

S T A T E O F N E W Y O R K

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I N S E N A T E

April 14, 2010

Introduced by Sen. ESPADA -- read twice and ordered printed, and when printed to be committed to the Committee on Health -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public health law and the social services law, in relation to fair procedures, practices and standards for actions by the office of medicaid inspector general and social services districts

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Section 30 of the public health law, as added by chapter
2 442 of the laws of 2006, is amended to read as follows:
3 S 30. Legislative intent. This title establishes an independent office
4 of Medicaid inspector general within the department to consolidate staff
5 and other Medicaid fraud detection, prevention and recovery functions
6 from the relevant governmental entities into a single office, and grants
7 such office new powers and responsibilities. As such, this title is
8 intended to create a more efficient and accountable structure, dramat-
9 ically reorganize and streamline the state's process of detecting and
10 combating Medicaid fraud and abuse and maximize the recoupment of
11 improper Medicaid payments.
12 THE LEGISLATURE RECOGNIZES THE NEED TO BALANCE THE ABILITY OF THE
13 STATE TO ENSURE THE INTEGRITY OF THE MEDICAL ASSISTANCE PROGRAM WITH THE
14 NEED TO AFFORD DUE PROCESS TO PROVIDERS AND RECIPIENTS WHO ARE INVESTI-
15 GATED, AUDITED OR SUBJECT TO OTHER ACTIONS, IN ORDER TO ENSURE THAT SUCH
16 ACTIONS ARE CONDUCTED IN A FAIR AND CONSISTENT MANNER. THE LEGISLATURE
17 ALSO RECOGNIZES THE NEED FOR ESTABLISHED STATUTORY STANDARDS REGARDING
18 THE CONDUCT OF INVESTIGATIONS, AUDITS AND RECOVERY OF PAYMENTS AND OTHER
19 ACTIONS.
20 S 2. Section 30-a of the public health law is amended by adding four
21 new subdivisions 4, 5, 6 and 7 to read as follows:

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 4. "PROVIDER" MEANS ANY PERSON OR ENTITY ENROLLED AS A PROVIDER IN THE
2 MEDICAL ASSISTANCE PROGRAM.

3 5. "RECIPIENT" MEANS AN INDIVIDUAL WHO IS ENROLLED IN THE MEDICAL
4 ASSISTANCE PROGRAM, INCLUDING AN INDIVIDUAL WHO WAS PREVIOUSLY A RECIPI-
5 ENT AND, IN AN APPROPRIATE CASE, AN INDIVIDUAL WHO IS LEGALLY RESPONSI-
6 BLE FOR THE RECIPIENT.

7 6. "MEDICAL ASSISTANCE" AND "MEDICAID" MEANS TITLE ELEVEN OF ARTICLE
8 FIVE OF THE SOCIAL SERVICES LAW AND THE PROGRAM THEREUNDER.

9 7. "DRAFT AUDIT REPORT", "INITIAL AUDIT REPORT", "PROPOSED NOTICE OF
10 AGENCY ACTION" AND "FINAL NOTICE OF AGENCY ACTION" MEANS THOSE DOCUMENTS
11 PREPARED AND ISSUED BY THE INSPECTOR UNDER THIS TITLE AND CORRESPONDING
12 REGULATIONS.

13 S 3. Subdivision 20 of section 32 of the public health law, as added
14 by chapter 442 of the laws of 2006, is amended to read as follows:

15 20. to, consistent with provisions of this title AND OTHER APPLICABLE
16 FEDERAL AND STATE LAWS, REGULATIONS, POLICIES, GUIDELINES AND STANDARDS,
17 implement and amend, as needed, rules and regulations relating to the
18 prevention, detection, investigation and referral of fraud and abuse
19 within the medical assistance program and the recovery of improperly
20 expended medical assistance program funds;

21 S 4. The public health law is amended by adding a new section 37 to
22 read as follows:

23 S 37. FAIR PROCEDURES, PRACTICES AND STANDARDS. 1. NO RECOVERY OF AN
24 OVERPAYMENT RESULTING FROM THE ISSUANCE OF A FINAL AUDIT REPORT OR FINAL
25 NOTICE OF AGENCY ACTION RELATING TO A MONETARY PENALTY BY THE INSPECTOR
26 SHALL COMMENCE UNTIL SIXTY DAYS AFTER THE ISSUANCE OF THE FINAL AUDIT
27 REPORT OR FINAL NOTICE OF AGENCY ACTION OR, WHERE AN ADMINISTRATIVE
28 HEARING HAS BEEN TIMELY REQUESTED BY A PROVIDER, UNTIL AFTER ISSUANCE OF
29 A DECISION AFTER THE ADMINISTRATIVE HEARING. THE INSPECTOR SHALL NOT
30 COMMENCE ANY RECOVERY UNDER THIS SUBDIVISION WITHOUT PROVIDING A MINIMUM
31 OF THIRTY DAYS ADVANCE WRITTEN NOTICE TO THE PROVIDER.

32 2. A RECOVERY OF AN OVERPAYMENT UNDER SUBDIVISION ONE OF THIS SECTION
33 SHALL BE MADE AT A RATE NOT TO EXCEED TEN PERCENT OF A PROVIDER'S
34 MEDICAL ASSISTANCE CLAIMS DUE AND PAYABLE FOR EACH BILLING CYCLE DURING
35 WHICH THE RECOVERY IS SOUGHT, OR SUCH OTHER AMOUNT AGREED ON BY THE
36 INSPECTOR AND THE PROVIDER. IF ANOTHER EXISTING RECOVERY AGAINST THE
37 PROVIDER IS CURRENTLY IN EFFECT, THE TOTAL OF ALL SUCH RECOVERIES MAY
38 NOT EXCEED TEN PERCENT OF A PROVIDER'S MEDICAL ASSISTANCE CLAIMS DUE AND
39 PAYABLE FOR THE BILLING CYCLE FOR WHICH THE RECOVERIES ARE SOUGHT, OR
40 SUCH OTHER AMOUNT AGREED ON BY THE INSPECTOR AND THE PROVIDER. THE
41 INSPECTOR MAY SEEK INTEREST AT A RATE SPECIFIED IN REGULATION THAT SHALL
42 NOT EXCEED NINE PERCENT ON ANY OUTSTANDING OVERPAYMENT REMAINING ONE
43 HUNDRED TWENTY DAYS AFTER THE DATE ON WHICH WRITTEN NOTICE IS SENT TO
44 THE PROVIDER. THIS SUBDIVISION SHALL NOT APPLY IN THE CASE OF FRAUD.

45 3. THE INSPECTOR SHALL NOT HAVE AUTHORITY TO CONDUCT ANY REVIEWS OR
46 AUDITS OF CONTRACTS, COST REPORTS, CLAIMS, BILLS, OR EXPENDITURES OF
47 MEDICAL ASSISTANCE PROGRAM FUNDS THAT WERE THE SUBJECT MATTER OF A
48 PREVIOUS AUDIT OR REVIEW BY OR ON BEHALF OF THE INSPECTOR, ANY OTHER
49 STATE OR LOCAL GOVERNMENTAL AGENCY OR OFFICE OR CONTRACTOR OR AGENT
50 THEREOF AUTHORIZED TO CONDUCT SUCH REVIEWS OR AUDITS IF SUCH AUDIT OR
51 REVIEW WAS COMPLETED WITHIN THE LAST THREE YEARS, EXCEPT: ON THE BASIS
52 OF NEW INFORMATION, FOR GOOD CAUSE TO BELIEVE THAT THE PREVIOUS REVIEW
53 OR AUDIT WAS ERRONEOUS, OR WHERE THE SCOPE OF THE INSPECTOR'S REVIEW OR
54 AUDIT IS SIGNIFICANTLY DIFFERENT FROM THE SCOPE OF THE PREVIOUS REVIEW
55 OR AUDIT.

1 4. THE PERIOD OF ANY AUDIT CONDUCTED BY THE INSPECTOR SHALL NOT EXCEED
2 THREE YEARS UNLESS A FINDING OF FRAUD OR INTENTIONAL MISCONDUCT IS
3 ALLEGED IN THE DRAFT AUDIT REPORT OR DRAFT NOTICE OF AGENCY ACTION.

4 5. (A) IN CONDUCTING AUDITS OR TAKING OTHER ACTIONS BASED ON LAWS,
5 REGULATIONS, POLICIES, GUIDELINES, STANDARDS, OR INTERPRETATIONS ESTAB-
6 LISHED OR ENFORCED BY A FEDERAL OR STATE AGENCY, INCLUDING THE INSPEC-
7 TOR, THE INSPECTOR SHALL APPLY THE LAWS, REGULATIONS, POLICIES, GUIDE-
8 LINES, STANDARDS, AND INTERPRETATIONS OF THAT AGENCY THAT WERE IN PLACE
9 AT THE TIME THE SUBJECT CLAIM AROSE OR OTHER CONDUCT TOOK PLACE. DISAL-
10 LOWANCES MAY BE IMPOSED OR OTHER ACTION TAKEN ONLY FOR NON-COMPLIANCE
11 WITH THOSE LAWS, REGULATIONS, POLICIES, GUIDELINES, OR STANDARDS. FOR
12 PURPOSES OF THIS SUBDIVISION, ANY CHANGE IN SUCH LAWS, REGULATIONS,
13 POLICIES, GUIDELINES, STANDARDS, OR INTERPRETATIONS SHALL ONLY BE
14 APPLIED PROSPECTIVELY AND UPON REASONABLE NOTICE.

15 (B) TO THE EXTENT THAT THE INSPECTOR SANCTIONS A PROVIDER BASED SOLELY
16 ON LAWS, REGULATIONS, POLICIES, GUIDELINES, STANDARDS, OR INTERPRETA-
17 TIONS ENFORCED BY A FEDERAL OR STATE AGENCY OTHER THAN THE INSPECTOR,
18 THE INSPECTOR MAY ONLY IMPOSE A SANCTION CONTEMPORANEOUS WITH, AND NO
19 LONGER IN DURATION THAN, ANY SUCH SANCTION IMPOSED BY SUCH OTHER AGENCY.
20 UPON THE EXPIRATION OF ANY SUCH SANCTION BY SUCH OTHER AGENCY, THE
21 INSPECTOR SHALL IMMEDIATELY REMOVE HIS OR HER SANCTION OF THAT PROVIDER,
22 WITHOUT NEED BY THE PROVIDER TO REAPPLY TO THE MEDICAL ASSISTANCE
23 PROGRAM TO BECOME REINSTATED AS A PROVIDER.

24 (C) IN ANY ACTION UNDER THIS TITLE, THE INSPECTOR SHALL ACCEPT ANY
25 DETERMINATION OF COMPLIANCE MADE BY A GOVERNMENTAL AGENCY WITH JURISDIC-
26 TION TO MAKE SUCH A DETERMINATION, UNLESS THE INSPECTOR FINDS THAT SUCH
27 DETERMINATION OF COMPLIANCE WAS BASED ON MISINFORMATION, WAS CLEARLY
28 ERRONEOUS, OR WAS AFFECTED BY FRAUD OR OTHER INTENTIONAL MISCONDUCT.

29 6. AT LEAST TEN DAYS PRIOR TO AN ADMINISTRATIVE HEARING UNDER THIS
30 TITLE, EACH PARTY TO THE HEARING SHALL MAKE A GOOD FAITH EFFORT TO
31 DISCLOSE AT A PRE-HEARING CONFERENCE THE EVIDENCE IT INTENDS TO INTRO-
32 DUCE AND A LIST OF WITNESSES IT INTENDS TO PRODUCE AT THE HEARING. THIS
33 SUBDIVISION SHALL NOT PROHIBIT EITHER THE INSPECTOR OR THE PROVIDER FROM
34 INTRODUCING ANY EVIDENCE INCLUDING DOCUMENTARY EVIDENCE OR THE TESTIMONY
35 FROM A WITNESS THAT WAS NOT DISCLOSED PRIOR TO OR AT THE PRE-HEARING
36 CONFERENCE. THE INSPECTOR SHALL IMMEDIATELY PROVIDE TO THE PROVIDER ANY
37 EVIDENCE THAT THE INSPECTOR MAY POSSESS OR ACQUIRE THAT WOULD SUPPORT
38 THE ALLOWABILITY OR PROPRIETY OF THE PROVIDER'S COST REPORTING, BILLING
39 OR OTHER PRACTICE OR PRACTICES AT ISSUE IN THE HEARING OR IS OTHERWISE
40 EXCULPATORY. UNLESS ANY EVIDENCE IS DETERMINED BY THE ADMINISTRATIVE LAW
41 JUDGE TO BE IRRELEVANT OR IMMATERIAL OR ANY TESTIMONY UNDULY REPETI-
42 TIOUS, ALL EVIDENCE, INCLUDING BUT NOT LIMITED TO NON CONTEMPORANEOUSLY
43 PREPARED DOCUMENTARY EVIDENCE, AND ALL TESTIMONY FROM WITNESSES, SHALL
44 BE ADMITTED BY THE ADMINISTRATIVE LAW JUDGE WHO SHALL GIVE SUCH EVIDENCE
45 OR TESTIMONY APPROPRIATE WEIGHT IN RENDERING A RECOMMENDATION OR DECIS-
46 SION.

47 7. THE INSPECTOR SHALL MAKE NO RECOVERY FROM A PROVIDER FOR FINDINGS
48 THAT ARE BASED ON THE ACTIONS OR THE RESPONSIBILITY OF ANOTHER PROVIDER
49 OR GOVERNMENTAL AGENCY, UNLESS THE PROVIDER KNEW OR REASONABLY SHOULD
50 HAVE KNOWN THAT IT WAS CLAIMING PAYMENT TO WHICH IT WAS NOT ENTITLED. IN
51 ANY RECOVERY SUBJECT TO THIS SUBDIVISION, THE INSPECTOR SHALL SEEK
52 RECOVERY PRIMARILY FROM THE PROVIDER BEARING THE PRIMARY RESPONSIBILITY
53 FOR THE OVERPAYMENT OR IMPROPER PAYMENT.

54 8. (A) THE INSPECTOR SHALL MAKE NO RECOVERY FROM A PROVIDER, BASED ON
55 AN ADMINISTRATIVE OR TECHNICAL DEFECT IN PROCEDURE OR DOCUMENTATION MADE
56 WITHOUT INTENT TO FALSIFY OR DEFRAUD, IN CONNECTION WITH CLAIMS FOR

1 PAYMENT FOR MEDICALLY NECESSARY CARE, SERVICES AND SUPPLIES OR THE COST
2 THEREOF AS SPECIFIED IN SUBDIVISION TWO OF SECTION THREE HUNDRED SIXTY-
3 FIVE-A OF THE SOCIAL SERVICES LAW PROVIDED IN OTHER RESPECTS APPROPRI-
4 ATELY TO A BENEFICIARY OF THE MEDICAL ASSISTANCE PROGRAM, EXCEPT AS
5 PROVIDED IN PARAGRAPH (B) OF THIS SUBDIVISION.

6 (B) WHERE THE BASIS FOR RECOVERY IS AN ADMINISTRATIVE OR TECHNICAL
7 DEFECT IN PROCEDURE OR DOCUMENTATION WITHOUT INTENT TO FALSIFY OR
8 DEFRAUD, THE INSPECTOR SHALL AFFORD THE PROVIDER AN OPPORTUNITY TO
9 CORRECT THE DEFECT AND RESUBMIT THE CLAIM WITHIN SIXTY DAYS OF NOTICE OF
10 THE DEFECT. IF A SATISFACTORY CLAIM IS NOT RESUBMITTED UNDER THIS PARA-
11 GRAPH, THE INSPECTOR MAY SEEK TO RECOVER UP TO TEN PERCENT OF THE AMOUNT
12 THAT WOULD OTHERWISE BE RECOVERABLE, EXCEPT THAT WHERE THE DEFECT DETER-
13 MINED THE QUANTITY OR VALUE OF PAYMENT CLAIMED, THEN THE RECOVERY MAY BE
14 THE DIFFERENCE BETWEEN THE AMOUNT RECEIVED BY THE PROVIDER AND THE
15 AMOUNT THAT SHOULD HAVE BEEN RECEIVED IF THE CLAIM HAD BEEN SUBMITTED
16 PROPERLY.

17 9. (A) THE INSPECTOR SHALL NOT APPLY ANY EXTRAPOLATION METHOD TO A
18 CATEGORY OF ERROR OR DEFECT WITHIN A SAMPLE UNLESS THE INSPECTOR SHALL
19 FIRST DETERMINE THAT THE CATEGORY OF ERROR OR DEFECT IN THE BILLING OR
20 OTHER PRACTICE IDENTIFIED BY THE INSPECTOR IN THE SAMPLE OF CLAIMS
21 EXCEEDS A RATE OF FIVE PERCENT WITHIN THE SAMPLE OF CLAIMS, AFTER THE
22 INSPECTOR AFFORDS THE PROVIDER REASONABLE OPPORTUNITY TO RESPOND TO THE
23 INSPECTOR'S INITIAL FINDINGS. HOWEVER, NOTWITHSTANDING THE PRECEDING
24 SENTENCE, THE INSPECTOR AND THE PROVIDER MAY AGREE TO THE USE OF EXTRAP-
25 OLATION.

26 (B) THE INSPECTOR SHALL FURNISH TO THE PROVIDER AT AN AUDIT ENTRANCE
27 CONFERENCE OR IN ANY DRAFT AUDIT FINDINGS ISSUED OR TO BE ISSUED TO THE
28 PROVIDER, A DETAILED WRITTEN EXPLANATION OF THE EXTRAPOLATION METHOD
29 EMPLOYED, INCLUDING THE SIZE OF THE SAMPLE, THE SAMPLING METHODOLOGY,
30 THE DEFINED UNIVERSE OF CLAIMS, THE SPECIFIC CLAIMS INCLUDED IN THE
31 SAMPLE, THE RESULTS OF THE SAMPLE, THE ASSUMPTIONS MADE ABOUT THE ACCU-
32 RACY AND RELIABILITY OF THE SAMPLE AND THE LEVEL OF CONFIDENCE IN THE
33 SAMPLE RESULTS, AND THE STEPS UNDERTAKEN AND STATISTICS UTILIZED TO
34 CALCULATE THE ALLEGED OVERPAYMENT AND ANY APPLICABLE OFFSET BASED ON THE
35 SAMPLE RESULTS. THIS WRITTEN INFORMATION SHALL INCLUDE A DESCRIPTION OF
36 THE SAMPLING AND EXTRAPOLATION METHODOLOGY, IN SUFFICIENT DETAIL TO
37 PERMIT THE PROVIDER TO TEST AND RECREATE THE METHODOLOGY IN ORDER TO
38 PROPERLY AND FULLY DEFEND ANY DETERMINATION OF OVERPAYMENT WHICH IS
39 BASED ON THIS PROCESS.

40 (C) THE SAMPLING AND EXTRAPOLATION METHODOLOGIES USED BY THE INSPECTOR
41 SHALL BE STATISTICALLY REASONABLY VALID FOR THE INTENDED USE AND SHALL
42 BE ESTABLISHED IN REGULATIONS OF THE INSPECTOR.

43 10. ANY FUNDS AND INTEREST THEREON DETERMINED BY THE INSPECTOR, THE
44 COMMISSIONER OR HIS OR HER DESIGNEE, ADMINISTRATIVE PROCEEDING, OR COURT
45 TO HAVE BEEN IMPROPERLY WITHHELD OR RECOUPED FROM A PROVIDER SHALL BE
46 REFUNDED TO THE PROVIDER, WITH INTEREST ON THE AMOUNT OF THE WITHHELD OR
47 RECOUPED FUNDS FROM THE DATE OF WITHHOLDING OR RECOUPMENT THROUGH THE
48 DATE OF REFUND PAYABLE AT THE SAME RATE AS ANY INTEREST ASSESSED BY THE
49 STATE ON RECOUPED FUNDS, TO BE REFUNDED AND PAID TO THE PROVIDER AS SOON
50 AS PRACTICABLE BUT IN NO EVENT MORE THAN NINETY DAYS AFTER THE DETERMI-
51 NATION.

52 11. WHERE ANY AUDIT OR CIVIL OR ADMINISTRATIVE ENFORCEMENT ACTION
53 UNDER THIS TITLE WOULD EITHER (A) RECOUP FROM THE PROVIDER AN AMOUNT
54 GREATER THAN TEN PERCENT OF THE AMOUNT IT WOULD OTHERWISE RECEIVE FROM
55 THE MEDICAL ASSISTANCE PROGRAM DURING THE PERIOD IN WHICH THE RECOUPMENT
56 WOULD OCCUR, OR (B) SUSPEND OR TERMINATE THE PROVIDER'S PARTICIPATION IN

1 THE MEDICAL ASSISTANCE PROGRAM, THE INSPECTOR SHALL DEMONSTRATE THAT THE
2 ENFORCEMENT ACTION WILL NOT UNDULY JEOPARDIZE THE QUALITY AND AVAILABIL-
3 ITY OF MEDICAL CARE AND SERVICES IN THE AREA SERVED BY A PROVIDER,
4 INCLUDING ALTERNATIVES TO THE CARE, SERVICES AND SUPPLIES PROVIDED BY
5 THE PROVIDER AND THE ABILITY OF A PROVIDER TO CONTINUE PROVIDING CARE,
6 SERVICES AND SUPPLIES AND THE BEST INTEREST OF THE MEDICAL ASSISTANCE
7 PROGRAM AND MEDICAL ASSISTANCE RECIPIENTS.

8 12. IN CARRYING OUT HIS OR HER DUTIES UNDER THIS TITLE, THE INSPECTOR
9 SHALL ASSIGN PERSONNEL, AGENTS AND CONTRACTORS WITH APPROPRIATE TRAIN-
10 ING, EDUCATION, OR EXPERTISE (INCLUDING CLINICAL EXPERTISE WHERE THE
11 MATTER IN DISPUTE CONCERNS THE VALIDITY OF THE PROVIDER'S CLINICAL
12 OBSERVATION, DIAGNOSIS, TREATMENT, OR DOCUMENTATION) AND SHALL NOT
13 ASSIGN ANY PERSON, AGENT OR CONTRACTOR TO CONDUCT, REVIEW, OR PARTIC-
14 IPATE, DIRECTLY OR INDIRECTLY IN AN AUDIT, REVIEW, EXAMINATION OR INVES-
15 TIGATION OF AN ENTITY WITH WHICH SUCH PERSON, AGENT OR CONTRACTOR WAS
16 EMPLOYED OR ASSOCIATED OR HAD A CONTRACTUAL RELATIONSHIP OR OTHER
17 ENGAGEMENT WITH AT ANY TIME PRIOR TO THE COMMENCEMENT OF SUCH AUDIT,
18 REVIEW, EXAMINATION OR INVESTIGATION.

19 13. FOR THE PURPOSES OF THIS TITLE, THERE SHALL BE A REBUTTABLE
20 PRESUMPTION THAT THE CLINICAL OBSERVATION, DIAGNOSIS, TREATMENT, AND
21 DOCUMENTATION BY A PROVIDER ARE VALID. THE INSPECTOR MAY NOT DISALLOW,
22 RECOVER, OR WITHHOLD A MEDICAL ASSISTANCE PAYMENT ON THE BASIS OF
23 MEDICAL NECESSITY OR CLINICAL JUDGMENT OR STANDARDS WITHOUT AFFIRMATIVE-
24 LY FINDING IN WRITING THAT THE PROVIDER'S CLINICAL OBSERVATION, DIAGNO-
25 SIS, TREATMENT, OR DOCUMENTATION IS NOT VALID. SUCH A FINDING MAY NOT BE
26 RELIED UPON OR USED AS THE BASIS FOR ANY EXTRAPOLATION.

27 14. IN CONDUCTING AUDITS, REVIEWS, INVESTIGATIONS, AND CIVIL OR ADMIN-
28 ISTRACTIVE ACTIONS, THE INSPECTOR SHALL CONSIDER ALL DOCUMENTS AND OTHER
29 INFORMATION, IN ANY MEDIUM AND IN ANY FORM, SUBMITTED BY A PROVIDER OR
30 SUPPLIER THAT ARE RELEVANT TO DETERMINE WHETHER MEDICALLY NECESSARY
31 COVERED CARE, SERVICES OR SUPPLIES WERE PROVIDED TO AN ELIGIBLE RECIPI-
32 ENT.

33 15. IN CONDUCTING AUDITS, REVIEWS, INVESTIGATIONS, AND CIVIL OR ADMIN-
34 ISTRACTIVE ACTIONS, THE INSPECTOR SHALL DETERMINE IN WRITING WHICH BOOKS,
35 PAPERS, RECORDS, AND DOCUMENTS THAT ARE NECESSARY, RELEVANT, AND MATERI-
36 AL TO A SPECIFIC ACTION THAT THE INSPECTOR MAY SEEK TO INSPECT, COPY, OR
37 OBTAIN. THE INSPECTOR SHALL GIVE THE PROVIDER REASONABLE WRITTEN NOTICE
38 OF THE WRITTEN DETERMINATION PRIOR TO SEEKING TO INSPECT, COPY, OR
39 OBTAIN THE BOOKS, PAPERS, RECORDS OR DOCUMENTS.

40 16. NOTWITHSTANDING ANY LAW OR REGULATION TO THE CONTRARY, THE INSPEC-
41 TOR SHALL MAKE NO RECOVERY BASED ON THE FAILURE OF THE PROVIDER TO
42 SUBMIT A CLAIM FOR PAYMENT FOR MEDICAL CARE, SERVICES, OR SUPPLIES WITH-
43 IN NINETY DAYS OF THE DATE THE MEDICAL CARE, SERVICES, OR SUPPLIES WERE
44 FURNISHED, PROVIDED THAT SUCH CLAIM IS SUBMITTED WITHIN TWO YEARS OF THE
45 DATE FURNISHED.

46 S 5. The public health law is amended by adding a new section 38 to
47 read as follows:

48 S 38. FAIR PROCEDURES, PRACTICES AND STANDARDS FOR RECIPIENTS. 1.
49 THIS SECTION APPLIES TO ANY ADJUSTMENT OR RECOVERY OF A MEDICAL ASSIST-
50 ANCE PAYMENT FROM A RECIPIENT, AND ANY INVESTIGATION OR OTHER PROCEEDING
51 RELATING THERETO. NO ADJUSTMENT OR RECOVERY SUBJECT TO THIS SECTION
52 SHALL OCCUR UNLESS THE RECIPIENT HAS BEEN AFFORDED THE PROTECTIONS OF
53 THE PROCEDURES, PRACTICES AND STANDARDS UNDER THIS SECTION, INCLUDING
54 NOTICE AND HEARING RIGHTS.

55 2. AT LEAST TEN DAYS PRIOR TO COMMENCEMENT OF ANY INTERVIEW WITH A
56 RECIPIENT AS PART OF AN INVESTIGATION, THE INSPECTOR OR OTHER INVESTI-

1 GATING ENTITY SHALL PROVIDE THE RECIPIENT WITH WRITTEN NOTICE OF THE
2 INVESTIGATION. THE NOTICE OF THE INVESTIGATION SHALL SET FORTH THE BASIS
3 FOR THE INVESTIGATION; THE POTENTIAL FOR REFERRAL FOR CRIMINAL INVESTI-
4 GATION; THE INDIVIDUAL'S RIGHT TO BE ACCOMPANIED BY A RELATIVE, FRIEND,
5 ADVOCATE OR ATTORNEY DURING QUESTIONING; CONTACT INFORMATION FOR LOCAL
6 LEGAL SERVICES OFFICES; THE INDIVIDUAL'S RIGHT TO DECLINE TO BE INTER-
7 VIEWED OR PARTICIPATE IN AN INTERVIEW BUT TERMINATE THE QUESTIONING AT
8 ANY TIME WITHOUT LOSS OF BENEFITS; AND THE RIGHT TO A FAIR HEARING IN
9 THE EVENT THAT THE INVESTIGATION RESULTS IN A DETERMINATION OF INCORRECT
10 PAYMENT.

11 3. THE PERIOD THAT IS THE SUBJECT OF AN INVESTIGATION SHALL NOT EXCEED
12 THREE YEARS, UNLESS THE INITIAL NOTICE OF INVESTIGATION UNDER SUBDIVI-
13 SION TWO OF THIS SECTION INCLUDES ALLEGATIONS OF FRAUD OR INTENTIONAL
14 MISREPRESENTATION. DURING THE INVESTIGATION, THE INSPECTOR OR OTHER
15 INVESTIGATING ENTITY MAY REQUEST DOCUMENTATION THAT IS RELEVANT TO THE
16 ISSUE OF INELIGIBILITY, AND MAY ENTER INTO AN AGREEMENT WITH THE RECIPI-
17 ENT SUBJECT TO THE INVESTIGATION FOR VOLUNTARY REPAYMENTS. HOWEVER, NO
18 SUCH AGREEMENT SHALL BE ENTERED INTO PRIOR TO THE RECIPIENT HAVING
19 ACCESS TO PROOF OF THE ALLEGATION OF INELIGIBILITY AND THE AMOUNT OF
20 MEDICAL ASSISTANCE PAYMENT AT ISSUE. IN CASES INVOLVING FINANCIAL HARD-
21 SHIP, THE RATE OF REPAYMENT SHALL NOT BE IN EXCESS OF TEN PERCENT OF THE
22 RECIPIENT'S HOUSEHOLD INCOME, UNLESS THE INSPECTOR OR INVESTIGATING
23 ENTITY AND THE RECIPIENT AGREE TO ANOTHER AMOUNT.

24 4. FOLLOWING COMPLETION OF THE INVESTIGATION AND AT LEAST SIXTY DAYS
25 PRIOR TO COMMENCING A RECOVERY OR ADJUSTMENT ACTION OR REQUESTING VOLUN-
26 TARY REPAYMENT, THE INSPECTOR OR OTHER INVESTIGATING ENTITY SHALL
27 PROVIDE THE RECIPIENT WITH WRITTEN NOTICE OF THE DETERMINATION OF INCOR-
28 RECT PAYMENT TO BE RECOVERED OR ADJUSTED. THE NOTICE OF DETERMINATION
29 SHALL IDENTIFY THE EVIDENCE RELIED UPON, SET FORTH THE FACTUAL CONCLU-
30 SIONS OF THE INVESTIGATION, AND EXPLAIN THE RECIPIENT'S RIGHT TO REQUEST
31 A FAIR HEARING IN ORDER TO CONTEST THE OUTCOME OF THE INVESTIGATION. THE
32 EXPLANATION OF THE RIGHT TO A FAIR HEARING SHALL CONFORM TO THE REQUIRE-
33 MENTS OF SUBDIVISION TWELVE OF SECTION TWENTY-TWO OF THE SOCIAL SERVICES
34 LAW AND REGULATIONS THEREUNDER.

35 5. A FAIR HEARING UNDER SECTION TWENTY-TWO OF THE SOCIAL SERVICES LAW
36 SHALL BE AVAILABLE TO ANY RECIPIENT WHO RECEIVES A NOTICE OF DETERMI-
37 NATION UNDER SUBDIVISION FOUR OF THIS SECTION, REGARDLESS OF WHETHER THE
38 RECIPIENT IS STILL ENROLLED IN THE MEDICAL ASSISTANCE PROGRAM. IF A FAIR
39 HEARING IS REQUESTED, NO RECOVERY OR ADJUSTMENT ACTION SHALL BE
40 COMMENCED UNLESS THE REQUEST FOR A FAIR HEARING HAS BEEN WITHDRAWN OR
41 THE FAIR HEARING HAS BEEN HELD AND RESULTED IN AN UNFAVORABLE DECISION
42 TO THE RECIPIENT.

43 S 6. Paragraph (b) of subdivision 3 of section 363-d of the social
44 services law, as amended by section 44 of part C of chapter 58 of the
45 laws of 2007, is amended and a new subdivision 5 is added to read as
46 follows:

47 (b) In the event that the commissioner of health or the Medicaid
48 inspector general finds that the provider does not have a satisfactory
49 program [within ninety days after the effective date of the regulations
50 issued pursuant to subdivision four of this section, the] UNDER THIS
51 SECTION, THE COMMISSIONER OR MEDICAID INSPECTOR GENERAL SHALL SO NOTIFY
52 THE PROVIDER, INCLUDING SPECIFICATION OF BASIS OF THE FINDING SUFFICIENT
53 TO ENABLE THE PROVIDER TO ADOPT A SATISFACTORY COMPLIANCE PROGRAM. THE
54 provider SHALL SUBMIT TO THE COMMISSIONER OR MEDICAID INSPECTOR GENERAL
55 A PROPOSED SATISFACTORY COMPLIANCE PROGRAM WITHIN SIXTY DAYS OF THE
56 NOTICE AND SHALL ADOPT THE PROGRAM AS EXPEDITIOUSLY AS POSSIBLE. IF THE

1 PROVIDER DOES NOT PROPOSE AND ADOPT A SATISFACTORY PROGRAM IN SUCH TIME
2 PERIOD, THE PROVIDER may be subject to any sanctions or penalties
3 permitted by federal or state laws and regulations, including revocation
4 of the provider's agreement to participate in the medical assistance
5 program.

6 5. ANY REGULATION, DETERMINATION, OR FINDING OF THE COMMISSIONER OR
7 THE MEDICAID INSPECTOR GENERAL RELATING TO A COMPLIANCE PROGRAM UNDER
8 THIS SECTION SHALL BE SUBJECT TO AND CONSISTENT WITH SUBDIVISION THREE
9 OF THIS SECTION.

10 S 7. Subdivision 2 of section 369 of the social services law is
11 amended by adding a new paragraph (e) to read as follows:

12 (E)(I) MEDICAL ASSISTANCE SHALL BE CONSIDERED INCORRECTLY PAID WHEN AN
13 INDIVIDUAL HAS RECEIVED AN ADEQUATE EXPLANATION OF HIS OR HER DUTY TO
14 PROVIDE OR REPORT INFORMATION RELEVANT TO AN ELIGIBILITY DETERMINATION,
15 AND, EITHER FAILED TO PROVIDE OR REPORT RELEVANT INFORMATION THAT WAS
16 KNOWN, OR UNDER THE CIRCUMSTANCES REASONABLY SHOULD HAVE BEEN KNOWN, BY
17 THE INDIVIDUAL, OR THE INDIVIDUAL WAS RESPONSIBLE FOR INTENTIONAL
18 MISREPRESENTATIONS OR FRAUD DURING THE APPLICATION OR RECERTIFICATION
19 PROCESS.

20 (II) NO ADJUSTMENT OR RECOVERY, INCLUDING A REQUEST FOR VOLUNTARY
21 REPAYMENT, MAY BE MADE AGAINST THE PROPERTY OF ANY INDIVIDUAL ON ACCOUNT
22 OF ANY MEDICAL ASSISTANCE INCORRECTLY PAID TO OR ON BEHALF OF AN INDI-
23 VIDUAL UNDER THIS TITLE, EXCEPT AFTER AN INVESTIGATION HAS BEEN
24 COMPLETED BY A SOCIAL SERVICES DISTRICT OR APPROPRIATE STATE AGENCY,
25 SUBJECT TO SECTION THIRTY-EIGHT OF THE PUBLIC HEALTH LAW.

26 S 8. This act shall take effect on the ninetieth day after it shall
27 have become a law and shall apply to any matter commenced or pending on
28 or after such date. However with respect to any matter pending on or
29 after such date, this act shall not invalidate any actions or steps
30 taken or commenced prior to such date and shall only apply to actions or
31 steps commenced on or after such date.