



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Offices of Audit Services

JUN 08 2005

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Report Number A-07-05-03072

Mr. Larry Iversen
Director of Medical Services
Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501

Dear Mr. Iversen:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General report entitled "Review of South Dakota's Accounts Receivable System for Medicaid Provider Overpayments" for the period October 1, 2002, through September 30, 2003. A copy of this report will be forwarded to the HHS action official noted on the following page for his review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the action official. We request that you respond to the 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.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General reports issued to the Department's grantees and contractors are made available to the public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise (see 45 CFR part 5).

To facilitate identification, please refer to report number A-07-05-03072 in all correspondence. Any questions regarding this report are welcome. Please contact Greg Tambke, Audit Manager, at (573) 893-8338, ext. 30.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James P. Aasmundstad", written in a cursive style.

James P. Aasmundstad
Regional Inspector General
for Audit Services

Enclosures

Page 2- Mr. Larry Iversen

Direct Reply to HHS Action Official

Mr. Alex Trujillo
Regional Administrator, Region VIII
Centers for Medicare & Medicaid Services
Colorado State Bank Building
1600 Broadway, Suite 700
Denver, Colorado 80202

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF SOUTH DAKOTA'S
ACCOUNTS RECEIVABLE SYSTEM
FOR MEDICAID PROVIDER
OVERPAYMENTS**



**JUNE 2005
A-07-05-03072**

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. Authorized officials of the awarding agency will make final determination on these matters.



EXECUTIVE SUMMARY

BACKGROUND

This report is part of a nationwide review focusing on States' accounts receivable systems for Medicaid provider overpayments that were reportable during fiscal year (FY) 2003 (October 1, 2002, through September 30, 2003). The Department of Social Services (State agency) is responsible for administering the Medicaid program in South Dakota.

Provisions of the Social Security Act (the Act) provide the Centers for Medicare & Medicaid Services (CMS) with the authority to approve States' plans for administering the Medicaid program. If the State plan meets specific Federal requirements, CMS matches the State's Medicaid spending through Federal financial participation. The Act provides CMS with the authority to disallow the Federal share for any Medicaid provider overpayments. States are required to return the Federal share of overpayments within 60 days of the date of discovery. States must credit the Federal share of overpayments on the CMS 64 report for the quarter in which the 60-day period ends. Furthermore, States are not allowed to reduce the Federal share by settling overpayment receivables with a provider for less money than is supported by the provider's records.

OBJECTIVE

Our objective was to determine if the State agency reported Medicaid provider overpayments pursuant to Federal regulations.

SUMMARY OF FINDINGS

The State agency did not report all or part of 342 Medicaid provider overpayments due before or during FY 2003 pursuant to Federal regulations. The State agency did not have sufficient policies and procedures in place to ensure it reported all overpayments pursuant to Federal regulations. As of January 14, 2005, the State agency had not reported provider overpayments totaling \$229,792. Of that amount, the State agency had not returned the Federal share totaling \$154,741.

RECOMMENDATIONS

The State agency should:

- return to the Federal Government \$154,741 of overpayments as soon as possible,
- ensure the Federal share of all Medicaid provider overpayments is returned within established timeframes, and
- strengthen policies and procedures to ensure it reports overpayments pursuant to Federal regulations.

AUDITEE'S RESPONSE

Although the State agency agreed with two of our findings, it disagreed with the amount of overpayments, including three overpayments it claimed it made to individuals rather than providers. The State agency's complete response is included in its entirety as an Appendix.

OFFICE OF INSPECTOR GENERAL'S COMMENTS

We adjusted the report to reflect changes discovered after further review of the support provided for three cases. However, we maintain that the State agency should return \$154,741 of overpayments to the Federal Government as soon as possible.

OTHER MATTER

By not reporting overpayments in a timely manner, the State agency effectively denied CMS the use of funds that would have otherwise been available for the Medicaid program. The Cash Management Improvement Act of 1990 provides a means to calculate the value of opportunity costs such as this. Applying that methodology, CMS could have realized potential interest income totaling \$5,582.

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INTRODUCTION

BACKGROUND

State Responsibility for Medicaid Provider Overpayments

The Medicaid program, established by Title XIX of the Social Security Act (the Act), provides grants to States for medical and health-related services to eligible low-income persons. This program is a jointly funded cooperative venture between the Federal and State Governments.

The Centers for Medicare & Medicaid Services (CMS) administers the Medicaid program at the Federal level and is responsible for ensuring that State Medicaid programs meet all Federal requirements. States are required to submit to CMS a comprehensive written State plan that describes the nature and scope of their program. If the State plan meets specific Federal requirements, CMS matches the State's Medicaid spending through Federal financial participation (FFP). A formula based on the State's per capita income determines the Federal share amount.

Each State establishes or designates an agency to manage the Medicaid program. The Department of Social Services (State agency) is responsible for administering the Medicaid program in South Dakota.

Criteria for Medicaid Provider Overpayments

CMS cites section 1903(d)(2) of the Act as the principal authority in disallowing the Federal share for provider overpayments. The Consolidated Omnibus Budget Reconciliation Act of 1985 amended this section and states that CMS will adjust reimbursement to a State for any overpayment.

States are required to return the Federal share of overpayments within 60 days of the date of discovery, whether or not it has recovered the overpayments from providers. This legislation is codified in 42 CFR § 433 subpart F, "Refunding of Federal Share of Medicaid Overpayments to Providers," which requires States to credit the Federal share of overpayments on the CMS 64 report for the quarter in which the 60-day period following discovery ends.

Pursuant to 42 CFR § 433.316, an overpayment resulting from a situation other than fraud or abuse is discovered on the earliest date that:

1. any Medicaid agency official or other State official first notifies a provider in writing of an overpayment and specifies a dollar amount that is subject to recovery,
2. a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency, or
3. any State official or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing.

Additionally, the regulation specifies that overpayments resulting from fraud or abuse are discovered on the date of the final written notice of the State's overpayment determination that a Medicaid agency official or other State official sends to the provider.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

Our objective was to determine if the State agency reported Medicaid provider overpayments pursuant to Federal regulations.

Scope

We examined Medicaid provider overpayments subject to the requirements of 42 CFR § 433 subpart F due to be refunded to the Federal Government prior to or during fiscal year (FY) 2003. We also reviewed overpayments that should have been reported prior to our audit period but had not yet been reported on the CMS 64 report as of January 14, 2005. Therefore, we reviewed 342 provider overpayments totaling \$229,792.

We did not review the overall internal control structure of the State agency's operations or financial management. However, we gained an understanding of controls with respect to provider overpayments.

We performed fieldwork at the State agency's offices in Pierre, SD, during January and February 2005.

Methodology

We reviewed applicable Federal criteria, including section 1903 of the Act, 42 CFR § 433, and applicable sections of the State Medicaid manual.

During fieldwork, we interviewed State agency officials responsible for identifying and monitoring collections of overpayments, as well as staff responsible for reporting the Federal share of overpayments. We reviewed overpayment case files to determine the date of discovery and status of the overpayment, and to determine if any adjustments or writeoffs occurred during the audit period. In addition, we reviewed information provided by the Medicaid Fraud Control Unit (MFCU) to determine if there were any outstanding balances for MFCU overpayments.

We also compared the CMS 64 reports submitted to CMS by the State agency to supporting documentation. Furthermore, we verified the collection of some overpayments with information provided from the State agency's Medicaid Management Information System (MMIS).

We analyzed information to determine if the State agency reported overpayments accurately and on time. We applied a cutoff date, January 14, 2005, for the overpayments due prior to or during FY 2003 that remained unreported during our audit.

Finally, we calculated potential lost interest using the Cash Management Improvement Act of 1990 (CMIA) Rate¹ applied to the Federal share of outstanding overpayments.

We performed the audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency did not report all or part of 342 Medicaid provider overpayments due before or during FY 2003 pursuant to Federal regulations. The State agency did not have sufficient policies and procedures in place to ensure it reported all overpayments pursuant to Federal regulations. As of January 14, 2005, the State agency had not reported provider overpayments totaling \$229,792. Of that amount, the State agency had not returned the Federal share totaling \$154,741.

OVERPAYMENTS NOT REPORTED IN A TIMELY MANNER

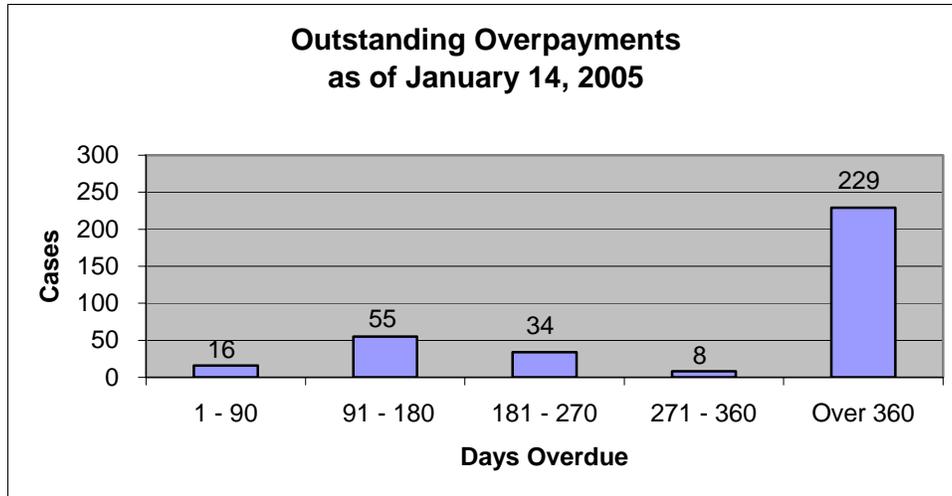
Criteria-The State Agency Must Return the Federal Share After 60 Days

Pursuant to 42 CFR § 433 subpart F, the State agency has 60 days from the date of discovery to recover a provider overpayment. The State agency must refund the Federal share of overpayments at the end of the 60-day period, whether or not the State has recovered the overpayment from the provider. The State agency must credit the Federal share on the CMS 64 report for the quarter in which the 60-day period following discovery ends.

Condition-The State Agency Reported Overpayments Late

The State agency did not report all or part of 342 overpayments due prior to or during FY 2003 as required. The following chart provides a breakdown of the 342 outstanding overpayments.

¹The annualized interest rate per the CMIA was 1.14 percent. Congress passed the CMIA to improve the transfer of Federal funds between the Federal Government and the States, Territories, and the District of Columbia and to provide a means for assessing an interest liability to the Federal Government and/or the States to compensate for the lost value of funds.



Cause-The State Agency Did Not Have Sufficient Policies and Procedures

The State agency's policies and procedures were not sufficient to ensure timely reporting of all overpayments. Specifically, it did not have policies and procedures in place to ensure that future claims offset MMIS adjustments for provider overpayments as identified in the State agency's Negative Balance Report. Additionally, the State agency failed to report portions of overpayments, allowed overpayments to slip through the MMIS system, and did not report writeoffs.

Finally, the State agency did not have policies and procedures in place to report overpayments identified by MFCU pursuant to Federal regulations. The State agency only reported MFCU overpayments when collected from providers. Therefore, the State agency failed to report portions of MFCU overpayments that extended beyond the 60-day period. In addition, the State agency did not return the Federal share of any civil monetary penalties related to MFCU overpayments.

Effect-The State Agency Did Not Return the Federal Share When Due

The State agency did not report all or some portion of 342 Medicaid provider overpayments, due before or during FY 2003, totaling \$229,792. Of that amount, the State agency had not returned the Federal share of these overpayments totaling \$154,741 as of January 14, 2005.

RECOMMENDATIONS

The State agency should:

- return to the Federal Government \$154,741 of overpayments as soon as possible,
- ensure the Federal share of all Medicaid provider overpayments is returned within established timeframes, and

- strengthen policies and procedures to ensure it reports overpayments pursuant to Federal regulations.

AUDITEE'S RESPONSE AND OFFICE OF INSPECTOR GENERAL'S COMMENTS

Although the State agency agreed with some of our findings, it disagreed with certain aspects of our findings and recommendations. The State agency's complete response is included in its entirety as an Appendix.

1) The State agency should return to the Federal Government \$154,741 of overpayments as soon as possible.

Auditee's Response

The State agency did not agree with our findings regarding one overpayment totaling \$6,213, which it stated it collected on April 23, 2003. The State agency also disagreed with OIG's inclusion of three overpayments it claimed it made to individuals rather than providers.

OIG's Comments

The State agency was unable to provide supporting documentation that it had reported the \$6,213 overpayment collection on the CMS 64 for that quarter. Therefore, we did not change our recommendation to return the overpayment. However, upon further review of supporting documentation for the three cases the State agency stated were not providers, we concurred and adjusted the figures in our report accordingly.

Auditee's Response

The State agency stated that civil monetary penalties awarded by the courts should not be included in the total amount of an overpayment. The State agency contended that civil monetary penalties do not fit the definition of an overpayment pursuant to 42 CFR § 433.304. It also argued that the penalties are punishment for violations of State law, and that South Dakota State law requires civil monetary penalties to be deposited to the State's general fund.

OIG's Comments

The Departmental Appeals Board Decision 480 determined that the Federal Government is entitled to a share of civil monetary penalties because the Federal Government reimburses a percentage of the States' Medicaid costs for investigations and prosecutions. Therefore, we stand by our recommendation that the State agency report the Federal share of civil monetary penalties.

Auditee's Response

The State agency stated it has initiated recovery of the outstanding balances and reported the amounts to its Budget and Finance unit to be included on the next CMS 64 report.

OIG's Comments

We commend the State agency for its prompt action taken to recover negative balances pending in the MMIS for more than 60 days. However, its action was taken subsequent to our audit; therefore, we did not change our recommendation.

- 2) The State agency should ensure the Federal share of all Medicaid provider overpayments is returned within established timeframes.**

Auditee's Response

The State agency generally agreed with our recommendation.

- 3) The State agency should strengthen policies and procedures to ensure the reporting of overpayments pursuant to Federal regulations.**

Auditee's Response

The State agency generally agreed with our recommendation and reported that it was initiating policies and procedures to correct the issues.

OTHER MATTER

Opportunity Cost

By not reporting overpayments in a timely manner, the State agency effectively denied CMS the use of funds that would have otherwise been available for the Medicaid program. The CMIA provides a means to calculate the value of opportunity costs such as this. Applying that methodology, CMS could have realized potential interest income totaling \$5,582.

APPENDIX



DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
700 Governors Drive
Pierre, South Dakota 57501-2291
(605) 773-3495
Fax: (605) 773-5246
Medicaid@state.sd.us

APPENDIX
Page 1 of 17

May 17, 2005

James P. Aasmundstad
Regional Inspector General of Audit Services
Dept of Health & Human Services
601 E 12th Street, Room 284A
Kansas City, Mo 64106

Re: Report Number A-07-05-03072

Dear Mr. Aasmundstad:

The South Dakota Department of Social Services, Division of Medical Services (DMS) has reviewed the draft findings of the OIG Audit, report number A-07-05-03072. The findings were also presented to, and reviewed with, the other agencies addressed in this report. Their comments are enclosed as attachments to DMS's response.

Enclosed is a hard copy of the spreadsheet prepared by the OIG auditors indicating the suspected overpayments not recovered by the responsible State agencies under the requirements of 42 CFR 433 Subpart F. The spreadsheet details the FFP being requested for refund by the OIG. This spreadsheet will provide the order in which each area of the OIG review is addressed

The first area listed on the spreadsheet is the SURS Unit. Three columns have been added to the far right of the listing to clearly note the findings. The only SURS review contested is that of [REDACTED] The OIG auditors failed to credit the recovery of \$6,212.55 on the spreadsheet. The agency recovered this amount on the Provider Remittance Advice dated 4/23/03, which is noted by the auditors on the spreadsheet. However, they failed to include the amount in the Total Amount Recovered column. Therefore, the adjusted FFP owed by the SURS Unit review is \$1,618.69.

DMS agrees with the findings of the remaining SURS reviews. The explanation for how voids were not processed within 60 days was traced to a Medicaid Management Information System (MMIS) programming problem with the implementation of HIPAA. Void claims were temporarily delayed in their processing due to system updates. The reviews in question were closed upon submission of the voids, and the HIPAA delay prevented a few of the reviews voids from being processed. SURS has adopted a written policy to ensure all adjustment/void claims have been processed through the MMIS before closing the case.

The second area on the spreadsheet is the Division of Provider Reimbursement. The overpayment amounts indicated will be reported on this quarter's CMS-64. Therefore, to prevent a return of the FFP twice, this amount has been removed from the spreadsheet totals.

The third area addressed is the Medicaid Fraud Control Unit (MFCU). Their concerns are addressed in an attached response from Rich Williams, Director. The initial FFP amounts determined by the OIG auditors have been adjusted based on the determinations of the MFCU pursuant to their interpretation of 42 CFR 433 Subpart F. Regarding provider overpayments, the MFCU and the Office of Recoveries and Investigations have developed written policy to ensure compliance with the federal 60-day rule. A copy of the policy is enclosed.

DSS does take issue with some of the OIG auditor's suggestions and findings of non-compliance with 42 CFR 433 Subpart F in regards to the Negative Balance Report. DMS agrees that a return of the FFP is warranted to "zero-out" the inactive providers with outstanding negative balances. Our office has initiated recovery of these amounts and reported the applicable amounts to the Office of Budget & Finance (B&F) for inclusion on the appropriate quarters CMS-64 through 05/12/2005. Therefore, these recovery amounts have been adjusted off the OIG's review spreadsheet, as noted in the last three columns. The adjusted FFP amount to be returned is \$44,216.00. The above Adjusted FFP amounts have been given to B&F for inclusion on this quarter's CMS-64 totaling \$100,297.11. Any recoveries made on behalf of these accounts in the future will be noted as State Funds Only.

The Department is gravely concerned with meeting the 60-day rule as interpreted by the OIG auditors for active providers. According to their direction, the Negative Balance Report needs to be monitored weekly in order to establish the discovery date of a recovery amount due CMS as a result of a newly created negative balance. A negative balance can be created by a provider submitting an adjustment or void claim. The balance is then adjusted as additional claims are processed. A provider's balance is changing from week to week as additional claims are paid, voided, or adjusted. DSS refutes this determination as highly burdensome and not cost effective. To perform this duty would require additional full-time employees.

DMS has initiated a SURS function to allow for appropriate and consistent control of the recovery of funds resulting from a closed provider's negative balance. A written policy is in development to insure any negative balance with inactivity for a period greater than six months will be noted on that quarters CMS-64 and recovery procedures initiated immediately to recover the outstanding amount. Any policy requiring a more active monitoring period would result in the need for additional staff.

While we do not entirely agree with all the OIG findings, we do appreciate the constructive suggestions given by OIG auditors in how to better handle areas within our programs. We are in the process of initiating office policies and procedures that will correct the issues. Certainly, we hope you can agree that implementation of procedures that are administratively burdensome and cost prohibitive will result in harm to both the state and federal goals of effective administration of the Medicaid program.

Thank you for the opportunity to comment on the draft findings.

Sincerely,

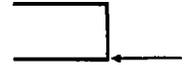


Larry Iversen
Director
Medical Services

Line	Provider/Description Name	OIG Report Number	Date of Review	Required CMS-64 10c Reporting Date	Recovery Date	Date of Fieldwork	Total Amt Recovered	Outstanding	FMAP	FFP	Actually Recovered	Recovery Date	Adjusted FFP		
														+80 Days	
1			10/16/02	12/15/02	12/31/02	?	01/14/05	\$63.50	\$0.00	\$63.50	65.29%	\$41.46		\$41.46	
1			10/16/02	12/15/02	12/31/02	?	01/14/05	\$792.00	\$0.00	\$792.00	65.29%	\$517.10		\$517.10	
1			10/17/02	12/16/02	12/31/02	02/05/03	01/14/05	\$771.60	\$771.60	\$0.00	65.29%	\$0.00		\$0.00	
1			12/16/02	02/14/03	03/31/03	1/8 & 4/23/03	01/14/05	\$8,671.87	\$2,659.32	\$6,212.55	65.29%	\$4,056.17	\$6,212.55	04/23/03	\$0.00
1			01/10/03	03/11/03	03/31/03	02/11/03	01/14/05	\$18.53	\$13.40	\$5.13	65.29%	\$3.35		\$3.35	
1			12/10/02	02/08/03	03/31/03		01/14/05	\$62.75	\$0.00	\$62.75	65.29%	\$40.97		\$0.00	
1			01/08/03	03/10/03	03/31/03		01/14/05	\$398.58	\$0.00	\$398.58	65.29%	\$260.23		\$260.23	
1			01/15/03	03/16/03	03/31/03		01/14/05	\$428.57	\$0.00	\$428.57	65.29%	\$279.81		\$279.81	
1			02/21/03	04/22/03	06/30/03	?	01/14/05	\$403.83	\$0	\$403.83	68.88%	\$278.16		\$278.16	
1			02/26/03	04/27/03	06/30/03	04/16/03	01/14/05	\$349.24	\$307.67	\$41.57	68.88%	\$28.63		\$28.63	
1			02/21/03	04/22/03	06/30/03		01/14/05	\$83.41	\$0.00	\$83.41	68.88%	\$57.45		\$0.00	
1			04/29/03	06/28/03	06/30/03	04/30/03	01/14/05	\$1,011.86	\$910.62	\$101.24	68.88%	\$69.73		\$69.73	
1			03/06/03	05/05/03	06/30/03	04/23/03	01/14/05	\$826.48	\$704.02	\$122.46	68.88%	\$84.35		\$84.35	
1			03/11/03	05/10/03	06/30/03	04/30/03	01/14/05	\$1,051.96	\$970.75	\$81.11	68.88%	\$55.87		\$55.87	
1			07/15/03	09/13/03	09/30/03	11/20/03	01/14/05	\$53.88	\$53.88	\$0.00	68.88%	\$0.00		\$0.00	
1			07/15/03	09/13/03	09/30/03	11/25/03	01/14/05	\$37.68	\$44.68	-\$7.00	68.88%	\$0.00		\$0.00	
1			07/14/03	09/12/03	09/30/03	10/15/03	01/14/05	\$188.40	\$188.40	\$0.00	68.88%	\$0.00		\$0.00	
1			07/15/03	09/13/03	09/30/03	12/17/03	01/14/05	\$37.68	\$37.68	\$0.00	68.88%	\$0.00		\$0.00	
1			07/15/03	09/13/03	09/30/03		01/14/05	\$6.00	\$0.00	\$6.00	68.88%	\$4.13		\$4.13	
1			07/15/03	09/13/03	09/30/03		01/14/05	\$6.00	\$0.00	\$6.00	68.88%	\$4.13		\$4.13	
1			07/15/03	09/13/03	09/30/03		01/14/05	\$6.00	\$0.00	\$6.00	68.88%	\$4.13		\$4.13	
21							\$15,470.00	\$8,808.00		\$6,766.00		\$6,212.55		\$1,618.69	

1			06/30/03	08/29/03	09/30/03	09/30/03	01/14/05	\$169,988.00	\$163,340.00	\$6,648.00	68.88%	\$4,579.00	\$4,579.00	\$0.00
												\$4,579.00	\$0.00	
1			09/09/98	11/08/98	12/31/98		1/14/2005		\$24,156.58	64.16%	\$15,498.85		\$0.00	
1			08/23/03	08/22/03	09/30/03		1/14/2005		\$3,275.38	68.88%	\$2,256.08		\$0.00	
1			12/13/01	02/11/02	03/31/02		1/14/2005		\$40,892.80	65.93%	\$27,026.65		\$0.00	
1			01/03/01	03/04/01	03/31/01		1/14/2005		\$41,473.00	68.31%	\$28,330.21		\$28,330.21	
1			11/23/99	01/22/00	03/31/00		1/14/2005		\$40,126.40	68.72%	\$27,574.86	\$1,050.00	\$26,653.30	
5								\$150,024.14		\$100,687.00		\$1,050.00		\$55,183.51

Line	Provider/Description Name	Date of Review	Recovery Date	Date of Fieldwork	Total Amt Recovered	Outstanding	FMAP	FFP	Actually Recovered	Recovery Date	Adjusted FFP
1		6/26/2003		1/14/2005		960.81	68.88%	\$661.81		Adj. 5/12/05	\$661.81
1		2/21/2001		1/14/2005		2,995.90	68.31%	\$2,046.50	\$0.00		\$0.00
1		5/24/2000		1/14/2005		493.00	68.72%	\$338.79	\$493.00		\$338.79
1		5/26/1999		1/14/2005		4,651.36	68.16%	\$3,170.37	\$0.00		\$0.00
1		8/18/2004		1/14/2005		840.00	65.67%	\$551.63	\$0.00		\$0.00
1		3/5/2003		1/14/2005		1,173.00	65.29%	\$765.85	\$0.00		\$0.00
1		7/16/2003		1/14/2005		5,245.41	68.88%	\$3,613.04	\$5,245.41		\$3,613.04
1		2/12/2003		1/14/2005		320.95	65.29%	\$209.55	\$0.00		\$0.00
1		9/15/2004		1/14/2005		2,435.04	65.67%	\$1,599.09	\$0.00		\$0.00
1		3/29/2000		1/14/2005		2,691.50	68.72%	\$1,849.60	\$0.00		\$0.00
1		9/29/2004		1/14/2005		1,107.20	65.67%	\$727.10	\$1,107.20		\$727.10
1		5/1/2002		1/14/2005		197.00	65.93%	\$129.88	\$0.00		\$0.00
1		6/9/2004		1/14/2005		3,799.36	68.62%	\$2,607.12	\$3,799.36		\$2,607.12
1		11/14/2001		1/14/2005		694.27	65.93%	\$457.73	\$0.00		\$0.00
1		6/29/2004		1/14/2005		1,710.11	68.62%	\$1,173.48	\$1,710.11		\$1,173.48
1		7/28/2004		1/14/2005		261.30	65.67%	\$171.60	\$261.30		\$171.60
1		9/8/2004		1/14/2005		136.45	65.67%	\$89.61	\$0.00		\$0.00
1		1/3/2001		1/14/2005		370.76	68.31%	\$253.27	\$0.00		\$0.00
1		7/28/2004		1/14/2005		2,103.75	65.67%	\$1,381.53	\$0.00		\$0.00
1		10/27/2004		1/14/2005		650.00	66.03%	\$429.20	\$650.00		\$429.20
1		10/20/2004		1/14/2005		4,829.80	66.03%	\$3,189.12	\$4,829.80		\$3,189.12
1		2/28/2003		1/14/2005		14,186.16	65.29%	\$9,268.67	\$0.00		\$0.00
1		9/15/2004		1/14/2005		1,464.60	65.67%	\$961.80	\$1,464.60		\$961.80
1		9/30/2003		1/14/2005		903.00	68.88%	\$621.99	\$903.00		\$621.99
1		2/10/1999		1/14/2005		529.85	68.16%	\$361.15	\$0.00		\$0.00
1		5/8/2002		1/14/2005		366.36	65.93%	\$241.54	\$0.00		\$0.00
1		6/14/2000		1/14/2005		11.78	68.72%	\$8.10	\$11.78		\$8.10
1		12/10/2003		1/14/2005		842.89	68.62%	\$578.39	\$0.00		\$0.00
1		12/19/2002		1/14/2005		85.22	65.29%	\$55.64	\$0.00		\$0.00
1		3/3/2004		1/14/2005		42.92	68.62%	\$29.45	\$42.92		\$29.45



VOID submitted 10/31/02, not processed.

“

Supporting documentation enclosed

DSS owes \$126.52. They were to adjust off next refund.
Provider no longer in business, claiming due diligence.
Voids submitted 2/7/03, not processed. No history of void.
Voids submitted 2/10/03, not processed. No history of void.
Voids submitted 2/19/03, not processed. No history of void.
Voids submitted 3/25/03, not processed. No history of voids.
Provider closed. Claiming Due Diligence, unable to collect.
Voids submitted 4/11/03, not processed. No history of voids.
Voids submitted 4/3/03, not processed. No history of voids.
No void dates indicated. No history of voids.

PR&A recovering entire amount via Add/Pay Deduction.

Recipient fraud case- not subject to 42 CFR 433 Subpart F
Recipient fraud case- not subject to 42 CFR 433 Subpart F
Recipient fraud case- not subject to 42 CFR 433 Subpart F

Collected after date of audit

Data Redacted
 by OAS Auditors.

6/23/2004	1/14/2005	634.37	68.62%	\$435.30	\$634.37	\$435.30
6/19/2002	1/14/2005	108.15	65.93%	\$71.30	\$108.15	\$71.30
7/24/2002	1/14/2005	11.71	65.93%	\$7.72	\$11.71	\$7.22
2/5/2003	1/14/2005	448.63	65.29%	\$292.91	\$0.00	\$0.00
1/31/2001	1/14/2005	102.75	68.31%	\$70.19	\$0.00	\$0.00
6/29/2004	1/14/2005	140.55	68.62%	\$96.45	\$0.00	\$0.00
11/3/2004	1/14/2005	39.60	66.03%	\$26.15	\$39.60	\$26.15
6/2/1999	1/14/2005	4,733.61	68.16%	\$3,226.43	\$0.00	\$0.00
9/15/2004	1/14/2005	2,378.34	65.67%	\$1,561.86	\$2,378.34	\$1,561.86
4/14/2004	1/14/2005	712.16	68.62%	\$488.68	\$712.16	\$488.68
8/14/2002	1/14/2005	2,193.69	65.93%	\$1,446.30	\$2,193.69	\$1,446.30
1/18/2000	1/14/2005	18.45	68.31%	\$12.60	\$0.00	\$0.00
8/25/2004	1/14/2005	19.22	65.67%	\$12.62	\$0.00	\$0.00
10/13/2004	1/14/2005	68.20	66.03%	\$45.03	\$68.20	\$45.03
6/16/2004	1/14/2005	36.00	68.62%	\$24.70	\$36.00	\$24.70
1/7/2004	1/14/2005	9.05	68.62%	\$6.21	\$9.05	\$6.21
8/15/2001	1/14/2005	8.49	68.31%	\$5.80	\$0.00	\$0.00
6/2/2004	1/14/2005	65.01	68.62%	\$44.61	\$65.01	\$44.61
5/14/2003	1/14/2005	57.40	68.88%	\$39.54	\$57.40	\$39.54
6/16/2004	1/14/2005	31.20	68.62%	\$21.41	\$0.00	\$0.00
5/26/2004	1/14/2005	135.36	68.62%	\$92.88	\$135.36	\$92.88
12/23/2002	1/14/2005	10.43	65.29%	\$6.81	\$0.00	\$0.00
1/30/2002	1/14/2005	65.00	65.93%	\$42.85	\$65.00	\$42.85
11/20/2002	1/14/2005	22.53	65.29%	\$14.71	\$0.00	\$0.00
1/15/2003	1/14/2005	57.40	65.29%	\$37.48	\$0.00	\$0.00
12/23/2002	1/14/2005	60.32	65.29%	\$39.38	\$0.00	\$0.00
6/9/1999	1/14/2005	5.00	68.16%	\$3.41	\$5.00	\$3.41
5/23/2001	1/14/2005	10.64	68.31%	\$7.27	\$0.00	\$0.00
8/4/2004	1/14/2005	21.00	65.67%	\$13.79	\$0.00	\$0.00
7/24/2002	1/14/2005	77.36	65.93%	\$51.00	\$0.00	\$0.00
5/15/2002	1/14/2005	12.52	65.93%	\$8.25	\$0.00	\$0.00
5/9/2001	1/14/2005	200.04	68.31%	\$136.65	\$0.00	\$0.00
1/29/2003	1/14/2005	141.40	65.29%	\$92.32	\$0.00	\$0.00
7/17/2002	1/14/2005	10.70	65.93%	\$7.05	\$10.70	\$7.05
7/10/2002	1/14/2005	285.13	65.93%	\$187.99	\$0.00	\$0.00
7/24/2002	1/14/2005	135.98	65.93%	\$89.65	\$0.00	\$0.00
7/9/2003	1/14/2005	216.00	68.88%	\$148.78	\$216.00	\$148.78
11/1/2000	1/14/2005	37.52	68.31%	\$25.63	\$0.00	\$0.00
1/29/2003	1/14/2005	34.21	65.29%	\$22.34	\$0.00	\$0.00
3/17/1999	1/14/2005	74.47	68.16%	\$50.76	\$0.00	\$0.00
5/15/2002	1/14/2005	44.70	65.93%	\$29.47	\$0.00	\$0.00
1/16/2002	1/14/2005	28.70	65.93%	\$18.92	\$0.00	\$0.00
4/19/2000	1/14/2005	846.55	68.72%	\$581.75	\$0.00	\$0.00
6/16/2004	1/14/2005	94.80	68.62%	\$65.05	\$94.80	\$65.05
5/22/2002	1/14/2005	9.05	65.93%	\$5.97	\$0.00	\$0.00
1/26/2000	1/14/2005	1.80	68.72%	\$1.24	\$1.80	\$1.24
12/23/2002	1/14/2005	6.46	65.29%	\$4.22	\$0.00	\$0.00
5/17/2000	1/14/2005	48.57	68.72%	\$33.38	\$48.57	\$33.38
2/19/2003	1/14/2005	129.02	65.29%	\$84.24	\$0.00	\$0.00
3/27/2002	1/14/2005	43.22	65.93%	\$28.49	\$43.22	\$28.49
1/9/2002	1/14/2005	66.02	65.93%	\$43.53	\$0.00	\$0.00
9/18/2002	1/14/2005	65.38	65.93%	\$43.11	\$0.00	\$0.00
8/4/2004	1/14/2005	116.71	65.67%	\$76.64	\$0.00	\$0.00
8/4/2004	1/14/2005	124.01	65.67%	\$81.44	\$124.01	\$81.44
7/21/2004	1/14/2005	80.52	65.67%	\$52.88	\$0.00	\$0.00
6/2/2004	1/14/2005	30.00	68.62%	\$20.59	\$0.00	\$0.00
10/27/2004	1/14/2005	848.98	66.03%	\$560.58	\$848.98	\$560.58
9/15/2004	1/14/2005	52.19	65.67%	\$34.27	\$52.19	\$34.27
11/9/2004	1/14/2005	750.00	66.03%	\$495.23	\$0.00	\$0.00
3/17/1999	1/14/2005	205.90	68.16%	\$140.34	\$205.90	\$140.34
1/29/2003	1/14/2005	50.52	65.29%	\$32.98	\$0.00	\$0.00
8/22/2001	1/14/2005	681.00	68.31%	\$465.19	\$681.00	\$465.19
9/22/2004	1/14/2005	119.81	65.67%	\$78.68	\$0.00	\$0.00
11/9/2004	1/14/2005	35.75	66.03%	\$23.61	\$35.75	\$23.61
3/3/1999	1/14/2005	41.05	68.16%	\$27.98	\$41.05	\$27.98
4/10/2002	1/14/2005	281.30	65.93%	\$185.46	\$281.30	\$185.46
9/22/2004	1/14/2005	33.48	65.67%	\$21.99	\$33.48	\$21.99
11/9/2004	1/14/2005	27.29	66.03%	\$18.02	\$27.29	\$18.02
7/28/2004	1/14/2005	44.47	65.67%	\$29.20	\$0.00	\$29.20
10/23/2002	1/14/2005	244.90	65.29%	\$159.90	\$0.00	\$159.90

Last activity - 02/09/2005 Not included in FFP recovery amt.

Last activity - 03/23/2005 Not included in FFP recovery amt.

1	9/2/2004	1/14/2005	729.60	65.67%	\$479.13	\$57.03	\$365.80
1	6/5/2002	1/14/2005	167.37	65.93%	\$110.35	\$0.00	\$0.00
1	1/29/2003	1/14/2005	115.22	65.28%	\$75.23	\$0.00	\$0.00
1	1/5/2000	1/14/2005	167.99	68.72%	\$115.44	\$167.89	\$115.44
1	7/21/2004	1/14/2005	31.83	65.67%	\$20.90	\$0.00	\$0.00
1	3/12/2003	1/14/2005	49.45	65.29%	\$32.29	\$0.00	\$0.00
1	7/2/2002	1/14/2005	218.31	65.93%	\$143.93	\$0.00	\$0.00
1	6/5/2002	1/14/2005	9.01	65.93%	\$5.94	\$0.00	\$0.00
1	7/21/2004	1/14/2005	81.60	65.67%	\$53.59	\$22.09	\$29.31
1	7/21/2004	1/14/2005	42.66	65.67%	\$28.01	\$42.66	\$28.01
1	3/27/2002	1/14/2005	9.63	65.93%	\$6.35	\$9.63	\$6.35
1	5/22/2002	1/14/2005	41.71	65.93%	\$27.50	\$0.00	\$0.00
1	11/20/2001	1/14/2005	20.80	65.93%	\$13.71	\$0.00	\$0.00
1	8/4/2004	1/14/2005	16.67	65.67%	\$10.95	\$16.67	\$10.95
1	1/2/2003	1/14/2005	8.15	65.29%	\$5.32	\$0.00	\$0.00
1	5/29/2002	1/14/2005	118.43	65.93%	\$76.76	\$116.43	\$76.76
1	11/26/2002	1/14/2005	51.50	65.29%	\$33.62	\$0.00	\$0.00
1	10/9/2002	1/14/2005	146.76	65.29%	\$95.82	\$0.00	\$0.00
1	7/26/2000	1/14/2005	31.31	68.72%	\$21.52	\$31.31	\$21.52
1	8/4/2004	1/14/2005	9.70	65.67%	\$6.37	\$9.70	\$6.37
1	1/20/1999	1/14/2005	3.30	68.16%	\$2.25	\$3.30	\$2.25
1	2/5/2003	1/14/2005	10.23	65.29%	\$6.68	\$0.00	\$0.00
1	5/22/2002	1/14/2005	18.67	65.93%	\$12.31	\$0.00	\$0.00
1	7/10/2002	1/14/2005	74.47	65.93%	\$49.10	\$0.00	\$0.00
1	6/5/2002	1/14/2005	7.66	65.93%	\$5.05	\$0.00	\$0.00
1	7/21/2004	1/14/2005	161.04	65.67%	\$105.75	\$55.22	\$65.80
1	5/21/2003	1/14/2005	798.90	68.88%	\$550.28	\$0.00	\$0.00
1	4/30/2003	1/14/2005	64.71	68.88%	\$44.57	\$64.71	\$44.57
1	9/15/2004	1/14/2005	297.00	65.67%	\$195.04	\$0.00	\$0.00
1	4/9/2003	1/14/2005	21.45	68.88%	\$14.77	\$0.00	\$0.00
1	8/18/2004	1/14/2005	24.00	65.67%	\$15.76	\$0.00	\$0.00
1	4/23/2003	1/14/2005	40.23	68.88%	\$27.71	\$40.23	\$27.71
1	1/29/2003	1/14/2005	6.63	65.29%	\$4.33	\$6.63	\$4.33
1	9/27/2002	1/14/2005	32.29	65.93%	\$21.29	\$0.00	\$0.00
1	11/9/2004	1/14/2005	31.12	66.03%	\$20.55	\$0.00	\$0.00
1	10/27/2004	1/14/2005	38.82	66.03%	\$25.63	\$38.82	\$25.63
1	8/4/2004	1/14/2005	16.81	65.67%	\$11.04	\$16.81	\$11.04
1	6/29/2004	1/14/2005	40.82	68.62%	\$28.01	\$40.82	\$28.01
1	6/23/2004	1/14/2005	36.89	68.62%	\$25.31	\$36.89	\$25.31
1	11/6/2002	1/14/2005	39.83	65.29%	\$26.01	\$39.83	\$26.01
1	3/20/2002	1/14/2005	54.83	65.93%	\$36.15	\$0.00	\$0.00
1	2/26/2003	1/14/2005	7.69	65.29%	\$5.02	\$7.69	\$5.02
1	7/3/2003	1/14/2005	178.20	68.88%	\$122.74	\$0.00	\$0.00
1	7/30/2003	1/14/2005	148.24	68.88%	\$102.11	\$0.00	\$0.00
1	1/24/2001	1/14/2005	16.75	68.31%	\$11.44	\$16.75	\$11.44
1	6/29/2004	1/14/2005	287.66	68.62%	\$197.39	\$0.00	\$0.00
1	2/19/2003	1/14/2005	51.73	65.29%	\$33.77	\$0.00	\$0.00
1	2/12/2003	1/14/2005	124.21	65.29%	\$81.10	\$124.21	\$81.10
1	10/20/2004	1/14/2005	74.25	66.03%	\$49.03	\$0.00	\$0.00
1	10/3/2001	1/14/2005	21.34	65.93%	\$14.07	\$21.34	\$14.07
1	10/23/2002	1/14/2005	458.88	65.29%	\$299.60	\$458.88	\$299.60
1	11/1/2000	1/14/2005	85.00	68.31%	\$58.06	\$85.00	\$58.06
1	11/15/2000	1/14/2005	22.10	68.31%	\$15.10	\$22.10	\$15.10
1	11/15/2000	1/14/2005	10.70	68.31%	\$7.31	\$0.00	\$0.00
1	4/9/2003	1/14/2005	10.43	68.88%	\$7.18	\$0.00	\$0.00
1	11/26/2002	1/14/2005	34.70	65.29%	\$22.66	\$0.00	\$0.00
1	11/13/2002	1/14/2005	151.47	65.29%	\$98.89	\$151.47	\$98.89
1	6/27/2001	1/14/2005	1,532.61	65.29%	\$1,000.64	\$1,532.61	\$1,000.64
1	1/29/2003	1/14/2005	17.74	68.31%	\$12.12	\$0.00	\$0.00
1	9/29/1999	1/14/2005	251.54	65.29%	\$164.23	\$0.00	\$0.00
1	11/3/1999	1/14/2005	117.28	68.16%	\$79.84	\$117.28	\$79.84
1	2/5/2003	1/14/2005	20.89	68.72%	\$14.36	\$0.00	\$0.00
1	7/17/2002	1/14/2005	2,645.77	65.29%	\$1,727.42	\$0.00	\$0.00
1	6/30/2004	1/14/2005	122.42	65.93%	\$80.71	\$0.00	\$0.00
1	12/5/2001	1/14/2005	40.40	68.62%	\$27.72	\$0.00	\$0.00
1	6/28/2000	1/14/2005	3.40	65.93%	\$2.24	\$3.40	\$2.24
1	10/27/2004	1/14/2005	58.50	68.72%	\$40.20	\$0.00	\$0.00
1	5/26/2004	1/14/2005	6.99	66.03%	\$4.62	\$0.00	\$0.00
1	8/11/2004	1/14/2005	39.00	68.62%	\$26.76	\$0.00	\$0.00
1		1/14/2005	690.28	65.67%	\$453.31	\$0.00	\$0.00

Data Redacted
 by OAS Auditors.

Last activity: 03/09/2005. Not included in FFP recovery amt.

Last activity: 02/09/2005. Not included in FFP recovery amt.

Last activity: 02/09/2005. Not included in FFP recovery amt.

1		10/20/2004	1/14/2005	4.60	66.03%	\$3.04	\$0.00	\$0.00
1		1/2/2003	1/14/2005	245.16	65.29%	\$160.06	\$0.00	\$0.00
1		9/24/2003	1/14/2005	1,311.00	68.88%	\$903.02	\$1,311.00	\$903.02
1		6/16/2004	1/14/2005	67.61	68.62%	\$46.39	\$67.61	\$46.39
1		3/26/2003	1/14/2005	580.08	65.29%	\$378.73	\$580.08	\$378.73
1		6/7/2003	1/14/2005	80.60	68.88%	\$55.52	\$80.60	\$55.52
1		6/2/2004	1/14/2005	464.00	68.62%	\$318.40	\$464.00	\$318.40
1		8/4/2004	1/14/2005	295.00	65.67%	\$193.73	\$295.00	\$193.73
1		9/8/2004	1/14/2005	231.92	65.67%	\$152.30	\$231.92	\$152.30
1		11/9/2004	1/14/2005	58.01	66.03%	\$38.30	\$58.01	\$38.30
1		10/27/2004	1/14/2005	330.72	66.03%	\$218.37	\$0.00	\$0.00
1		9/8/2004	1/14/2005	87.96	65.67%	\$57.76	\$87.96	\$57.76
1		9/15/2004	1/14/2005	277.20	65.67%	\$182.04	\$277.20	\$182.04
1		9/2/2004	1/14/2005	287.02	65.67%	\$188.49	\$287.02	\$188.49
1		10/27/2004	1/14/2005	128.00	66.03%	\$84.52	\$128.00	\$84.52
1		3/28/2003	1/14/2005	179.26	65.29%	\$117.04	\$179.26	\$117.04
1		5/21/2003	1/14/2005	260.93	68.88%	\$179.73	\$260.93	\$179.73
1		5/28/2003	1/14/2005	0.10	68.88%	\$0.07	\$0.00	\$0.00
1		6/4/2004	1/14/2005	273.75	65.67%	\$179.77	\$273.75	\$179.77
1		7/21/2004	1/14/2005	13.20	65.67%	\$8.67	\$0.00	\$0.00
1		11/29/2000	1/14/2005	13.42	68.31%	\$9.17	\$0.00	\$0.00
1		8/22/2001	1/14/2005	900.00	68.31%	\$614.79	\$900.00	\$614.79
1		6/27/2001	1/14/2005	224.00	68.31%	\$153.01	\$224.00	\$153.01
1		8/20/2003	1/14/2005	157.99	68.88%	\$108.82	\$0.00	\$0.00
1		11/1/2000	1/14/2005	32.00	68.31%	\$21.86	\$32.00	\$21.86
1		7/19/2000	1/14/2005	32.18	68.72%	\$22.11	\$0.00	\$0.00
1		9/5/2001	1/14/2005	22.82	68.31%	\$15.59	\$0.00	\$0.00
1		6/11/2003	1/14/2005	2.21	68.88%	\$1.52	\$2.21	\$1.52
1		3/31/2004	1/14/2005	23.43	68.62%	\$16.08	\$0.00	\$0.00
1		7/7/2004	1/14/2005	78.31	65.67%	\$51.43	\$0.00	\$0.00
1		2/27/2002	1/14/2005	335.88	65.93%	\$221.45	\$0.00	\$0.00
1		2/16/2000	1/14/2005	1,371.36	68.72%	\$942.40	\$0.00	\$0.00
1		6/2/2004	1/14/2005	6.74	68.62%	\$4.62	\$6.74	\$4.62
1		11/15/2000	1/14/2005	52.80	68.62%	\$36.23	\$52.80	\$36.23
1		4/7/2004	1/14/2005	218.06	68.31%	\$148.96	\$0.00	\$0.00
1		2/18/2004	1/14/2005	18.41	68.62%	\$12.63	\$18.41	\$12.63
1		8/21/2002	1/14/2005	548.01	65.93%	\$361.30	\$548.01	\$361.30
1		5/23/2001	1/14/2005	176.57	68.31%	\$120.61	\$176.57	\$120.61
1		2/14/2001	1/14/2005	5.48	68.31%	\$3.74	\$0.00	\$0.00
1		3/10/2004	1/14/2005	25.81	68.62%	\$17.71	\$0.00	\$0.00
1		9/22/2004	1/14/2005	433.46	65.67%	\$284.65	\$433.46	\$284.65
1		9/2/2004	1/14/2005	0.24	65.67%	\$0.16	\$0.24	\$0.16
1		7/21/2004	1/14/2005	260.05	65.67%	\$170.77	\$0.00	\$0.00
1		8/4/2004	1/14/2005	65.05	65.67%	\$42.72	\$65.05	\$42.72
1		12/18/2002	1/14/2005	54.28	65.29%	\$35.44	\$0.00	\$0.00
1		9/2/2004	1/14/2005	48.75	65.67%	\$32.01	\$0.00	\$0.00
1		4/2/2003	1/14/2005	35.93	68.88%	\$24.75	\$35.93	\$24.75
1		9/15/2004	1/14/2005	219.11	65.67%	\$143.89	\$0.00	\$0.00
1		9/15/2004	1/14/2005	31.35	65.67%	\$20.59	\$0.00	\$0.00
1		6/16/1999	1/14/2005	1,504.51	68.16%	\$1,025.47	\$0.00	\$0.00
1		3/20/2002	1/14/2005	29.00	65.93%	\$19.12	\$29.00	\$19.12
1		9/15/2004	1/14/2005	430.30	65.67%	\$282.58	\$430.30	\$282.58
1		1/17/2001	1/14/2005	3.33	68.31%	\$2.27	\$3.33	\$2.27
1		6/27/2001	1/14/2005	550.00	68.31%	\$375.71	\$550.00	\$375.71
1		6/20/2001	1/14/2005	151.53	68.31%	\$103.51	\$151.53	\$103.51
1		2/27/2002	1/14/2005	0.78	65.93%	\$0.51	\$0.78	\$0.51
1		8/4/2004	1/14/2005	9.36	65.67%	\$6.15	\$9.36	\$6.15
1		5/5/2004	1/14/2005	98.99	68.62%	\$67.93	\$98.99	\$67.93
1		5/26/2004	1/14/2005	374.87	68.62%	\$257.24	\$374.87	\$257.24
1		6/23/2004	1/14/2005	38.75	68.62%	\$26.59	\$0.00	\$0.00
1		9/30/2003	1/14/2005	425.35	68.88%	\$292.98	\$0.00	\$0.00
1		9/8/2004	1/14/2005	63.95	65.67%	\$42.00	\$63.95	\$42.00
1		5/29/2002	1/14/2005	20.52	65.93%	\$13.53	\$0.00	\$0.00
1		7/19/2000	1/14/2005	210.08	68.72%	\$144.37	\$210.08	\$144.37
1		10/6/2004	1/14/2005	4.63	66.03%	\$3.06	\$4.63	\$3.06
1		10/20/2004	1/14/2005	19.24	66.03%	\$12.70	\$0.00	\$0.00
1		6/28/2002	1/14/2005	4.00	65.93%	\$2.64	\$0.00	\$0.00
1		4/17/2002	1/14/2005	36.48	65.93%	\$24.05	\$0.00	\$0.00
1		5/15/2002	1/14/2005	11.80	65.93%	\$7.78	\$11.80	\$7.78
1		8/4/2004	1/14/2005	54.79	65.67%	\$35.98	\$54.79	\$35.98

Data Redacted
 by OAS Auditors.

~~Last activity: 02/22/2005. Not included in FFP recovery amt.~~

1		5/15/2002	1/14/2005	282.24	65.93%	\$186.08	\$282.24	\$186.08
1		6/29/2004	1/14/2005	194.32	68.62%	\$133.34	\$0.00	\$0.00
1		1/28/2004	1/14/2005	7.59	68.62%	\$5.21	\$7.59	\$5.21
1	Data Redacted by OAS Auditors.	1/31/2001	1/14/2005	58.82	68.31%	\$40.18	\$58.82	\$40.18
1		2/5/2003	1/14/2005	0.50	65.29%	\$0.33	\$0.50	\$0.33
1		8/7/2002	1/14/2005	75.84	65.93%	\$50.00	\$0.00	\$0.00
1		4/14/2004	1/14/2005	314.32	68.62%	\$215.69	\$314.32	\$215.69
1		5/12/2004	1/14/2005	5,321.96	68.62%	\$3,651.93	\$5,321.96	\$3,651.93
318				\$132,737.00		\$88,471.00	\$66,205.00	\$44,246.00
345				\$288,217.00		\$199,523.00	\$73,467.55	\$100,297.11
	Number of Overpayments			Total Overpayments		FFP		Active accts -\$751.09

SURS Total Overpayments \$72,417.55
 SURS FFP \$45,864.69

STATE OF SOUTH DAKOTA

Medicaid Fraud Control Unit
Sahr Building
222 East Capitol Avenue, Suite 15
Pierre, South Dakota 57501



Phone (605) 773-4102
FAX (605) 773-6279
medicaidfraud@state.sd.us

REC MAY 17 2005

OFFICE OF ATTORNEY GENERAL

May 16, 2005

Randy Hanson
Department of Social Services
Kneip Building
700 Governors Drive
Pierre, SD 57501

RE: OIG Draft Review of SD's A/R System

Dear Randy:

I received the Office of Inspector General's Draft Review of South Dakota's Accounts Receivable System. Pursuant to your request, I reviewed the report and sections relevant to the Medicaid Fraud Control Unit (MFCU) in order to implement a policy of notification for the purposes of the 60 day rule. After reading the report, I have three areas of concern regarding the sections affecting the MFCU.

First, pursuant to 42 CFR 433.302 the scope of subpart F is as follows:

This subpart sets forth the requirements and procedures under which States have 60 days following discovery of overpayments made to providers for Medicaid services to recover or attempt to recover that amount before the States must refund the Federal share of these overpayments to CMS with certain exceptions.

(emphasis added). A "provider" as defined by 42 CFR 433.304 is "an individual or entity furnishing Medicaid services under a provider agreement with the Medicaid agency." As I'm sure you know, under the terms of our Federal Participation, the MFCU is allowed to investigate, prosecute and recover for fraud and abuse in various areas involving Medicaid in addition to investigating and prosecuting abuse and neglect in health care facilities receiving Medicaid funding. There have been and will continue to be Medicaid

recoveries that do not involve, nor do they originate from, Medicaid "providers."

To this extent, and in looking at the spreadsheet attached to the Draft, I would note that the cases, under the MFCU section, involving Data Redacted by OIG Auditors
, are not "providers" as described by the above CFR section. The recoveries in these cases did not result from overpayments to providers. Given this distinction, the MFCU does not believe it is necessary under 42 CFR 433 subpart F to develop a 60 day notification policy for recoveries that do not come from providers as defined within that part.

Second, and as an adjunct to the first concern, civil money penalties do not fall within the scope of 42 CFR 433 subpart F. An overpayment under this subpart is:

...the amount paid by a Medicaid agency to a provider which is in excess of the amount that is allowable for services furnished under section 1902 of the Act and which is required to be refunded under section 1903 of the Act.

42 CFR 433.304. Civil money penalties do not fit the above definition. Given that civil money penalties are not paid by the Medicaid agency to a provider, they certainly can not be paid in excess of the amount that is allowed for services furnished. Furthermore, civil money penalties are statutorily authorized and are, by definition, to be assessed in addition to any other penalties otherwise proscribed by law. See SDCL 22-45-7. Civil penalties are punishment for the violation of State law; not a supplement to Medicaid restitution. *Id.* In fact, the Attorney General's office is required to turn over any penalties to the State general fund. See SDCL 1-11-1(10). As such, the MFCU is not required to turn the penalty amount over to the Department of Recoveries, but does so only as an administrative function in order to deposit the penalty amount in the State general fund.

Lastly, the MFCU would agree that a procedure regarding notification of provider fraud within 60 days should be implemented to ensure compliance with 42 CFR 433 subpart F.

The SURS unit is only one source of provider fraud Referrals. Provider fraud is investigated by the MFCU pursuant to referrals from various state and local agencies as well as private individuals and facilities. Thus, a plan of notification for the 60 day rule will encompass a greater spectrum than SURS unit referrals alone.

As the MFCU will be dealing with issues of fraud and abuse, and not simply billing errors, the reporting requirements will fall under 42 CFR 433.316(d). As such, for reporting purposes:

An overpayment that results from fraud or abuse is discovered on the date of the *final written notice* of the State's overpayment determination that a Medicaid agency official or other State official sends to the provider.

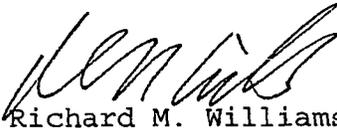
42 CFR 433.316(d) (emphasis added). It is the MFCU's position that for the purpose of this section, final written notice will consist of either a stipulation signed by the provider or a Judgment signed and filed by a Judge of competent jurisdiction. Until the signing of these documents, the MFCU is involved in a continued investigation. Moreover, in a criminal case, a Judge ultimately sets the amount of restitution owed the State and enters that amount in the Judgment. This is done either by agreement with the defendant or pursuant to a restitution hearing. See SDCL 23A-27-1; SDCL Chapter 23A-28.

It is the MFCU's proposal that, in cases of provider fraud, once a signed stipulation or a Judgment is received by the MFCU, a copy of the document will be sent to Rod Anderson with Recoveries. Rod's division can then handle the matter accordingly. If this is acceptable, please let me know.

As an aside, with many of our recoveries, the State may not see an actual check from the provider for a significant amount of time. In cases of global settlements, the settlement agreement may be signed for up to or over a year before the actual distributions are made to the States. In cases of local providers, the settlement may be structured such that payments are made on a monthly basis. It is often

the case that restitution becomes hard or impossible to collect based on the willingness of the defendant to pay and his or her financial condition. With this in mind, it may be that the State never fully realizes the full restitution as initially recorded in the Judgment.

Sincerely,

A handwritten signature in black ink, appearing to read "RM Williams", written over the typed name.

Richard M. Williams
Assistant Attorney General
Director

RMW/lrw

OFFICE OF RECOVERIES AND FRAUD INVESTIGATIONS

Upon advice from Cindy in DSS Finance I changed the ORFI procedure manual as follows:

5098 PROVIDER FRAUD REIMBURSEMENT

5098.1 Upon receipt of a stipulation or judgment of conviction from the MFCU on a provider ORFI will build a case on SS51 as a PF case. The amount of the overpayment will be immediately reported to DSS Finance so the overpayment amount can be recorded on the next CMS-64 and the FFP returned to CMS in accordance with 42 CFR 433 subpart F.

5098.2 Upon receipt of any restitution the payments will be processed and submitted to DSS Finance and reported as a collection on funds already returned on the CMS-64.

Rod Anderson
Administrator
Office of Recoveries & Fraud Investigations
700 Governor's Drive
Pierre, SD 57501
605-773-3653