

LOCAL COMMISSIONERS MEMORANDUM

Transmittal No: 11 OHIP/LCM-1

Date: June 24, 2011

Division: Office of Health
Insurance Programs

TO: Local District Commissioners

SUBJECT: OMIG Medicaid Estate & Third Party Recovery Pilot Program and
State Centralization of Medicaid Estate & Third Party Recovery
Process (Medicaid Redesign Team Proposal (MRT) 102)

ATTACHMENTS: None

I. Purpose

The purpose of this Local Commissioners Memorandum (LCM) is to inform local departments of social services (LDSS) of the Office of the Medicaid Inspector General's (OMIG's) current work with local districts on Medicaid estate and third party recoveries and its role in the implementation of State centralization of the recovery process. This initiative is pursuant to Medicaid Redesign Team (MRT) proposal 102.

II. Background

New York's Medicaid estate and third party recovery efforts are mandated by federal law to recover Medicaid expenditures from other parties liable for the cost of a Medicaid recipient's care or from a deceased recipient's estate. These recoveries are currently pursued by the LDSS, leading to disparities in the administration of the recovery process and overall results.

Chapter 58 of the Laws of 2008 amended Social Services Law (SSL) §369 to give the Department of Health (Department) the authority to share responsibility for making recoveries from estates, personal injury actions and other areas, as well as permitting the Department (and, thereby, OMIG) to contract with one or more entities to undertake this function. SSL §369(7) does not remove the recovery function from the LDSS, but simply establishes that the Department has concurrent authority to pursue recovery activities. To implement this change in the law, the OMIG has been working with select counties to establish a

centralized recovery pilot program which can be leveraged in other counties to increase savings. At this time, participation by individual counties is voluntary but highly encouraged.

III. OMIG Medicaid Estate & Third Party Recovery Pilot Program

OMIG, with the assistance of its contractor, HMS, Inc. (formerly Health Management Systems), has created a standardized process for these recoveries which can be implemented now by counties to assist in recovery efforts. This standardized process is implemented by using a single case management system which is able to manage, track and generate reports for every case and recovery in a county, and generate additional recoveries for the county. For example, through use of HMS' data matching methods and referrals network, in addition to the referral networks existing in each county, more cases are identified. HMS assists the county in a variety of steps, including, but not limited to: data input and retention, identification of assets, filing of notices and claims, obtaining and posting of recovery payments and final reporting. The first county to partner in this pilot program was Onondaga County. Data matching and system testing efforts are also currently underway in several other counties.

IV. State Centralization of Medicaid Estate & Third Party Recovery Process (Medicaid Redesign Team Proposal (MRT) 102):

MRT proposal 102, accepted in February, 2011, for implementation, transfers future responsibility for making Medicaid recoveries from the estates of deceased recipients, personal injury awards, settlements and other third party sources from the LDSS to the Department/OMIG; thus requiring implementation of a centralized State process. Centralizing the recovery process will include the use of standardized procedures statewide to impose liens, pursue estates and third party recoveries, and coordinate systems efforts. This would essentially model the OMIG Recovery Pilot Program but would create one State-based program for Medicaid recoveries.

The process of creating an implementation plan for the State centralization of Medicaid recoveries will begin shortly and will require an assessment of the LDSS' role in the State-based recovery program, and statutory, regulatory and other administrative changes. This process will also include working with each LDSS to coordinate efforts. As such, an advisory group comprised of representatives from LDSS, the Department and OMIG will be formed to identify all of the recovery functions performed by the counties and the local relationships that exist related to identification and recovery of Medicaid expenditures for the purpose of guiding the transition plan.

In the interim, counties are encouraged to participate in the OMIG Recovery Pilot program now, given its ability to partner with and assist counties in current recovery efforts and increasing savings.

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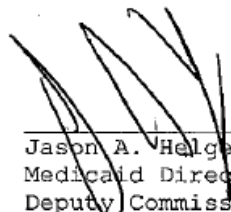
V. Interim Steps

Local districts not currently working in partnership with OMIG on recovery efforts should consider contacting OMIG at this time to participate in the current pilot program. OMIG and its contractor will provide the work plan and assistance to standardize the Medicaid estate and third party recovery process with the LDSS.

Interested districts can contact OMIG via the information below:

Jeff Flora, OMIG
(518) 402-0045

Joseph.Flora@omig.ny.gov



Jason A. Halgerson
Medicaid Director
Deputy Commissioner
Office of Health Insurance Programs