Why OIG Did This Review
Provider-preventable conditions (PPCs) are certain reasonably preventable conditions caused by medical accidents or errors in a health care setting. Federal regulations effective July 1, 2011, prohibit Medicaid payments for services related to PPCs. The Centers for Medicare & Medicaid Services (CMS) delayed its enforcement of the regulations until July 1, 2012, to allow States time to develop and implement new payment policies. This review is one in a series of OIG reviews of States’ Medicaid payments for inpatient hospital services related to PPCs.

Our objective was to determine whether New York complied with Federal and State requirements prohibiting Medicaid payments for inpatient hospital services related to treating certain PPCs.

How OIG Did This Review
We reviewed Medicaid paid claim data for July 2013 through June 2016 (audit period) to identify claims that contained at least one secondary diagnosis code for a PPC and those missing a present-on-admission (POA) code or with a POA indicating that the condition was either not present on admission or the documentation in the medical record was insufficient to make a determination.

New York May Not Have Complied With Federal and State Requirements Prohibiting Medicaid Payments for Inpatient Hospital Services Related to Provider-Preventable Conditions

What OIG Found
We were unable to determine whether New York complied with Federal and State requirements prohibiting Medicaid payments for inpatient hospital services related to treating certain PPCs because New York did not provide sufficient evidence that it properly identified claims containing PPCs or determined whether the payments for the related services should have been reduced. Without such evidence, we could not verify whether New York’s payments for claims containing PPCs were appropriately reduced.

We identified claims totaling $90.9 million ($50.3 million Federal share) that contained a diagnosis code identified as a PPC and certain POA codes, or the claims were missing POA codes. According to New York, based on its own limited review of a subset of claims we identified, its claim processing system ensured that payments for all claims with PPCs were processed accurately. However, New York did not provide sufficient evidence that it prevented or reduced any payments. Therefore, we could not independently verify whether claims were processed correctly. In addition, we requested documentation of the list of PPCs New York said were programmed into its claim payment processing system used to identify PPCs, as well as its policies and procedures to identify and update PPCs. However, New York did not provide the requested documentation. Therefore, we have set aside payments for these services for resolution by CMS and New York.

What OIG Recommends and New York’s Comments
We made a series of recommendations to New York, including that it provide CMS with sufficient documentation to determine whether any portion of the $50.3 million Federal Medicaid reimbursement was unallowable and refund to the Federal Government the unallowable amount.

In written comments on our draft report, New York generally agreed with our recommendations; however, it disagreed with our finding. Although New York asserts that it is appropriately reducing payments in accordance with Federal and State requirements, we maintain that, without sufficient evidence to support its assertion, we cannot objectively determine whether it complied with requirements prohibiting Medicaid payments for inpatient hospital services related to treating certain PPCs. Therefore, we maintain that our finding and related recommendations are valid.

The full report can be found at https://oig.hhs.gov/oas/reports/region2/21601022.asp.