



# STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower    The Governor Nelson A. Rockefeller Empire State Plaza    Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr. P.H.  
*Commissioner*

Dennis P. Whalen  
*Executive Deputy Commissioner*

**ADMINISTRATIVE DIRECTIVE**

**TRANSMITTAL:** 05 OMM/ADM-3

**TO:** Commissioners of  
Social Services

**DIVISION:** Office of Medicaid  
Management

**DATE:** August 15, 2005

**SUBJECT:** Medicaid Front End Detection System (FEDS) Indicators

<b>SUGGESTED DISTRIBUTION:</b>	Medical Assistance Staff Food Stamp Directors Temporary Assistance Directors Staff Development Coordinators Fraud Investigation Staff FEDS Coordinators Fair Hearing Staff
<b>CONTACT PERSON:</b>	Bureau of Local District Support Upstate: (518) 474-8216 NYC: (212) 417-4500
<b>ATTACHMENTS:</b>	Medicaid Front End Detection System Plan Form

**FILING REFERENCES**

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
92 ADM-33 05 ADM-08 93 ADM 29		Part 348 Part 351	134b		

**I. PURPOSE**

The purpose of this Administrative Directive (ADM) is to provide districts with guidance on using the Front End Detection System (FEDS) process for Medicaid cases. It also provides suggested Medicaid indicators and a form (Attachment I) that must be used to incorporate Medicaid into the district's Temporary Assistance (TA) FEDS plan.

**II. BACKGROUND**

The Front End Detection System (FEDS) is a process designed to identify intentionally fraudulent or inadvertently erroneous information supplied by an applicant before that applicant is found eligible for benefits.

Chapter 41 of the Laws of 1992 mandated that each social services district establish a FEDS process for TA cases. FEDS is currently mandated for all Family Assistance and Safety Net applications. Although a FEDS process for Medicaid is optional, districts are encouraged to use FEDS to strengthen the integrity of Medicaid eligibility determinations. Counties who are concentrating on ways to prevent Medicaid fraud at the intake level may find it beneficial to incorporate Medicaid into their TA FEDS plan.

**III. PROGRAM IMPLICATIONS**

FEDS decreases the number of erroneous eligibility determinations, provides cost avoidance savings and helps in the prevention of fraud and caseload management. Cases that should not be opened are not opened, thus freeing county staff to concentrate on eligibility and proper benefit issuance without having to take subsequent action on cases erroneously opened.

Each district must have on file with OTDA/Program Integrity an approved FEDS plan explaining how FEDS referrals are made, investigated and resolved for TA applications. Districts may also opt to require the FEDS process for Medicaid applicants. If included, this must be stated in the plan. Districts must ensure that staff know whether Medicaid is part of their FEDS plan and that staff understand how the FEDS process applies to Medicaid.

**IV. REQUIRED ACTION**

When conducting Medicaid FEDS investigations, districts must adhere to the established TA FEDS procedures as stated in Administrative Directive 05 ADM-08. However, items that may be indicators of potential fraud under TA rules may not be appropriate for the Medicaid program.

The applicant is the primary source of eligibility information. Applicants have an obligation to provide accurate and complete documentation of income, resources if appropriate, and other factors that affect eligibility. FEDS should not be used when the applicant has not made a good faith effort to document his/her eligibility. In such situations, if the applicant has not requested the district's help in obtaining documentation, the district is unable to determine eligibility, the application should be denied.

However, when an applicant is not in possession of a document (e.g., documents have been destroyed in a fire), the document presented is suspect, or the documentation provided by the applicant is inconsistent with other information provided, FEDS can be a useful tool in establishing an individual's eligibility.

As a general rule, Medicaid FEDS indicators should be developed based on the kinds of information or documentation required on the DOH-4220 Access NY Health Care application. When Department approved primary or secondary documentation of eligibility factors is available, districts should accept that documentation as sufficient to establish eligibility. When primary or secondary documentation is not available, e.g., the applicant claims no other means of documenting income and self-attests, then further investigation by FEDS may be appropriate. Also, if documentation is available, but is inconsistent with other responses given by the individual on the application, FEDS may be justified; e.g., the applicant's monthly expenses exceed his/her monthly income, and the applicant cannot explain how s/he meets expenses.

It is critical that FEDS referrals be handled expeditiously so eligibility workers know the results of the investigation before the required timeframes to take action on the application expire. For Medicaid, eligibility must be determined by the 30<sup>th</sup> day following the date of application for applications including pregnant women or children under age 19, by the 90<sup>th</sup> day when a disability determination is required; and, by the 45<sup>th</sup> day for all others. If a FEDS referral has been made, but the investigation has not been completed within the required application processing timeframes, the application must be approved if the individual is otherwise eligible. However, if the applicant is eligible for Medicaid and picked a managed care plan during the interview, enrollment in the plan should be postponed until the FEDS review is completed. If the FEDS review determines the individual is ineligible, the case must then be closed. Applicants otherwise eligible for Family Health Plus must be enrolled in the Family Health Plus plan if the FEDS investigation has not been completed within the required application processing timeframes. If the FEDS review determines the individual is ineligible, the case can not be closed until the end of the six-month guarantee period.

Counties wishing to incorporate Medicaid cases into their FEDS program must receive approval from the Office of Medicaid Management (OMM). The Attachment to this directive entitled, "Medicaid Front End Detection System" contains recommended indicators for Medicaid FEDS plans. This form must be completed and submitted to OMM to obtain approval of a Medicaid FEDS process. To ease the administrative burden on counties, Medicaid plans may be submitted with the county's "Front End Detection System (FEDS) Plan of Operation" to the Office of Temporary and Disability Assistance/Program Integrity, at the following address:

Maria Schollenberger  
NYS OTDA Audit & Quality Control/Program Integrity  
Riverview Center - 4th Floor  
40 North Pearl Street  
Albany, NY 12243  
Phone (518) 402-0127  
Fax (518) 402-0121  
maria.schollenberger@otda.state.ny.us

Any modifications to a Medicaid FEDS plan must be made in writing and forwarded to OTDA/Program Integrity at least 60 days before proposed implementation. Modifications should be sent to the address above.

OTDA/Program Integrity will forward to OMM the Medicaid portion of the FEDS plan and any Medicaid FEDS related documents. OMM will notify districts and OTDA/ Program Integrity directly regarding these submissions. The Bureau of Local District Support in OMM will be available to answer all questions in reference to Medicaid FEDS plans.

NOTE: Districts with approved Medicaid plans are not required to resubmit their plans, unless they are requesting changes to their approved FEDS indicators.

V. SYSTEMS IMPLICATIONS

NONE

VI. EFFECTIVE DATE

This ADM is effective immediately.

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Kathryn Kuhmerker, Deputy Commissioner  
Office of Medicaid Management

Medicaid Front End Detection System

County \_\_\_\_\_ Date \_\_\_\_\_

Prepared By: \_\_\_\_\_

Title \_\_\_\_\_

Telephone \_\_\_\_\_

Medicaid FEDS Contact Person: \_\_\_\_\_

Title \_\_\_\_\_

Telephone \_\_\_\_\_

MEDICAID FRONT END DETECTION SYSTEM (FEDS) PLAN

The following Indicators will prompt a Medicaid FEDS referral.  
(Check all that apply.)

- ( ) Financial obligations are current, but stated expenses exceed income without a reasonable explanation
- ( ) Working off the books (currently or previously)
- ( ) Supported by loans or gifts from family/friends
- ( ) Application is inconsistent with prior case information
- ( ) Prior history of denial, case closing, or overpayment resulting from an investigation.
- ( ) Documentation of identity is questionable
- ( ) Self-employed but without adequate business records to support financial assertions
- ( ) Alien with questionable documentation to substantiate immigration status
- ( ) Documents or information provided are inconsistent with application, such as different name used for signature or invalid SSN
- ( ) Primary tenant with no utility bills (e.g., phone or electric) in his/her name

County-Specific Indicators

Indicators specified below must be pre-approved by OMM.

( ) Other County specific indicator:

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