



## Introductions

- **Department of Health (DOH) Team Members**
  - Tony Naglieri
- **KPMG Team Members**
  - Rory Costello
  - John Kazukenus

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## Administrative



- Questions will appear on your media player on the left hand side of your screen
- Do not view the presentation on slide show mode – polling questions will not appear
- Send Questions via ‘Ask a Question’ Button
- Conference Call Option: You have the option of participating via conference call by calling 800-857-5965 or outside the U.S. at +1-210-839-8332; Passcode: KPMG
- Help Desk: 1-866-956-4770 or outside the US at +1-601-957-5017



## Agenda



- Opening Remarks and Ground Rules
- Presenter Bios
- Common Challenges
- The Timeline
- Phase, Purpose, Issue, Treatment, Better Practice
- Question and Answer



## Opening Remarks and Session Ground Rules



### • Opening Remarks – Webinar Objectives

- Better Practice Discussion
  - Examination of Milestones
  - Strong vs. Weak Answers
  - Issue
  - Treatment
  - Potential Impact
- Changes and Updated Protocols
  - Updated Timeline for Review
  - Requesting Extensions

### • Session Ground Rules

- No individual specifics allowed
- Not a complaint session
- Ask questions
- Parking Lot



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## Presenter Bios



- **Tony Naglieri (DOH)** – Tony holds the position of Chief Health Care Fiscal Analyst for New York State Department of Health (DOH) Bureau of HCRA Operations and Financial Management. He began his career with the DOH in 1978 as an Assistant Accountant in the Bureau of Capital Cost Financing. In 1979, Tony joined the Bureau of Nursing Home Reimbursement, where he spent the next eighteen years setting both operating and capital components of nursing home and daycare Medicaid rates, processing rate appeals, and reviewing nursing home audits. During his tenure, he reached the level of Associate Health Care Fiscal Analyst. In 1997, he joined the Bureau of Financial Management and Information Support as part of the Health Care Reform Act (HCRA) team. He currently supervises a staff of professional employees and is responsible for the oversight of HCRA compliance audits, administrative oversight of the Office of Pool Administration, the HCRA Delinquency Unit and the HCRA Communications Unit.
- **Rory Costello (KPMG)** – Rory is a Senior Manager in KPMG's Advisory Services practice and has been with KPMG since 1995 when he joined KPMG's New York State Lottery internship program. Rory has a Masters Degree in accounting and is a certified Project Management Professional (PMP). Rory brings over 10 years of large project management experience and has served as the HCRA Lead Manager since the engagement began six years ago. Rory also has an extensive government compliance background having served on several compliance reviews covering a number federal programs. He is an accomplished facilitator, presenter and trainer and counts experience in industries such as government, healthcare and insurance among his core skills.
- **John Kazukenus (KPMG)** – John is a senior associate in KPMG's Internal and Regulatory Advisory Services practice, and has been with KPMG for over 4 years. During this time, John has developed a strong understanding of state and local governments, and the insurance industry through his work with the New York State Department of Health which involved working with a significant number of insurance companies. John's major assignments have been related to Sarbanes-Oxley and other types of compliance reviews. His primary experience has been working in the health care industry, utilizing his knowledge of the database management tools Microsoft Access and IDEA, to review claims data for tax compliance. John has been involved with more than 50 HCRA reviews, totaling over 6,000 hours of experience, and served as a lead senior associate on the engagement for over two years.



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## Common Challenges – For You and Us



- **Accurate Questionnaire Responses**
- **Definitions (Risk Sharing, Capitation, etc)**
- **Reconciliation – CLA**
- **Data Pull – complete, accurate**
- **Approved Testing Procedures – arriving at an understanding**
- **Preliminary Responses**
- **Data Exception Conference**
- **Formal Responses**
- **Extensions**
- **Tone/Commitment**



## The Timeline



**Please see attachment**



## Timeline – Day 1



- **Phase**
  - Reviewee Notification, Review Kick-off
- **Purpose**
  - Receipt of Audit Notification packet by Reviewee announcing audit
  - Audit commencement
- **Issue**
  - Contact person on monthly report is incorrect resulting in delays in notification and receipt of questionnaire.
- **Treatment**
  - N/A. Audit continues on course and according to stated timeline.
- **Better Practice**
  - Contact information with Pool Administrator and DOH is accurate.



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## Timeline – Day 11, 22, 33



- **Phase**
  - Pre-fieldwork planning
- **Purpose**
  - Planning work done by KPMG
  - Reviewee begins work on questionnaire and preps for start of audit
- **Issue**
  - Reviewee does not respond to ANP package until Day 40.
- **Treatment**
  - Audit continues on course and according to stated timeline.
- **Better Practice**
  - Reviewee to begin work on questionnaire as soon as received
  - Reviewee to prepare for the audit once the notification is received



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## Timeline – Day 40



- **Phase**
  - Questionnaire Submission
- **Purpose**
  - Reviewee submits complete and accurate questionnaire to KPMG.
- **Issue**
  - Incomplete/Inaccurate or weak responses.
- **Treatment**
  - Conduct follow up through Day 75
  - If questions unanswered proceed with testing and resolve at preliminary results phase with severely truncated timetable
- **Better Practice**
  - Full and complete responses (see example) with all exclusions clearly explained.



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## Timeline – Day 45 - 65



- **Phase**
  - Entrance Conference/ Data Receipt/ Fieldwork Begins
- **Purpose**
  - On site entrance conference marking official beginning of on-site work by KPMG
  - Assume 3-5 days on site by KPMG
- **Issue**
  - Data: Receipt of partial data (not source, incomplete)
  - Interviews: Lack of correct personnel, resource availability, lack of attendance
  - Lack of readiness: If not ready for onsite communicate to KPMG before arrival



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## Timeline – Day 45 - 65, cont'd



- **Treatment**

- Data: consult with DOH. Notify entity of fine, notify entity that no overpayments are allowed and begin testing
- Interviews: Conduct testing and resolve issues at preliminary results phase with severely truncated timetable
- Lack of readiness: Consult with DOH. Pull out of field and send bill to entity for time incurred. Set new start date

- **Better Practice**

- Data: Complete and accurate historical/source data set with well explained data dictionary
- Interviews: Well scheduled block of interviews which flow and build on each other
- Lack of readiness: Correct resources invited to meeting who are well prepped on entity's internal processes and procedures



## Timeline – Day 45



- **Phase**

- Data and Information Request Representation Letter Due

- **Purpose**

- Reviewee to sign data representation letter indicating all data provided is accurate and complete. Provide signed letter to KPMG.

- **Issue**

- Letter not ready
- Altered language to letter (even though provided in PDF), refusal to sign

- **Treatment**

- Consult with DOH
- Scope limitation finding in final report

- **Better Practice**

- Unaltered, completed and signed data representation letter.



## Timeline – Day 75



- **Phase**
  - Fieldwork – Resolution of Data Issues
- **Purpose**
  - Deadline to clear all remaining issues/questions regarding Reviewee processes and data
  - From Day 76-115 KPMG commences testing of data and begins to compile testing results



## Timeline – Day 75, cont'd



- **Issue**
  - Issues tie directly to questionnaire issues
  - Unanswered questions, open documentation requests
  - HCRA Paid Field
  - Timeliness of Reviewee responses
  - Confusion around exceptions:
    - ID DPB
    - ID HCRA surchargeable providers
    - ID Medicare
    - ID Medicaid
    - Location of Service
    - ID Out of State Providers
    - Single/Family
    - HCRA Region
    - Identification of retro payments by Reviewee



## Timeline – Day 75, cont'd



- **Treatment**

- Finalize testing and use preliminary results to work through any issues
- Note that the preliminary results stage is a significantly shorter duration than the timeline up to Day 75. Often it is very difficult for entities to fully answer questions that have gone unanswered often resulting in final report underpayments.

- **Better Practice**

- All data and process issues are fully disclosed and explained
- Testing commences with a review and approval of the KPMG testing methodology by entity



## Timeline – Day 115



- **Phase**

- Testing Results Sent to Reviewee

- **Purpose**

- Draft test results packet is delivered to Reviewee
- Three way conference call held with DOH, Reviewee, and KPMG

- **Issue**

- N/A

- **Treatment**

- N/A

- **Better Practice**

- N/A



## Timeline – Day 120



- **Phase**
  - Preliminary Results Meeting
- **Purpose**
  - Initial Conversation between KPMG and Reviewee to discuss test results in more depth
  - Initial response discussion
- **Issue**
  - Delay in holding initial conversation
  - Reviewee refuses assistance
- **Treatment**
  - Timeline continues.
- **Better Practice**
  - Reviewee at least takes top-sided look at preliminary results and comes to conference call prepared with discussion topics/questions.



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## Timeline – Day 125



- **Phase**
  - Preliminary Review of Responses to Test Results – SEE DAY 155
- **Purpose**
  - Beginning of iterative review cycle which culminates with Reviewee responses to preliminary results to KPMG on Day 155
  - Reviewee presents possible responses/documentation to preliminary results
- **Issue**
  - Delay in holding initial conversation
  - Reviewee refuses assistance
- **Treatment**
  - Timeline continues.
- **Better Practice**
  - Reviewee is prepared to discuss possible responses.



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## Timeline – Day 130



- **Phase**
  - Preliminary Determination of Acceptable Supporting Evidence
- **Purpose**
  - KPMG verbally reviews initial responses and possible documentation examples provided by Reviewee with DOH for sufficiency.
- **Issue**
  - Reviewee declines to provide information.
- **Treatment**
  - Timeline continues.
- **Better Practice**
  - N/A – see Day 125



## Timeline – Day 135



- **Phase**
  - Communicate Preliminary Determination to Reviewee
- **Purpose**
  - KPMG provides feedback to Reviewee and assists with alternatives if applicable.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 140



- **Phase**
  - Preliminary Review of Responses to Test Results
- **Purpose**
  - Reviewee provides examples of hard or soft copy documentation in support of responses to preliminary results.
- **Issue**
  - Reviewee declines to provide information.
- **Treatment**
  - Timeline continues.
- **Better Practice**
  - Reviewee provides information in well explained and succinct format.



## Timeline – Day 145



- **Phase**
  - Preliminary Determination of Acceptable Supporting Evidence
- **Purpose**
  - KPMG verbally reviews initial responses and possible documentation examples provided by Reviewee with DOH for sufficiency.
- **Issue**
  - Reviewee declines to provide information.
- **Treatment**
  - Timeline continues.
- **Better Practice**
  - N/A – see Day 125



## Timeline – Day 150



- **Phase**
  - Communicate Preliminary Determination to Reviewee
- **Purpose**
  - KPMG provides final feedback to Reviewee and assists with alternatives if applicable.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 155



- **Phase**
  - Responses to Test Results are due to KPMG
- **Purpose**
  - Reviewee provides complete response to all preliminary results provided by KPMG on Day 120.
- **Issue**
  - Incomplete responses
  - Responses without supporting documentation
  - Inaccurate responses
  - Haphazard responses
  - Incorrect interpretation of statute
  - Reviewee waits until Day 155 to connect with KPMG and does not turn over all supporting documentation in a timely manner



## Timeline – Day 155, cont'd



- **Treatment**
  - No changes to preliminary results. Extrapolate results and place in final report.
- **Better Practice**
  - Fully explained and supported (documented) rationale for disagreements resulting in reversal and removal of preliminary findings
  - KPMG accepts most responses excluding boxes of paper information and a new data pull resulting in re-testing
  - Reviewee to turn over supporting documentation in a timely manner to allow KPMG sufficient time to review
  - Reviewee to adhere to the milestones and due dates to ensure KPMG have sufficient time to review any supporting documentation



## Timeline – Day 170



- **Phase**
  - Review of Preliminary Results Response with DOH
- **Purpose**
  - KPMG review of Reviewee responses with DOH.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 185



- **Phase**
  - Data Exceptions Conference
- **Purpose**
  - Conference between DOH, Reviewee and KPMG to discuss final DOH determinations.
- **Issue**
  - Disclosure of material or salient facts.
- **Treatment**
  - Treatment is at the discretion of DOH. Most likely scenario has results standing as is and no adjustments made.
- **Better Practice**
  - Full and complete responses at the end of the Preliminary Results phase.



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## Timeline – Day 190



- **Phase**
  - Extrapolation Process
- **Purpose**
  - KPMG uses final determinations and extrapolates results over entire claims population.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



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## Timeline – Day 215



- **Phase**
  - DOH Reviews Draft Report
- **Purpose**
  - KPMG draft report under review by DOH.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 225



- **Phase**
  - KPMG Draft Report Revisions
- **Purpose**
  - KPMG makes DOH suggested revisions to report as necessary
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 229



- **Phase**
  - KPMG makes DOH suggested revisions to report as necessary
- **Purpose**
  - DOH approves report and approves delivery to Reviewee.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



## Timeline – Day 230



- **Phase**
  - Reviewee Formal Response to Report
- **Purpose**
  - Reviewee takes 15 business days to create formal response to report.
- **Issue**
  - No response
  - Late response
  - Factually incorrect response
  - Provision of additional support



## Timeline – Day 230, cont'd



- **Treatment**

- No Response: Inclusion of additional finding in report for failure to respond and submission of final report without response to DOH
- Late Response: At discretion of DOH. Worst case is inclusion of additional finding in report and submission of final report, without response, to DOH
- Factually Incorrect Response: Inclusion of KPMG response in final report clarifies inaccuracy
- Provision of Additional Support: No testing done by KPMG. Final Report submitted as is by DOH

- **Better Practice**

- Complete response with no factual inconsistencies or inclusion of additional support.



## Timeline – Day 245



- **Phase**

- KPMG Response to Report

- **Purpose**

- KPMG responds (if necessary) to Reviewee formal response.

- **Issue**

- Reviewee mis-states timelines or makes statements that are factually inaccurate.

- **Treatment**

- N/A

- **Better Practice**

- N/A



## Timeline – Day 255



- **Phase**
  - Final Report
- **Purpose**
  - Submission of Final Report to DOH with all responses included.
- **Issue**
  - N/A
- **Treatment**
  - N/A
- **Better Practice**
  - N/A



# QUESTION AND ANSWER SESSION



## Contact Information



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