

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**NEW YORK GENERALLY IDENTIFIED AND  
CORRECTED DUPLICATE CHILDREN'S  
HEALTH INSURANCE PLAN PAYMENTS  
MADE TO MANAGED CARE  
ORGANIZATIONS**

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**Amy J. Frontz**  
Deputy Inspector General  
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April 2024  
A-02-23-01017

# *Office of Inspector General*

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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.

## Report in Brief

Date: April 2024

Report No. A-02-23-01017

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

Previous OIG audits identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements. Specifically, some individuals enrolled in Medicaid managed care had more than one identification number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries. An analysis of New York Children Health Insurance Program (CHIP) data indicated that New York may have made similar unallowable, duplicate CHIP payments to MCOs.

Our objective was to determine whether New York claimed Federal reimbursement for duplicate CHIP payments made to MCOs.

### How OIG Did This Audit

We limited our audit to potential CHIP payments New York may have made to MCOs for the same enrollee for the same month of coverage. Specifically, we identified 104 enrollee-matches with payments totaling \$594,492 (\$389,704 Federal share) that New York claimed for the period January 1, 2020, through December 31, 2022. For purposes of this audit, we defined an enrollee-match to be an individual for whom selected personal information (i.e., identical first five characters of first name, middle name initial, last name, and date of birth) was the same for more than one claim for the same month of coverage.

## New York Generally Identified and Corrected Duplicate Children's Health Insurance Plan Payments Made to Managed Care Organizations

### What OIG Found

New York generally did not claim Federal reimbursement for duplicate CHIP payments made to MCOs. New York identified and corrected duplicate CHIP payments associated with 100 of the 104 enrollee-matches we reviewed. Specifically, New York (1) appropriately determined that the CHIP payments associated with sampled enrollee-matches were for two different enrollees or (2) timely identified and corrected the duplicate CHIP payments made to MCOs. However, New York did not identify and correct duplicate CHIP payments to MCOs for the remaining four enrollee-matches totaling \$24,679 (\$7,026 Federal share).

### What OIG Recommends and State Agency Comments

This report does not contain any recommendations because New York generally identified and corrected duplicate CHIP payments made to MCOs, and the amounts associated with the improper payments we identified were immaterial. We provided New York with our findings for the four enrollee-matches we identified to contain duplicate CHIP payments to MCOs so that it can evaluate these claims and decide whether to recover the improper payments in accordance with New York's policies and procedures.

In written comments to our draft report, New York thanked OIG for the opportunity to comment on our audit.

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## INTRODUCTION

### WHY WE DID THIS AUDIT

Previous Office of Inspector General (OIG) audits identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements.<sup>1</sup> Specifically, some individuals enrolled in Medicaid managed care had more than one identification number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these enrollees. An analysis of New York Children Health Insurance Program (CHIP) data indicated that the New York State Department of Health (the State agency) may have made similar unallowable, duplicate CHIP payments to MCOs.

### OBJECTIVE

Our objective was to determine whether the State agency claimed Federal reimbursement for duplicate CHIP payments made to MCOs.

### BACKGROUND

#### State Children's Health Insurance Program

Title XXI of the Social Security Act authorizes Federal grants to States for providing child health assistance to uninsured, low-income children. The program is jointly financed by the Federal and State Governments and administered by the States. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its CHIP in accordance with a CMS-approved State plan. Within broad Federal rules, each State decides eligible groups, types and ranges of services, payment levels for benefit coverage, and administrative and operating procedures.

#### New York's Children's Health Insurance Program

In New York, the State agency administers CHIP. The program, also known as Child Health Plus, provides low-cost health coverage for children from birth through age 18 and perinatal services for pregnant women and unborn children. New York's State-based marketplace (the Marketplace) is responsible for determining eligibility for several State benefit programs, including CHIP. CHIP enrollment information is maintained by the State agency's Knowledge, Information and Data System (KIDS).

#### *Capitation Payments*

The State agency pays MCOs a monthly fee, known as a capitation payment, to ensure that each CHIP enrollee has access to a comprehensive range of medical services. A capitation

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<sup>1</sup> See Appendix B for related OIG reports.

payment is “a payment the State [agency] makes periodically to a contractor on behalf of each enrollee enrolled under a contract for the provision of medical services under the State plan. The State agency makes the payment regardless of whether the particular enrollee receives services during the period covered by the payment” (42 CFR § 438.2). The State agency’s CMS-approved MCO contract states that the State agency may make recoveries for any improper billings for a person enrolled in the managed care program (New York Managed Care Contract § 17.3). Also, the State agency must refund the Federal share of CHIP overpayments to CMS (42 CFR § 457.232). Overpayments are amounts that exceed allowable amounts and include unallowable capitation payments made on behalf of the same enrollee for the same coverage of services.

### *Detection of Enrollees Assigned More Than One Identification Number*

As part of the CHIP enrollment process, the State agency compares an applicant’s information (e.g., Social Security number, date of birth, gender, and first and last names) obtained from the Marketplace to information on current CHIP enrollees maintained in KIDS to determine whether the applicant already exists in KIDS (i.e., the applicant already has what is referred to as a Marketplace identification number).<sup>2</sup> If the State agency’s computer system does not identify a Marketplace identification number assigned to the applicant, one is created and assigned to the applicant. In August of 2019, the State agency made enhancements to its computer system’s processes to improve its ability to prevent any errors in assigning Marketplace identification numbers and potential duplicate enrollments.

## **HOW WE CONDUCTED THIS AUDIT**

We limited our audit to CHIP payments that the State agency may have made to MCOs for the same enrollee for the same month of coverage. Specifically, we identified 104 enrollee-matches with payments totaling \$594,492 (\$389,704 Federal share) that the State agency claimed for the period January 1, 2020, through December 31, 2022. For purposes of this audit, we defined an enrollee-match to be an individual for whom selected personal information (i.e., identical first five characters of first name, middle name initial, last name, and date of birth) was the same for more than one claim for the same month of coverage.

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.

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

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<sup>2</sup> A Marketplace identification number is created once an individual is determined eligible for CHIP during the enrollment process.

## FINDING

The State agency generally did not claim Federal reimbursement for duplicate CHIP payments made to MCOs. The State agency identified and corrected duplicate CHIP payments associated with 100 of the 104 enrollee-matches we reviewed. Specifically, the State agency (1) appropriately determined that CHIP payments associated with sampled enrollee-matches were for two different enrollees<sup>3</sup> or (2) timely identified and corrected the duplicate CHIP payments made to MCOs. However, the State agency did not identify and correct duplicate CHIP payments to MCOs for the remaining four enrollee-matches totaling \$24,679 (\$7,026 Federal share).

The State agency's CMS-approved MCO contract states that the State agency may make recoveries for any improper billings for a person enrolled in the managed care program (New York Managed Care Contract § 17.3). Also, the State agency must refund the Federal share of CHIP overpayments to CMS (42 CFR § 457.232). Overpayments are amounts that exceed allowable amounts and would include unallowable capitation payments made on behalf of the same enrollee for the same coverage of services.

The improper payments we identified occurred because the State agency did not obtain adequate information (e.g., Social Security numbers) for its computer system to identify all individuals enrolled more than once in CHIP. If the State agency had obtained this information, it could have compared it with a combination of other identifying information (e.g., first name, last name, and date of birth) to prevent duplicate CHIP payments to MCOs. The State agency stated that in August 2019, it made enhancements to its computer system's processes to improve its ability to prevent errors in assigning Marketplace identification numbers and potential duplicate enrollments.<sup>4</sup>

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<sup>3</sup> Many of these enrollee-matches were twins with identical or very similar names. In some cases, only their middle names were different.

<sup>4</sup> We noted that 56 of the duplicate CHIP payments we identified were associated with Marketplace identification numbers created prior to August 2019.



## **CONCLUSION**

This report does not contain any recommendations because the State agency generally identified and corrected duplicate CHIP payments made to MCOs, and the amounts associated with the improper payments we identified were immaterial. We provided the State agency with our findings for the four enrollee-matches we identified to contain duplicate CHIP payments to MCOs so it can evaluate these claims and decide whether to recover the improper payments in accordance with the State agency's policies and procedures.

## **STATE AGENCY COMMENTS**

In written comments to our draft report, the State agency thanked OIG for the opportunity to comment on our audit. The State agency's comments are included in their entirety as Appendix C.

## APPENDIX A: AUDIT SCOPE AND METHODOLOGY

### SCOPE

Our audit covered 234 enrollee-matches with payments totaling \$1,420,632 (\$389,704 Federal share) that the State agency claimed for the period January 1, 2020, through December 31, 2022 (audit period). We reviewed 104 enrollee-matches to determine whether the State agency complied with requirements.<sup>5</sup>

We limited our audit of the State agency's internal controls to those applicable to our objective. We determined which of the State agency's control activities, information and communication, and monitoring were significant to our audit objective. We assessed the design, implementation, and operating effectiveness of the State agency's internal controls related to assigning Marketplace identification numbers and preventing unallowable, duplicate CHIP payments.

We conducted our audit from July 2023 to February 2024.

### METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal and State requirements;
- met with State agency and Marketplace officials to obtain an understanding of the procedures for identifying and preventing unallowable, duplicate CHIP payments;
- obtained from the State agency a database of the CHIP payments made to MCOs during our audit period;
- identified 234 enrollee-matches with CHIP payments totaling \$1,420,632 (\$389,704 Federal share);
- reviewed 104 enrollee-matches with CHIP payments totaling \$594,492 (\$389,704 Federal share);
- requested that the State agency conduct its own review of the identified enrollee-matches to determine whether duplicate CHIP payments were made for the same individual for the same month;

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<sup>5</sup> We found that there was no Federal financial participation associated with 130 enrollee-matches. As a result, we did not review these enrollee-matches as part of our audit. Information related to the Federal financial participation of CHIP payments maintained in the State agency's KIDS was not available to us at the beginning of our audit.

- evaluated the documentation obtained from the State agency and/or State Marketplace for enrollee-matches that the State agency determined were not duplicate CHIP payments;
- identified unallowable CHIP payments that the State agency made to MCOs and determined the Federal reimbursement claimed for those unallowable payments; and
- discussed the results of the audit with State agency officials.

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.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Puerto Rico Claimed More Than \$500 Thousand in Unallowable Medicaid Managed Care Payments for Enrollees Assigned More Than One Identification Number</i>	<a href="#"><u>A-02-21-01004</u></a>	09/08/2023
<i>California Made Almost \$16 Million in Unallowable Capitation Payments for Beneficiaries With Multiple Client Index Numbers</i>	<a href="#"><u>A-04-21-07097</u></a>	10/25/2022
<i>Kentucky Made Almost \$2 Million in Unallowable Capitation Payments for Beneficiaries With Multiple Medicaid ID Numbers</i>	<a href="#"><u>A-04-20-07094</u></a>	12/02/2021
<i>Texas Made Unallowable Children’s Health Insurance Program Payments for Beneficiaries Assigned More Than One Identification Number</i>	<a href="#"><u>A-06-20-10003</u></a>	7/21/2021
<i>New York Made Unallowable Payments Totaling More Than \$9 Million to the Same Managed Care Organization for Beneficiaries Assigned More Than One Medicaid Identification Number</i>	<a href="#"><u>A-02-20-01007</u></a>	5/11/2021
<i>Florida Made Almost \$4 Million in Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid ID Numbers</i>	<a href="#"><u>A-04-18-07080</u></a>	3/23/2020
<i>New York Made Unallowable Payments Totaling More Than \$10 Million for Managed Care Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<a href="#"><u>A-02-18-01020</u></a>	2/20/2020
<i>Tennessee Made Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<a href="#"><u>A-04-18-07079</u></a>	10/29/2019
<i>Georgia Made Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<a href="#"><u>A-04-16-07061</u></a>	12/27/2017
<i>Texas Made Unallowable Medicaid Managed Care Payments for Beneficiaries Assigned More Than One Medicaid Identification Number</i>	<a href="#"><u>A-06-15-00024</u></a>	3/01/2017
<i>New York State Made Unallowable Medicaid Managed Care Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<a href="#"><u>A-02-11-01006</u></a>	4/15/2013

## APPENDIX C: STATE AGENCY COMMENTS



**KATHY HOCHUL**  
Governor

**Department  
of Health**

**JAMES V. McDONALD, M.D., M.P.H.**  
Commissioner

**JOHANNE E. MORNE, M.S.**  
Executive Deputy Commissioner

March 11, 2024

Jennifer Webb  
Regional Inspector General for Audit Services  
Department of Health and Human Services - Region II  
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New York, New York 10278

Ref. No: A-02-23-01017

Dear Brenda Tierney:

This letter is in response to the United States Department of Health and Human Services, Office of Inspector General's Draft Audit Report A-02-23-01017 entitled, "New York Generally Identified And Corrected Duplicate Children's Health Insurance Plan Payments Made To Managed Care Organizations." New York State Department of Health is pleased to note that this report does not contain any recommendations because New York generally identified and corrected duplicate Children's Health Insurance Plan payments made to managed care organizations.

Thank you for the opportunity to comment.

Sincerely,

Johanne E. Morne, M.S.  
Executive Deputy Commissioner

Enclosure

cc: Amir Bassiri  
Jacqueline McGovern  
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Timothy Brown  
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