1	Yes	Yes	Yes	Yes	Yes
7	1	Yes		Yes	Yes	
8	1	Yes			Yes	Yes
9	1	Yes				Yes
10	1	Yes		Yes		
11	2	Yes	Yes		Yes	
12	1	Yes	Yes	Yes		Yes
13	2	Yes	Yes			Yes
14	1	Yes		Yes		
15	1	Yes		Yes	Yes	
16	1	Yes	Yes		Yes	
17	1	Yes		Yes		
18	2	Yes	Yes	Yes		Yes
19	1	Yes	Yes		Yes	
20	1	Yes			Yes	
21	1	Yes	Yes		Yes	
22	1	Yes	Yes		Yes	
23	1	Yes	Yes			Yes
24	1	Yes				Yes
25	1	Yes	Yes	Yes		
26	1	Yes	Yes	Yes		

Although death certificates were requested on numerous occasions, from the State agency, none were provided. Based on the information in Table 2, we believe that overpayments would have been confirmed if the audit team had access to death

certificates to conclusively determine the death status of each beneficiary in our audit sample.

Inconclusive Data - No Supporting Death Information

Although the SSA death tapes indicated that the remaining 49 individuals in our sample (associated with 71 claims) were deceased, no additional supporting documentation was available from Federal, State or City files. Therefore, since confirming documentation was not available to support the death status, we did not include these claims in our projected estimate of potential unallowable overpayments.

Coordinated Data Matching and Data Sharing was Limited

New York Department of Health Vital Records Section and New York City Office of Vital Records did not routinely share data between their respective entities or with the State agency's Medicaid office. We attribute the potential overpayments to this lack of sharing of death information and to the lack of a comprehensive death to payment match. Although Vital Records data files and State agency Medicaid eligibility files should contain the latest eligibility and death information, payments for services after death were made even though beneficiaries were classified as deceased in the State's eligibility files. We believe that matches with Vital Records data should significantly reduce these overpayments.

The Office of Medicaid Management does not receive death tapes from the New York Department of Health Vital Records Section, the New York City Office of Vital Records or SSA and does not ensure that the latest beneficiary deceased status is recorded for possible prepayment or post-payment matching. According to State officials, a match between the Office of Medicaid Management and the Vital Records Section has not occurred since around 1996. State officials indicate that the data does not have a standard format to which it can be matched. The format of the data changes from one year to the next, and, until the data is standardized, the match cannot be performed on a recurring basis.

Deceased information was processed by caseworkers in 47 individual districts and was then loaded into the Welfare Management System. The resulting data file was matched on a quarterly basis to the Medicaid Management Information System claims file to identify and make appropriate adjustments. Although this was a positive post-payment initiative, it did not consider the need to update death files for existing information between New York affiliated offices and from the SSA death file.

EFFECT – Payments for Service Dates After Death

Based on the projected results of our statistical sample, we estimate that \$6.7 million in potential overpayments were made to providers for beneficiaries with multiple indicators of death. The lack of access to death certificates prevented us from making a conclusive determination of the amount of overpayments. Until death certificates or access to other

death information is provided, or the State performs a thorough review, the actual amount of overpayment within the potentially unallowable universe of \$35.8 million cannot be established.

RECOMMENDATIONS

We recommend that the State agency:

- determine whether the beneficiary died prior to the Medicaid provider's billed date of service and recover any overpayments
- expand data sharing between the State agency's and New York City's Medicaid and Vital Records Offices
- consider using the SSA death file to improve data matching and to enhance identification of Medicaid deceased beneficiaries

STATE AGENCY COMMENTS AND OIG RESPONSE

Recover Overpayments. State agency officials generally agreed with our recommendation concerning the 5 claims associated with confirmed overpayments.

The State agency officials noted that death certificates were requested for 24 individuals and that no records were discovered to substantiate their death. Although State officials did provide testimonial evidence that no death certificates were on file, we were able to substantiate through alternate means that at least one beneficiary classified by the State as alive did in fact have a death certificate on file with the New York City Office of Vital Records (see beneficiary No. 4).

The additional 24 claims were included in the report due to conflicting death information associated with these beneficiaries. Various sources list the individuals as deceased, but access to death certificates was not provided. Until access to death certificate information is provided, evidence supporting that the individual is deceased or alive is not conclusive.

Expand Data Sharing. State agency officials initiated steps to expand data sharing prior to the completion of our fieldwork, but after the period of our audit.

Improve Data Matching. The State agency did not provide specific comments to the recommendation.

APPENDICES

SAMPLING METHODOLOGY

POPULATION

Paid claims for Medicaid eligible beneficiaries allegedly receiving services in the month after death. The services were allegedly provided during the period of November 1998 through December 2001. The universe consisted of 122,498 paid claims totaling \$35,898,700.

SAMPLE DESIGN

A statistical random sample was used for this review. The Random Number Generator through the *OAS Statistical Sampling Software RATS-STATS* was used to select the random sample.

RESULTS OF SAMPLE

The results of our review are as follows:

Number Of Claims	Sample Size	Value of Sample	Number of Errors	Value of Errors
122,498	100	\$25,712	29	\$5,475

The point estimate is \$6,707,623 with a lower limit at the 90% confidence level of \$1,945,071. The precision of the 90% confidence interval is + or - \$4,762,552 or 71.00%.



Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr.P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

September 8, 2004

Paul Swanson
Regional Inspector General for
Audit Services
DHHS OIG Office of Audit Services
233 N. Michigan Avenue
Chicago, Illinois 60601

Dear Mr. Swanson:

Enclosed are the Department of Health's comments on the DHHS - OIG's Draft Audit (A-05-03-00019) entitled "Audit of Payments for Medicaid Services to Deceased Beneficiaries."

Thank you for the opportunity to comment.

Sincerely,



Dennis P. Whalen
Executive Deputy Commissioner

Enclosure

**Department of Health
Comments on the
Department of Health and Human Services
Office of Inspector General
Draft Audit Report
A-05-03-00019 Entitled
“Audit of Payments for Medicaid
Services to Deceased Beneficiaries”**

The following are the Department of Health’s (DOH) comments in response to the Department of Health and Human Services (DHHS), Office of Inspector General (OIG) draft audit report (A-05-03-00019) entitled “Audit of Payments for Medicaid Services to Deceased Beneficiaries”.

Recommendation #1:

Determine whether the beneficiary died prior to the Medicaid provider’s billed date of service and recover any overpayments.

Recommendation #2:

Expand data sharing between the State agency’s and New York City’s Medicaid and Vital Records Office.

Recommendation #3:

Consider using the SSA death file to improve data matching and to enhance identification of Medicaid deceased beneficiaries.

Responses #1 - #3:

Legacy Systems staff has undertaken the following actions; also please note that this response refers to reference items in the audit report as 200 Sample-Strata 1 listing under the column captioned as “ID”:

- On July 11, 2003, the Department initiated steps to secure access to the Bureau of Production Systems Management (Vital Records) for the 57 upstate counties, and with the New York City Department of Health and Mental Hygiene in for the five counties comprising NYC.
- On September 9, 2003, the Department requested death certificates from Vital Records for twenty-four individuals listed in the Office of Inspector General’s (OIG) sample. No records were discovered to substantiate the allegation of a death.
- The Department will review the five individuals identified in the OIG report as being paid after the alleged death of the beneficiary and will take the necessary action.

- The data used in the match with the Social Security Administration's death file and Medicaid files do not seem to agree. The sample, OIG-ID 86390, identified a father (with a date of birth of September 7, 1900) while the Medicaid files show that the child (with a date of birth of July 7, 1929) was the source of the match.
- One of the individuals listed in the sample noted a date of death of December 2, 2002, although the ending period of the review was September 30, 2001.
- In a similar fashion, two of the individuals (OIG-ID 42620 and OIG-ID 39249) seem to have authenticated dates of death that occurred subsequent to the dates that services were rendered. Wouldn't this have the net effect of zeroing these out from the determination of alleged error?
- An e-mail received from the OIG auditors, dated April 14, 2004, related that "This email is to inform you that we will be issuing the draft report by the end of the month for the audit titled 'Audit Payments for Medicaid Services to Deceased Beneficiaries'." We will be questioning claims associated with five deceased individuals. As stated in the email below from Hope Henderson at the NYC Human Resources Administration, the City has agreed that four individuals are deceased. The fifth individual, Marie Vaisseau, we conclude was deceased also. Since death certificates were not provided to us, we paid for and obtained the death certificate for Ms. Vaisseau from the New York City Office of Vital Records.'

The Department concurs that these individuals had been previously agreed upon. We also note that the draft report appears to include an additional 24 alleged individuals that were not previously identified. As such, we are uncertain as to how to proceed. We have contacted the OIG auditors by telephone and are seeking to exchange information in an effort to resolve outstanding questions.