

MEDICAID PROGRAM INTEGRITY

10 Common Challenges



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

10 COMMON CHALLENGES PI PROGRAMS FACE

1. Enrolling providers
2. Protecting the Medicaid managed care environment
3. Identifying vulnerabilities and fraud using predictive and data analytics
4. Developing and maintaining an effective audit program
5. Ensuring contract compliance with all vendors
6. Reviewing member eligibility
7. Collaborating with Medicaid Fraud Control Units and other law enforcement agencies
8. Responding to external stakeholder reviews
9. Developing and maintaining an effective case management system
10. Adapting to alternative payment models and the future

Why Myers and Stauffer?

For 40 years, Myers and Stauffer has provided professional accounting, consulting, data management and analysis services to state and federal agencies managing government-sponsored health care programs. Since the early 2000's, Myers and Stauffer has supported states with audit and consulting services specifically focused on program integrity. In advising on program integrity issues, Myers and Stauffer draws on its work in various engagements such as payment error rate measurement (PERM) eligibility reviews, claims testing, electronic health records incentive payment audits, provider cost report audits, managed care audits and other compliance initiatives.

Myers and Stauffer's staff includes a breadth of knowledge and disciplines: Certified Public Accountants, Certified Fraud Examiners, Medical Director, Registered and Licensed Practical Nurses, Pharmacists, certified coders, IT and data analysts, statisticians, attorneys and others. Our staff's backgrounds include work for CMS and other federal agencies, state Medicaid and audit agencies (including former state PI leaders), Medicaid Fraud Control Units, fiscal agents, hospitals, pharmacies, insurance and others.



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Myers and Stauffer's program integrity experts present common challenges – and solutions – to ensure your program is prepared for anything.

State Medicaid programs and Children's Health Insurance Programs (CHIP) continue to grow and become increasingly complex. This is due, in large part, to the expansion of managed care and alternative payment methods. Plus, legislators, oversight agencies and other stakeholders insist that scarce Medicaid/CHIP dollars be used to deliver high quality services at reasonable costs. *It has never been more important to ensure that state program integrity (PI) systems remain flexible and adaptable to the changing health care landscape.*

Myers and Stauffer has spent 40 years working with government health programs. We have the experience and expertise to ensure your PI approach stays ahead of the curve. Our impressive team of PI subject matter experts (SME) has real world experience dealing with the challenges you face each and every day. That experience, and the desire to help PI programs get ahead of most issues, led us to put together this list of 10 common challenges PI programs face. How robust is your program? How flexible? Does it provide a significant return on your state's investment? If the answers to these questions leave you feeling uncertain, Myers and Stauffer can help you enhance your PI program to better address today's rapidly changing health care environment.

1 Enrolling providers: Safeguarding the front door

Ask almost any program integrity staffer what issue is the most critical to safeguarding their Medicaid program and provider enrollment (PE) screening will likely be at the top of their list. The Centers for Medicare & Medicaid Services (CMS) has urged States to work towards addressing provider enrollment risks. Federal regulations require that all participating providers be screened upon initial enrollment and again upon re-enrollment or revalidation of enrollment.

Out of seven reports CMS issued in 2015 that outlined risks and recommendations observed during triennial Program Integrity Reviews, more than half of the recommendations focused on correcting PE deficiencies.

Becoming compliant with federal regulations, while developing an airtight provider enrollment process capable of producing necessary information and data, can be challenging to any PI department. Our team can help. Our experts are ready to discuss where you are now with provider enrollment integrity and compliance, where your program should be, and how to make that happen.

2 Protecting the Medicaid managed care environment

More than half of Medicaid members now receive health care services from managed care organizations (MCO). It is absolutely critical that PI units maintain oversight of these

organizations. CMS has learned from numerous reviews and studies that many MCOs currently are not fulfilling their program integrity requirements. Just as importantly, CMS has found that states are not prepared to effectively monitor and review the MCOs' efforts.

The lack of MCO oversight makes state Medicaid programs vulnerable to fraud and abuse. In 2016, CMS finalized a rule that mandates better supervision of MCOs and includes specific program integrity requirements. HHS-OIG, in its 2017 Work Plan, also indicated that it intends to review MCO oversight activities. The importance of states being more aware of how their MCOs work cannot be overstated.

It is important to review and strengthen MCO contract language in order to drive compliance and facilitate oversight.

Myers and Stauffer can help your program establish a comprehensive oversight plan to monitor the federal and contractual requirements for your MCOs. We can provide guidance if you're just beginning the transition from fee-for-service to managed care delivery systems. We can also help you look further into the future with alternative payment models. For more information, see our publication *Critical Questions State Medicaid Agencies Should Be Asking About Their Managed Care Organizations* located at: www.mslc.com/Services_What_ManagedCare.aspx.

3 Identifying vulnerabilities and fraud through predictive and data analytics

The phrase predictive analytics should not be just another buzzword. It should be one of the most powerful tools you use to identify vulnerabilities in your program ... and assist you with fighting health care fraud, waste and abuse. Predictive analytics will allow your state to take faster administrative action while also preventing program losses.

The goal of predictive analytics is to move beyond statistics and historical findings to providing a best practice assessment of what may happen in the future. A forward thinking PI department will use both predictive and traditional data analytics to protect their Medicaid program.

CMS reports that fiscal year 2016 resulted in an estimated \$36 billion in improper payments. This is an increase from 9.8% in 2015 (\$29 billion) to 10.5%. In 2013, HHS-OIG published a final rule that allows fraud units to use federal dollars to fund data mining tools. Myers and Stauffer can assist your state agency and MFCU with the application process and also help your MFCU implement an effective data mining system.

4 Developing and maintaining an effective audit program

The money a state allocates for Medicaid is limited and your program must strive to maximize the delivery of high quality health care services with the resources provided. An effective and comprehensive audit program is essential to ensuring that Medicaid dollars are spent appropriately.

Such a program should include post-payment reviews, pre-payment reviews and the effective use of prior authorization (PA). A healthy program should aim to prevent overpayments from occurring and then recover overpayments which have already been made. Additionally, PA is an important tool in avoiding improper payments in the first place. Are these pieces working together to provide you with the highest level of payment integrity?

In addition to performing audits, Myers and Stauffer can draw on our significant experience with these issues to help you to evaluate your current processes and make recommendations for improvement.

With the movement toward alternative payment models (APMs) to replace or supplement traditional fee-for-service

models, it's critical that you identify and understand potential new vulnerabilities and adapt your audit program accordingly. (For more on APMs see #10.)

5 Ensuring contract compliance with all vendors

Most Medicaid programs could not operate without the services of many outside vendors (eligibility systems, MCOs, pharmacy benefits managers, Medicaid management information systems, etc.). Ensuring vendors are in compliance with their contracts is an important piece of a healthy Medicaid program. Management of these contracts includes handling contract creation and execution, as well as analysis of the terms to ensure maximum financial and operational performance while minimizing risk.

Once the contract is awarded, the oversight continues. Contract terms and conditions must be met, of course, but things such as unrecorded liabilities, under-reported revenue and overpayments should also be monitored. If these items are overlooked, margins may be negatively impacted.

Having a dedicated contract compliance program in place has been shown to result in recoveries ranging from two to as high as 20% of expenditures. It's a complex and time consuming process. In fact, many states have benefited from outsourcing the management and oversight of these contracts on a short- or long-term basis.

Does your program have a structure in place to ensure contract compliance? Myers and Stauffer offers specialized assurance services that can address the risks of managing your various contracts and ensuring contract compliance. Our staff of experts can analyze operations and conduct performance audits to answer questions critical to your success.

6 Reviewing member eligibility

Since enactment of the Affordable Care Act in 2010, there has been a significant increase in Medicaid and CHIP enrollment, which currently totals approximately 72 million Americans. Viewed another way, over 72 million eligibility determinations are being made by eligibility systems. Incorrect eligibility decisions can result in significant financial losses from your program.

Program integrity plays an integral part in evaluating the eligibility process, from the point of online application

to continued analysis of membership rolls in order to identify inaccurate determinations or potential duplicate enrollments. Both CMS and HHS-OIG consider eligibility to be a top program integrity priority for states' Medicaid and CHIP programs.

Myers and Stauffer has extensive experience advising State Medicaid agencies on their eligibility system issues. We have performed PERM eligibility reviews, eligibility audits, and system testing services for federal, state and local government clients. This includes helping states with off-cycle, state specific mini-PERM or eligibility quality improvement initiatives and investigating eligibility fraud. In addition, on the national level, we perform eligibility pilot studies that will impact future PERM eligibility review guidance and procedures.

7 Collaborating with Medicaid fraud control units and other law enforcement agencies

State Medicaid Fraud Control Units (MFCU) exist in 49 States and the District of Columbia. They are funded with federal and state dollars and exist to investigate and prosecute criminal and civil cases involving fraud against the Medicaid program. Thirty states have enacted state whistleblower statutes to authorize false claims cases against providers and others who commit Medicaid fraud. Federal and state false claims cases have resulted in the recovery of billions of dollars to state Medicaid programs.

MFCUs often partner with U. S. Attorneys' offices, HHS-OIG and other federal agencies which have authority to pursue such cases under the federal false claims statute. With its knowledge of the Medicaid program, a state agency can be an important contributing partner in these criminal and civil investigations and can lead to significant recoveries. Does your agency and the MFCU possess all the knowledge and tools necessary to support these investigations and obtain maximum recoveries?

With our knowledge and experience with State Medicaid programs and our extensive work involving fraud, waste and abuse, Myers and Stauffer is an ideal partner for MFCUs which need expert, technical or other assistance with their fraud cases. This assistance can include data analysis, clinical review, and subject matter expertise in complex areas such as hospital and pharmacy reimbursement and Managed Care.

Since 2012, Myers and Stauffer, through its recovery audit contractor (RAC) engagement with Georgia Medicaid, has been making fraud referrals to the Georgia MFCU through the state Medicaid agency and then assisting the MFCU with these cases. In one case, involving hospital neonatal intensive care unit services, Myers and Stauffer performed claims and policy analysis, clinical reviews, claims repricing, and statistical analysis, resulting in a settlement of nearly \$3 million.

8 Responding to external stakeholder reviews

CMS state PI reviews and HHS-OIG audits can have a significant negative financial impact on your state Medicaid program if they are not handled properly. Whether you are responding to a CMS or HHS-OIG review, or other federal or state reviews, Myers and Stauffer's seasoned PI experts can help you provide the best answers to CMS, HHS-OIG and other external stakeholders.

The CMS state program integrity review process plays a critical role in how CMS supports states in their efforts to combat provider fraud and abuse. Through these reviews, CMS assesses the effectiveness of a state's program integrity efforts, including its compliance with federal statutory and regulatory requirements. The reviews are comprehensive, including examinations of provider enrollment, provider disclosures, program integrity, managed care, the state's relationship with the MFCU, and other areas. The reviews also help identify effective state PI activities that are noteworthy and should be shared with other states.

Myers and Stauffer has significant experience assisting our clients with external stakeholder reviews. Negative financial impacts can be minimized if you know where to look and have the resources to perform self-audits.

9 Developing and maintaining an effective case management system

An effective case tracking system is essential to enabling your staff to work efficiently and effectively while also being able to respond to requests for information from stakeholders. An antiquated manual tracking system can result in a significant loss of staff time due to inefficiencies and duplication of efforts. Many of our subject matter experts know how difficult it can be to find a case management system that can handle the complex government health care environment while also supporting PI functions. Myers and Stauffer can assist you in designing or adopting a case tracking system that will meet all of your needs.

10 Adapting to alternative payment models and the future

During recent years, the public and private health care industry has been focusing on the development of alternative payment models (APMs) which take into account quality of care. The Federal government is spending billions of dollars to incentivize states to transition from fee-for-service to alternative payment models which focus on quality measures and value-based, and eventually population based, outcomes.

Alternative payment models are clearly the “wave of the future.” Is your program prepared to adapt to this transition from fee-for-service to alternative payment models? APM reforms generally fall into two categories: delivery system models (i.e., MCOs, accountable care organizations and patient-centered medical homes (PCMH)) and payment models (i.e., capitation, pay for performance, shared savings, global bundling, and delivery system reform incentive payments (DSRIP)).

By assisting states with such programs as SIM, PCMH and DSRIP, Myers and Stauffer has become a national leader in the transition to APMs. We understand the challenges that these methodologies present to state PI programs. We can help you understand and adapt your program to these new methodologies by creating new compliance and oversight strategies for this rapidly changing health care environment.

With this transition, CMS is developing “national quality measures” for APMs. It will be critical that state programs understand such measures and adapt their PI protocols to review and oversee these measures in their reimbursement system.



For more information on these important topics, please visit us at www.mslc.com/PIChallenges.aspx. You'll find more detail on all 10 common challenges and ways that Myers and Stauffer can help.



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