

2008-09 Spending Plan	Agency Name	Office of the Medicaid Inspector General
	Agency Head	James G. Sheehan, Medicaid Inspector General

A. Overview of Proposed Plan

A.1 Overall Approach

The Office of the Medicaid Inspector General (OMIG) has been established by State statute as an independent entity within the New York State Department of Health to improve and preserve the integrity of the Medicaid Program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for service funded by Medicaid. This Spending Plan will support continuing efforts to further enhance our ability and efforts to detect and recover overpayments across the State.

The Division of the Budget (DOB) has established a cash spending target of \$30.9M for the OMIG in 2008-09 based on upon the Executive Budget (with 21 day amendments). Pursuant to Budget Bulletin 8-1178, a 3.35 percent State Operations cash savings target of \$1.1 million must be achieved by the Office. This will reduce the overall OMIG cash spending limit to \$29.8 million (\$13.1 M PS and \$16.7M NPS). The OMIG will achieve the overall prescribed cash savings target and additional savings in 2008-09 and in the out-years.

As a new and developing organization, the OMIG is uniquely situated compared to other State agencies. The Office is working towards filling a significant number of vacant positions in an effort to reach its current authorized personnel target of 753 positions (discussed below). This increased staffing will also result in a growth in certain non-personal services spending in 2008-09 and beyond. Additionally, this Plan assumes that the OMIG will implement new initiatives supported in the SFY 2008-09 Budget including new data mining techniques; expansion of the Fraud Abuse Comprehensive Tracking System; and expansion of the Medicaid Card Swipe Program. Due to the burgeoning staff growth, the OMIG Albany offices will be consolidated and relocated to 800 North Pearl Street commencing in July 2008. Additional office space will also be procured for respective regional offices.

The OMIG has reviewed historical spending patterns in an effort to assist in the projection of current and future years' disbursement activity. However, as a new developing State entity, historical patterns are of limited value since they do not reflect full agency activities/spending. Accordingly, non-personal services projections are based on anticipated increased staffing levels and estimated costs to continue current activities and implement new initiatives.

A.2 Achievement of Savings on a Recurring Basis

The OMIG will exceed the prescribed cash savings target in the current year and in 2009-10 and 2010-11. While projected 2008-09 General Fund personal services cash savings is not expected to be achieved (by \$700,000), this will be offset by additional savings to be realized in the non-personal services category of \$1.9M. Overall, the OMIG is expected to achieve additional General Fund cash

savings beyond prescribed amounts of \$1.2M in 2008-09 and \$.2M in 2009-10. This additional savings is primarily reflective of the continuing development of the Office and ongoing identification of operational needs and requirements. Accordingly, it is not recommended that additional cash savings be captured as all allotted resources will likely be required in the future to support OMIG operations.

A.3 Protecting Key Priorities

This Spending Plan continues to support the OMIG mission to combat Medicaid fraud, waste and abuse and funds key initiatives. Audit, investigative and systems capabilities and capacities will be strengthened by adding new staff and increasing the number of audits and investigations conducted. Additionally, the OMIG will continue to invest in the latest technologies and make systems enhancements in an effort to better identify Medicaid fraud, waste and abuse and reduce its incidence. Specifically, data mining tools will be procured to improve the identification and recovery of improper payments. These activities and resources provided in the 2008-09 Budget are critical to the OMIG achieving prescribed performance milestones mandated by the Federal-State Health Reform Partnership (FSHRP) demonstration agreement. Failure to meet these targets will result in a penalty to be paid to the Federal Government equal to the difference between actual and targeted recoveries - not to exceed \$500 million over the five-year waiver term.

During 2008-09, the OMIG is also expected to recover cash and reduce expenditures by \$665M (State share) through a variety of program integrity activities. These activities include conducting audits and desk reviews of providers; identifying other than Medicaid payor sources; and implementing various systems edits, which effectuate prepayment reviews of providers whose billing and ordering practices are identified as abuse through normal targeting techniques and other cost avoidance actions.

A.4 Treatment of New Initiatives

Based on projected spending, the identified cash targets should provide sufficient funds to support new OMIG initiatives authorized in the 2008-09 Enacted Budget. This will enable the Office to continue current recruitment and staffing efforts to fill all available positions (see Section F). Additionally, the OMIG will implement new data mining and other systems initiatives commencing in 2008, and significantly expand the Card Swipe Program. This also includes the relocation of OMIG Albany staff from Riverview Center to 800 North Pearl Street will begin in the Summer 2008, and additional office space will be acquired for regional offices to accommodate anticipated staff growth.

B. Summary of General Fund Financial Impacts

GENERAL FUND -- SAVINGS SUMMARY			
	Required Reduction	2008-09 Savings	2009-10 Savings
TOTAL	\$1,100,000	\$2,300,000	\$1,300,000

GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 <u>Actual</u>	SFY 2008-09 <u>Revised Projection</u>	<u>Percent Change</u>
Personal Service	\$8,715,300	\$13,803,500	58.4%
Non-personal Service	\$9,846,400	\$14,797,500	50.3%
<u>Total State Operations</u>	<u>\$18,561,700</u>	<u>\$28,601,000</u>	<u>54.1%</u>
TOTAL	\$18,561,700	\$28,601,000	54.1%

C. Identification of Proposed General Fund Actions

	<u>2008-09 Cash</u>	<u>2009-10 Cash</u>	<u>2010-11 Cash</u>
GENERAL FUND			
State Operations			
1. Reconfigure Staffing Plan to recognize anticipated delays and manage attrition.	\$100,000	\$300,000	
2. Manage non-personal services resources and procurements.	\$2,200,000	\$1,000,000	\$1,800,000

D. Summary of Impact on Other Funds (Special Revenue Funds - Other)

OTHER FUNDS -- SAVINGS SUMMARY			
	<u>Required Reduction</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
Personal Service	\$34,000	\$120,200	\$108,200
Non-personal Service	\$ 0	\$ 48,600	\$ 42,800
<u>Total State Operations</u>	<u>\$34,000</u>	<u>\$168,800</u>	<u>\$151,000</u>
TOTAL	\$34,000	\$168,800	\$151,000

OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 Actual	SFY 2008-09 Revised Projection	Percent Change
Personal Service	\$4,315,300	\$4,228,800	(2.0%)
Non-personal Service	\$309,500	\$261,400	(15.5%)
Total State Operations	\$4,624,800	\$4,490,200 "	(2.9%)
TOTAL	\$4,624,800	\$4,490,200	(2.9%)

E. Identification of Proposed Other Fund Actions

	2008-09 Cash	2009-10 Cash	2010-11 Cash
OTHER FUNDS (Note the <i>fund/s</i> affected by each proposal, in parentheses at the end of each entry)			
State Operations			
1. Manage fill levels through program monitoring and attrition.	\$168,800	\$151,000	\$118,800

F. Plan to Manage the Workforce

F.1 Overall Approach

The OMIG continues to make efforts to appropriately recruit new staff. However, as with any newly established State agency, this process is complex and lengthy. The recruitment process - from commencement to the extension of an offer of employment - is approximately two months in duration. Additionally, approximately 50 percent of all OMIG employees are eligible to retire within the next two years.

The 2008-09 Budget provides funding for an additional 75 items and authorizes a personnel target of 753 positions. The OMIG currently maintains a total of 481 Full Time Equivalent (FTE) positions. Accordingly, a significant number of positions need to be filled. The OMIG continues to experience recruitment difficulties primarily attributable to competition with the private sector for entry auditor, clinical and other critical positions as well as the lack of qualified list candidates for certain titles. These issues are being addressed and measures are being implemented to improve recruitment activities and expedite employment.

F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies)

It is anticipated that the OMIG will fill a total of 682 FTE positions by March 31, 2009 and reach its authorized personnel target of 753 in June 2009. This Spending Plan assumes that the OMIG will maintain a staffing level of 753 positions in 2009-10 and 2010-11.

The Department of Civil Service (CS) and its Commissioner, Nancy Groenwegen, have been very helpful and responsive in addressing OMIG's needs and requirements. In an effort to increase candidate pools and improve recruitment efforts, the OMIG - in conjunction with the CS - was successful in declaring the existing Associate Accountant and Associate Auditor lists appropriate to fill vacant Associate Medical Facilities Auditor positions; enhancing the minimum qualifications to the Investigator title series to reflect additional desired skill sets and experience; and deeming certain other State agency competitive class titles transferable to the OMIG. Additional recruitment activities being pursued include the following:

1. Commencing in the Spring 2008, the OMIG intends to use its recruiting staff in an aggressive outreach program targeting colleges and universities across New York State with Accounting and Auditing majors. The OMIG is currently participating in various job fairs/career days held at educational institutions statewide. Each OMIG office (Albany and statewide) has designated two representatives to conduct recruitment activities for Auditor Trainee positions. These employees have been trained on how to effectively recruit college graduates for the OMIG.
2. The OMIG has negotiated an expedited hiring process for Auditor Trainee positions with the CS, which includes the ability to offer positions to prospective college graduates before graduation, administer respective CS tests on-site, and temporarily employ these candidates before Civil Service examination results are available and lists canvassed.
3. Student intern positions are being established in an effort to employ graduating seniors to conduct meaningful job tasks for the OMIG while attending school in anticipation that they remain with the OMIG upon graduation.
4. New transfer determinations from the CS will be sought in an effort to recruit interested candidates from other State agencies - currently, these other State agency employees are unable to transfer to the OMIG since their competitive class titles are not deemed transferable by the CS to OMIG titles (although job duties are quite similar).

Workforce Impact -- All Funds	
a. Initial Target: 753 [for reference]	-----
b. Current Fills PP# 3 or 4	481
c. Recurring impact of proposed actions (see Parts C & E)	----_-----
d. Recurring impact of vacancy-refilling plan (see F.2)-----_--
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	682
f. Change from Initial 2008-09 Target (line a minus line e)	71

G. Monthly Projections: All Funds Workforce; General Fund State Operations/Local/Capital

See Attached Chart.

H. Assumptions Underlying the Proposed Plan

The acquisition of additional State staff is vital to the OMIG's efforts in meeting prescribed FSHRP performance milestones. This Spending Plan assumes that the OMIG will strive to reach its authorized personnel target of 753 positions in 2009-10. Additionally, the OMIG will continue to work with the Department of Health and Office of the Attorney General to monitor costs associated with funds transferred to these State agencies to continue to provide information technology and systems support services (\$.8M State share) and litigate cases on behalf of the OMIG (\$.8M State share).

I. Management of Risks Inherent in the Plan

The OMIG will closely monitor recruitment activities each pay period and related personal services costs on a monthly basis. Attrition rates and staffing patterns will be assessed to determine if any additional aggressive recruitment strategies need to be implemented in an effort to achieve the authorized personnel target of 753 positions. Additionally, non-personal services spending - particularly in the contractual services arena - will be evaluated to ensure that agency needs are being met.

J. Additional Savings Opportunities for 2008-09

Potential additional personal services savings may be realized dependent upon the timing and status of employment actions. This would also result in additional associated non-personal services savings (e.g., supplies and materials, travel and equipment). These activities will be closely monitored throughout the current SFY.

K. Potential Future Savings Opportunities/Operational Improvements (indicate if statutory change is required)

As additional State staff are acquired, the OMIG's reliance on contractual staff may lessen. This could result in potential future savings opportunities once State staff are fully trained in respective job duties and responsibilities. Hiring and staff attrition will be monitored to determine if any additional out-years savings can be achieved in this area.

ATTACHMENTS:

1. Item G -- Monthly Projections: All Funds Workforce; General Fund, State Operations.
2. Staffing Levels - By Bureau by Location Chart.
3. Status of Vacant Items Chart.
4. Monthly Report of State Operations Spending Template.

October	State				
	PS				a
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	-\$0	\$0	
November	State				
	PS				a
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	\$0	\$0	
December	State				
	PS				a
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	\$0	\$0	
January	State				
	PS				0
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	\$0	\$0	
February	State				
	PS				a
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	\$0	\$0	
March	State				
	PS				a
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
	NPS Sub-total:	\$0	\$0	\$0	
	SUB-TOTAL:	\$0	\$0	\$0	
TOTAL SFY 08-09:					
	State				
	PS	\$0	\$0	\$0	0
	NPS	\$0	\$0	\$0	
	Federal				
	PS	\$0	\$0	\$0	0
	NPS	\$0	\$0	\$0	
	PS Total:	\$0	\$0	\$0	0
	NPS Total:	\$0	\$0	\$0	
	GRAND TOTAL:	\$0	\$0	\$0	

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL

Monthly Reporting of State Operations Spending'
Actual vs. Projected

		<u>Projected</u>	<u>Actual</u>	Difference	<u>Actual FTEs</u>
April	State				
	PS				0
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		
May	State				
	PS				0
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		
June	State				
	PS				0
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		
July	State				
	PS				0
	NPS				
	Federal				
	PS				0
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		
August	State				
	PS				a
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		
September	State				
	PS				a
	NPS				
	Federal				
	PS				a
	NPS				
	PS Sub-total:	\$0	\$0	\$0	0
NPS Sub-total:	\$0	\$0	\$0		
SUB-TOTAL:	\$0	\$0	\$0		

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR

STAFFING LEVELS (STATE STAFF ONLY) -- BY BY LOCATION
(as of April 30, 2008)

BUREAU	CURRENT FILLED POSITIONS	CURRENT FTEs	CURRENT VACANCIES UNDER RECRUITMENT	ADDITIONAL ITEMS TO FILL TO REACH TARGET	SFY 2008-09 PERSONNEL TARGET	NEW PENDING CLASSIFICATIONS	NEW APPROVED CLASSIFICATIONS	2008-09 NEW POSITIONS
Investigations & Enforcement	76	74.7	57	69	145	0	0	15
Albany	54	52.7	29	34	88	0	0	9
Buffalo	0	0	3	3	3	0	0	
New York City	22	22	21	28	50	0	0	6
White Plains	0	0	3	3	3	0	0	
Long Island	0	0	1	1	1	0	0	
Medicaid Audit	269	263.05	103	1108	377	0	0	40
Albany	102	99.25	30	19	121	0	0	0
Buffalo	15	14.5	9	3	18	0	0	2
Long Island	12	12	1	13	25	0	0	10
New York City	89	86.9	37	44	133	0	0	27
Rochester	17	17	6	6	23	0	0	1
Syracuse	10	9.4	3	6	16	0	0	0
White Plains	24	24	17	17	41	0	0	0
Revenue Initiatives	33	32.48	0	7	40	0	0	4
Albany	33	32.48	0	7	40	0	0	4
Information Technology & Fraud Detection Systems	51	51	14	22	73	0	0	8
Albany	50	50	14	118	68	0	0	8
White Plains	0	0	0	1	1	0	0	
Long Island	0	0	0	1	1	0	0	
New York City	1	1	0	2	3	0	0	
Operations	7	7	0	(2)	5	0	0	
Albany	7	7	0	(2)	5	0	0	
Collections	3	3	5	8	11	0	0	
Albany	3	3	5	8	11	0	0	
Human Resources & Fiscal Management	22	22	10	10	32	0	0	
Albany	22	22	10	10	32	0	0	
Counsel's Office	16	16	7	34	50	0	0	8
Albany	9	9	5	14	23	0	0	5
Buffalo	1	1	1	2	3	0	0	
New York City	6	6	1	17	23	0	0	3
Rochester	0	0	0	2	2	0	0	
Executive	16	16	3	4	20	0	0	
Albany	15	15	3	4	19	0	0	
New York City	1	1	0	0	1	0	0	
TOTAL:	493	485.23	199	2:60	753	0	0	75

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL**

STATUS OF VACANT ITEMS- as of April 30, 2008

UNDER ACTIVE

	Current Fills	Current FTEs	Active Vacancies	Reclassifications	Earmark Releases	Additional Items to Fill to Reach	2008-09 TOTAL AUTHORIZED POSITIONS	Pending Classifications	New Approved Classifications
Bureau of Investigations and Enforcement	76	74.7	57			69	145	0	0
Bureau of Medicaid Audit	269	263.05	103			108	377	0	0
Bureau of Fraud Detection Systems	51	51	14			22	73	0	0
Bureau of Revenue Initiatives	33	32.48	0			7	40	0	0
Administration	32	32	15			16	48	0	0
Counsel's Office	16	16	7			34	50	0	0
Executive	16	16	3			4	20	0	0
Total	493	485.23	199	0	0	260	753	0	0