

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**NEW YORK COMPLIED WITH FEDERAL
REQUIREMENTS TO REPORT
MEDICAID OVERPAYMENT
COLLECTIONS FOR THE QUARTER
ENDED SEPTEMBER 30, 2011**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



**James P. Edert
Regional Inspector General**

**August 2013
A-02-12-01020**

Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

INTRODUCTION

WHY WE DID THIS REVIEW

States claim medical assistance and administrative costs, and credit the Centers for Medicare & Medicaid Services (CMS) with any refunds due, on Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64). If overpayment collections are underreported, the Federal Medicaid reimbursement due the State will be higher than it should be. Conversely, overreporting collections results in a lower Federal Medicaid reimbursement. Prior Office of Inspector General reviews found that States did not accurately report all overpayment collections on Forms CMS-64.

OBJECTIVE

Our objective was to determine whether the New York State Department of Health (State agency) complied with Federal requirements to report Medicaid overpayment collections on Form CMS-64 for the quarter ended September 30, 2011.

BACKGROUND

Medicaid Program

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to certain low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer Medicaid. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers Medicaid. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. In New York State, the State agency administers the Medicaid program.

Medicaid providers submit claims to the State agency to receive compensation. The State agency uses the Medicaid Management Information System, a computerized payment and information reporting system, to process and pay Medicaid claims. The Federal Government pays its share (Federal share) of the State agency's expenditures according to a defined formula (42 CFR § 433.10). The Federal share of overpayments identified by the State agency must be refunded to CMS (section 1903(d)(2)(A) of the Act).

Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program

The State agency claims medical assistance and administrative costs, and credits CMS with any refunds due, on Form CMS-64. Section 2500.1(B) of CMS' *State Medicaid Manual* instructs States to report collections of Medicaid overpayments on Line 9 of Form CMS-64 and return the Federal share of those overpayments.

States should report funds collected from: (1) other parties responsible for a beneficiary's health care costs after Medicaid has already paid a claim, (2) the estates of deceased Medicaid beneficiaries, (3) fraud and abuse investigations, (4) refunds or cancellations, and (5) miscellaneous sources.

HOW WE CONDUCTED THIS REVIEW

For the quarter ended September 30, 2011, the State agency reported that it collected \$241,237,400 (\$127,065,635 Federal share) in overpayments on Form CMS-64. We reviewed the State agency's Form CMS-64 and supporting documentation to determine whether overpayment collections were reported properly.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Appendix contains the details of our audit scope and methodology.

RESULTS OF REVIEW

The State agency complied with Federal requirements to report Medicaid overpayment collections on Form CMS-64 for the quarter ended September 30, 2011. Therefore, we are making no recommendations to the State agency.

APPENDIX: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our review covered \$241,237,400 (\$127,065,635 Federal share) in overpayment collections that the State agency reported on Form CMS-64 for the quarter ended September 30, 2011.

We did not review the overall internal control structure of the State agency. Rather, we limited our internal control review to obtaining an understanding of the identification, collection, and reporting of Medicaid overpayments.

We performed fieldwork at State agency offices in Albany and New York, New York from September 2012 through April 2013.

METHODOLOGY

To accomplish our audit objective, we:

- reviewed relevant Federal requirements;
- interviewed State agency officials regarding the State agency's policies and procedures for identifying third-party liabilities, processing claims, collecting overpayments, and reporting collections of Medicaid overpayments on Form CMS-64;
- obtained summary and claims information for the State agency's Medicaid overpayment collections for the quarter ended September 30, 2011; and
- reviewed the State agency's Form CMS-64 and supporting documentation to determine whether the overpayment collections were reported properly.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.