



The State of New York
Department of Health
HCRA Compliance Update Session

January 14, 2010

ADVISORY

AUDIT • TAX • ADVISORY

Introductions

- **Department of Health (DOH) Team Members**
 - Tony Naglieri, Chief Health Care Fiscal Analyst
- **KPMG Team Members**
 - Anthony Monaco, Engagement Partner
 - Meghan Watson, Senior Manager
 - Patrick Bryant, Senior Associate



Administrative Details



- To participate via phone, call 1-888-455-9254 (outside the U.S. at +1-210-839-8946); Passcode: KPMG
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- Polling questions, which must be answered for CPE credit, will NOT appear if the presentation is viewed in slide show mode
- Submit questions via the 'Ask a Question' Button located on your media player
- Any problems, contact the help desk: 1-866-956-4770



Agenda



- Webinar Objectives and Ground Rules
- Presenter Bios
- Key Phases/Milestones
- Your Responsibilities
- Common Challenges and Better Practices



Webinar Objectives and Ground Rules



- **Webinar Objectives**

- Review key phases/milestones
- Identify Provider responsibilities
- Discuss common challenges
- Share better practices

- **Session Ground Rules**

- Refrain from specifics
- Ask questions
- Limit complaints; be constructive
- Understand some items may be 'parked' for further examination



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.
- **Meghan Watson (KPMG)** – Meghan, a Senior Manager in KPMG's Advisory Services practice, joined the firm in 1998. Since transferring from the audit practice in 1999, she has had key roles in a broad array of projects for various government clients involving: business process analysis, operational improvement, performance audits, training sessions, regulatory and compliance reviews (including, A-133 audits), policies and procedures assessments, and financial management practice reviews. Meghan is a certified Project Management Professional (PMP) and has served on the HCRA engagement for over 10 months.
- **Pat Bryant (KPMG)** – Pat is a senior associate in KPMG's Advisory Services practice, and has been with KPMG for over 5 years. During this time, Pat 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. Pat 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.



Key Phases / Milestones



- | | |
|---------|-------------------------------------|
| Day 1 | ➤ Reviewee Notification |
| | ➤ Planning / Pre-Fieldwork |
| Day 45 | ➤ Entrance Conference |
| | ➤ Data Extraction |
| | ➤ Testing Methodologies |
| Day 125 | ➤ Payor Determinations |
| Day 165 | ➤ Preliminary Results |
| | ➤ Data Exceptions Conference |
| Day 255 | ➤ Draft Report |
| | ➤ Exit Conference |
| | ➤ Provider Response |
| Day 285 | ➤ Final Report |

Reviewee Notification

Receive Audit Notification Package



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| Day 255 | ➤ Draft Report |
| | ➤ Exit Conference |
| | ➤ Provider Response |
| Day 285 | ➤ Final Report |

Planning / Pre-Fieldwork

- Identify appropriate professionals to be involved in review
- Begin work on Questionnaire
- Hold initial discussions regarding data extraction
- Submit completed Questionnaire one week prior to entrance conference



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Key Phases / Milestones



- Day 1 > **Reviewee Notification**
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- > **Data Extraction**
- > **Testing Methodologies**
- Day 125 > **Payor Determinations**
- Day 165 > **Preliminary Results**
- > **Data Exceptions Conference**
- Day 255 > **Draft Report**
- > **Exit Conference**
- > **Provider Response**
- Day 285 > **Final Report**

Entrance Conference

- Attend entrance conference
- Transfer complete set of data for one year period
- Provide Data Representation Letter
- Provide reconciliation to tie financial statements to data



Key Phases / Milestones



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- > **Testing Methodologies**
- Day 125 > **Payor Determinations**
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- Day 255 > **Draft Report**
- > **Exit Conference**
- > **Provider Response**
- Day 285 > **Final Report**

Data Extraction

- Help resolve any data issues
- Continue data extraction for remaining years



Key Phases / Milestones



- Day 1
 - Reviewee Notification
 - Planning / Pre-Fieldwork
- Day 45
 - Entrance Conference
 - Data Extraction
 - Testing Methodologies
- Day 125
 - Payor Determinations
- Day 165
 - Preliminary Results
 - Data Exceptions Conference
- Day 255
 - Draft Report
 - Exit Conference
 - Provider Response
- Day 285
 - Final Report

Testing Methodologies

- Review and provide feedback on testing methodologies
- Approve of updated methodologies as appropriate



Key Phases / Milestones



- Day 1
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- Day 165
 - Preliminary Results
 - Data Exceptions Conference
- Day 255
 - Draft Report
 - Exit Conference
 - Provider Response
- Day 285
 - Final Report

Payor Determinations

- Review initial payor determinations (direct vs. non-direct)
- Provide supporting documentation for any disagreements



Key Phases / Milestones



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- Day 125 > **Payor Determinations**
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- > **Provider Response**
- Day 285 > **Final Report**

Preliminary Results

- Review and provide feedback on preliminary results
- Provide supporting documentation for any disagreements



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Key Phases / Milestones



- Day 1 > **Reviewee Notification**
- > **Planning / Pre-Fieldwork**
- Day 45 > **Entrance Conference**
- > **Data Extraction**
- > **Testing Methodologies**
- Day 125 > **Payor Determinations**
- Day 165 > **Preliminary Results**
- > **Data Exceptions Conference**
- Day 255 > **Draft Report**
- > **Exit Conference**
- > **Provider Response**
- Day 285 > **Final Report**

Data Exceptions Conference

- Participate in a conference call with DOH and KPMG to discuss the preliminary results



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Key Phases / Milestones



- | | | |
|---------|-------------------------------------|---|
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| | ➤ Data Extraction | |
| | ➤ Testing Methodologies | |
| Day 125 | ➤ Payor Determinations | |
| Day 165 | ➤ Preliminary Results | Draft Report |
| | ➤ Data Exceptions Conference | • Review and provide feedback on the Draft Report |
| Day 255 | ➤ Draft Report | |
| | ➤ Exit Conference | |
| | ➤ Provider Response | |
| Day 285 | ➤ Final Report | |



Key Phases / Milestones



- | | | |
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| | ➤ Planning / Pre-Fieldwork | |
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| | ➤ Data Extraction | |
| | ➤ Testing Methodologies | |
| Day 125 | ➤ Payor Determinations | |
| Day 165 | ➤ Preliminary Results | Exit Conference |
| | ➤ Data Exceptions Conference | Participate in a final meeting with KPMG and DOH to discuss results included in the draft report |
| Day 255 | ➤ Draft Report | |
| | ➤ Exit Conference | |
| | ➤ Provider Response | |
| Day 285 | ➤ Final Report | |



Key Phases / Milestones



| | | |
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| Day 1 | ➤ Reviewee Notification | |
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| | ➤ Testing Methodologies | |
| Day 125 | ➤ Payor Determinations | |
| Day 165 | ➤ Preliminary Results | |
| | ➤ Data Exceptions Conference | Provider Response |
| Day 255 | ➤ Draft Report | Submit formal response to be included in the final report |
| | ➤ Exit Conference | |
| | ➤ Provider Response | |
| Day 285 | ➤ Final Report | |



Key Phases / Milestones



| | | |
|---------|-------------------------------------|-------------------------------|
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| | ➤ Testing Methodologies | |
| Day 125 | ➤ Payor Determinations | |
| Day 165 | ➤ Preliminary Results | |
| | ➤ Data Exceptions Conference | |
| Day 255 | ➤ Draft Report | Final Report |
| | ➤ Exit Conference | Receive final report from DOH |
| | ➤ Provider Response | |
| Day 285 | ➤ Final Report | |



Common Challenges

- ✓ Reviewee Notification
- ✓ Planning / Pre-Fieldwork
- ✓ Entrance Conference
- ✓ Data Extraction
- ✓ Testing Methodologies
- ✓ Payor Determinations
- ✓ Preliminary Results
- ✓ Draft Report
- ✓ Data Exceptions Conference
- ✓ Provider Response
- ✓ Final Report

- Proactive Planning
- Continuous Communication
- Complete Questionnaire Responses
- Timely and Complete Data Transfer
- Clear Reconciliation
- Other Billing Systems
- Approved Testing Methodologies
- Sufficient Supporting Documentation
- Generic Payor Names
- Out of State Workers Compensation /No Fault
- Medicaid and Medicare
- Foreign Patient Payments
- Discretely Billed Physicians
- BCBS Interplan Agreement



Common Challenges and Better Practices

| Potential Issue | Better Practice |
|---|--|
| <p>Proactive Planning</p> <p>Contact person needs to share audit notification package timely to avoid delays in notification and receipt of questionnaire</p> <p>Reviewee does not proactively plan or prepare for the review which impacts the ability to move forward as scheduled</p> | <ul style="list-style-type: none"> - Contact information should be accurate and properly maintained; contact person promptly shares the audit notification package with appropriate stakeholders - Reviewee understands that the review begins once the Audit Notification Package is received - Appropriate planning for the review requires effort prior to the entrance conference, including identifying appropriate professionals to participate, discussing initial data extraction questions, etc. |
| <p>Continuous Communication and Commitment to Review</p> <p>Professionals involved are not responsive and/or not being forthright with information</p> | <ul style="list-style-type: none"> - Status documents (e.g. status trackers, dashboards, milestone documents, etc.) and emails should be reviewed and responded to in a timely manner to help ensure all stakeholders are on the same page - Any delays anticipated in advance should be communicated as soon as possible to KPMG and DOH - Cooperation and professionalism are displayed by all parties involved in an effort to move the review forward |



Common Challenges and Better Practices



| Potential Issue | Better Practice |
|---|--|
| <p>Complete Questionnaire Responses</p> <p>Reviewee does not provide sufficient or complete responses to questionnaire which may result in delays and/or inappropriate testing methodologies</p> | <ul style="list-style-type: none"> – Work on the Questionnaire should begin upon receipt which enables sufficient time to ask any questions about the document, loop in appropriate professionals to assist with completion, and provide complete and detailed responses as necessary. – Completed Questionnaire should be able to stand on its own without further explanation. |
| <p>Timely and Complete Data Transfer</p> <p>Data and accompanying Data Representation Letter is not provided in a timely manner or is not complete which causes significant delays</p> | <ul style="list-style-type: none"> – Any questions related to the data extraction should be asked early on in the process – Reviewee understands the data blueprint provided is ONLY a guide; all data fields utilized for HCRA calculations and those necessary to pull supporting documentation (if it should be needed) should be provided – Reviewee and KPMG will work together to review sample data prior to deadlines in order to help ensure data is transferred in a workable format – Complete and clear data dictionary should be provided with the data – Unaltered Data Representation Letter is printed on Provider letterhead and provided with appropriate authorization at the time the data is delivered |



Common Challenges and Better Practices



| Potential Issue | Better Practice |
|---|---|
| <p>Clear Reconciliation</p> <p>Reviewee cannot provide a clear reconciliation from its audited financial statements to the data provided</p> | <ul style="list-style-type: none"> – Providers need to be able to coordinate the appropriate financial and operational professionals in order to provide a crosswalk to the control totals in the data provided to the dollars recorded on the entity's audited financial statements for claims – Clear explanations for any reconciling items are provided and sufficient evidence supports each material amount |
| <p>Other Billing Systems</p> <p>Discretely billed physicians, ambulatory services or other services billed outside of the Provider's main system need to be identified and vetted in an effort to ensure no applicable HCRA surcharges apply</p> | <ul style="list-style-type: none"> – With accurate and detailed answers to the Questionnaire, any of the additional billing systems utilized by the Provider will be identified and properly vetted – Provider will provide details of what types of services are billed for under the 'other' systems and if necessary provide supporting documentation to enable KPMG to gain comfort that it is not applicable to the review |
| <p>Approved Testing Methodologies</p> <p>Testing methodologies are not adequately reviewed prior to commencement and completion of testwork</p> | <ul style="list-style-type: none"> – Reviewee takes the time required to review the testing methodologies provided and provide necessary feedback – Once approved, testing methodologies utilized to complete testwork will not need to be revised |



Common Challenges and Better Practices



| Potential Issue | Better Practice |
|---|--|
| <p>Sufficient Supporting Documentation</p> <p>Supporting documentation is not made available to corroborate statements made by the Provider</p> | <ul style="list-style-type: none"> Any statements made by the provider, especially as it relates to payor determinations, should be appropriately supported with documentation that demonstrates the statement |
| <p>Generic Payor Names</p> <p>Systems utilized categorize a significant number of payor names under a generic payor name (e.g. commercial miscellaneous) and the actual unique payor names are not provided with the initial data extraction</p> | <ul style="list-style-type: none"> Any generic payor names are broken down to provide actual payor information so that a determination can be made on each as to their election status Supporting documentation will need to be provided to tie any supplementary data to the original data provided |
| <p>Out of State Workers Compensation and No Fault</p> <p>Reviewee considers all workers compensation and no fault revenue as direct</p> | <ul style="list-style-type: none"> It should not be assumed that all workers compensation and no fault related revenue should be treated as direct Workers Compensation and No Fault that are provided by a third party insurer should be broken down by insurer name in order to identify whether the applicable payor is direct or non-direct. In the case where the state itself is the risk bearer, then the surcharge percentage would be based upon the election status of that State. |



Common Challenges and Better Practices



| Potential Issue | Better Practice |
|--|---|
| <p>Medicare & Medicaid</p> <p>Reviewee does not remit surcharge on Medicare Self-Pay payments related to non-covered services or exhausted benefits</p> <p>Reviewee considers all Medicaid revenue as direct without regard to New York State or out-of-state</p> | <ul style="list-style-type: none"> Medicare Self-Pay payments related to non-covered services and exhausted benefits should be identified in the data provided Provider must be able to determine if a Medicaid claim is for an out-of-state plan since the applicable surcharge percentage is contingent upon that state's election status. Payments made under New York State Medicaid are at a reduced rate, applicable only to New York State Medicaid. |
| <p>Foreign Patient Payments</p> <p>Reviewee does not remit surcharge on foreign national or foreign government employee payments received.</p> <p>Reviewee does not remit surcharges on revenue received for services provided to a foreign patient.</p> | <ul style="list-style-type: none"> Not all foreign national or foreign governmental employees are exempt from paying surcharges; ONLY foreign diplomatic missions covered by Vienna convention which are self-insured for purposes of providing health insurance coverage to their employees are considered exempt from HCRA surcharge If a foreign patient without insurance coverage receives services from a HCRA designated provider, the patient is assessable at the self-pay rate. Payments received directly from foreign governments are considered "unspecified payors" under HCRA and are not obligated to elect. Providers should assess the unspecified payor surcharge rate on their claims to foreign governments. Regardless, providers are obligated to remit the surcharge to the Pool. Payments received from foreign insurance companies are subject to the surcharge percentage based on their election status |



Common Challenges and Better Practices



| Potential Issue | Better Practice |
|---|--|
| <p>Discretely Billed Physicians</p> <p>Some patient revenue for hospital services may pass through physician billing system and vice versa</p> | <ul style="list-style-type: none"> - In order to be considered non-surchageable physicians must be private practicing AND discretely billed. Hospital salaried physicians are NOT considered to be private practicing. - The structure of a Provider's Physician Practice should be made clear in the responses to the Questionnaire; in addition, supporting documentation may be required to confirm that the revenues generated by the physician practice and discretely billed do not roll into the hospital |
| <p>Blue Cross Blue Shield Interplan Agreement</p> <p>It is not clear whether payments from Blue Cross Blue Shield are processed through the Interplan Agreement.</p> | <ul style="list-style-type: none"> - Provider is able to distinguish between payments received through ITS system for Blue Cross Blue Shield plans and payments received directly from Blue Cross Blue Shield as the payments received directly from Blue Cross Blue Shield may be considered direct or non-direct based on their election status |



Questions?



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