PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Nonprofit Notes

Preparing for Enhanced OMIG Compliance Reviews

Best Practices for New York OMH and OPWDD Medicaid Providers

The U.S. Department of Health and Human Services (HHS) and Centers for Medicare & Medicaid Services (CMS) recently deferred approximately $867.5 million in federal Medicaid payments to California and $199 million to Minnesota pending additional documentation. These actions, together with an earlier California payment deferral announced in May, signal a heightened federal focus on proactively identifying potential fraud, waste and abuse *before* federal matching funds are released.

Although no similar payment deferrals have been announced for New York, providers participating in New York Medicaid should evaluate their compliance programs.

OMIG's Expanded Compliance Review Approach

The New York State Office of Medicaid Inspector General (OMIG) continues to focus on Medicaid providers serving New York State Office of Mental Health (OMH) and Office for People with Developmental Disabilities (OPWDD) populations, including behavioral health, habilitation and care coordination programs.

Compliance program reviews initiated after July 1, 2025, use a 12-month review period rather than the previous three-month period. OMIG expects to complete approximately 200 compliance reviews in 2026, emphasizing ongoing monitoring, internal audits and strong governance.

Providers must also maintain processes to identify, report and return Medicaid overpayments within 60 days under Social Services Law Section 363-d and 18 NYCRR Part 521.

Who Must Maintain a Compliance Program?

New York Social Services Law Section 363-d and 18 NYCRR Part 521 requires certain Medicaid providers to adopt and maintain an effective compliance program. Covered organizations generally include providers that receive at least $1 million in Medicaid payments during a consecutive 12-month period, as well as providers subject to Articles 28 or 36 of the New York Public Health Law, or Articles 16 or 31 of New York State Mental Hygiene law. OMIG also may require a compliance program when elevated program-integrity risk exists.

An effective program should include risk-based written policies, an independent and sufficiently empowered compliance officer, documented trainings, confidential reporting channels, compliance committee oversight and procedures for auditing, monitoring and correcting identified issues.

Steps Providers Should Take Now

Maintain Current Policies

- Ensure written policies address every program that bills Medicaid.
- Update policies promptly when programs, regulations or staffing responsibilities change.
- Document annual reviews, approvals and revisions by the compliance officer and compliance committee.

Perform Monthly Exclusion Checks

- Screen employees, contractors and applicable vendors against required federal and state exclusion databases.
- Retain evidence that screenings were completed and identified issues were investigated.

Document Training

- Maintain records showing affected employees received required compliance and Medicaid training.
- Reconcile training records with personnel listings and verify that professional credentials and licenses remain current.

Review Claims and Documentation

- Monitor denials, documentation deficiencies and reimbursement trends.
- Identify recurring issues by program, service or employee.
- Provide retraining, corrective action or discipline when appropriate.
- Revise policies and internal controls when trends indicate systemic risk.

Strengthen Compliance Oversight

- Hold quarterly compliance committee meetings and maintain meeting minutes.
- Discuss self-disclosures, overpayments, regulatory findings and corrective action plans.

Conduct Risk-Based Audits

- Perform routine audits of Medicaid programs using personnel with appropriate independence.
- Prioritize high-risk areas based on claims trends, regulatory findings, program changes and prior deficiencies.
- Report findings and corrective actions to the compliance committee and retain supporting documentation.

Given the complexity of Medicaid compliance requirements and the increasing scrutiny from regulators, partnering with experienced advisors can help organizations strengthen their compliance efforts and safeguard critical funding.

We Can Help

In an environment where Medicaid reimbursement rates are not keeping pace with inflation, a strong compliance program is essential to protecting reimbursement and reducing regulatory risk. PKF O'Connor Davies has extensive experience auditing New York social service organizations that receive Medicaid funding. We help providers identify compliance risks, strengthen internal controls and implement industry best practices.

Contact Us

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