

# 6 KEY QUESTIONS TO ENSURE EFFECTIVE MANAGED CARE ADMINISTRATION AND OVERSIGHT



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

## Why Myers and Stauffer?

Since 1977, Myers and Stauffer has provided professional accounting, consulting, data management and analysis services to state and federal agencies managing government-sponsored health care programs. For more than 15 years, we have provided managed care audit and consulting services to Medicaid programs nationwide. We are also recognized nationally for our federal work with the Centers for Medicare & Medicaid Services (CMS) involving Medicare Parts C and D audits. Our goal is to assist clients in navigating the complex health care regulatory environment and in the successful management and oversight of their managed care programs to ensure contract compliance, program integrity, and continuous program improvement.

Our services are designed to address the entire evolution of a managed care program and includes both audit and consulting services. These solutions are designed to help states and CMS enhance their ability to monitor managed care health plans and ensure compliance with federal, state and industry standards. Myers and Stauffer's team is a multidisciplinary team made up of highly skilled and experienced professionals with backgrounds in such settings as Medicaid agencies, fiscal agent contractors, health plans, hospitals, pharmacies, and CMS.



45.31+  
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## Myers and Stauffer's managed care experts present key questions – and solutions – to ensure your program is prepared for anything.

More than half of Medicaid members now receive health care services from managed care organizations (MCO). With so much riding on managed care, it is critical that states have effective structures in place to ensure that MCOs are adhering to contractual arrangements, receiving appropriate compensation, and delivering high quality services. In recognition of this need, in 2016, the Centers for Medicare & Medicaid Services (CMS) finalized a rule that mandates better supervision of MCOs and includes provisions to improve the quality and delivery of care, strengthen member protections, and increase program accountability and transparency.

Using our considerable experience and expertise with managed care, Myers and Stauffer developed six questions to help state Medicaid programs ensure they are fulfilling their administrative and oversight responsibilities. Our scope of comprehensive services will help states stay on track to achieve contractual MCO performance goals and meet federal regulatory requirements.

### 1 Are you prepared to implement or renew your managed care contracts?

An effective MCO contract implementation plan/management strategy should include considerations for robust contract language, go-live strategies, targeted stakeholder outreach plans, health plan readiness reviews, MCO network assessment, health plan monitoring and oversight strategies, and other program-specific considerations such as IT infrastructure and staff readiness.

Myers and Stauffer has a structured approach to make sure your managed care implementation goes smoothly. We can help you identify program risks, determine the resources and infrastructure necessary to manage the programs, and figure out the when, where, why, and how to deploy those resources to maximize the efficiency and value of the program. We also know that contract implementation changes such as the introduction of new MCOs, new populations or new benefits, can create significant risk to the state in the form of continuity of care and provider and member issues associated with navigating the managed care system.

#### Myers and Stauffer's Implementation Assessment and Support

- Implementation strategy/timeline management.
- Resource support, including subject matter expertise.
- Health plan contract development.

- Health plan readiness reviews.
- Stakeholder outreach planning and implementation, including liaison to provider associations, legislative advocacy groups, or other outreach as appropriate.
- Capitation payment testing.
- Program risk assessment and evaluation.
- Assistance with development of reporting requirements and other program management tools.
- Data analysis, Medicaid Management Information System (MMIS) readiness testing, and encounter testing.
- MCO Command Center strategy to support initial contract implementation and resolve recipient and provider issues.

### 2 Do you have a system in place to make sure your health plans are paid correctly?

A comprehensive monitoring program is vital to ensuring the vast amount of data generated and used by your managed care program is accurate, the costs reported are allowable, the profits are appropriate and reasonable, and that operations are meeting contract performance standards. The most successful states create online reporting systems for MCOs to report data; thereby allowing the state to conduct further data analysis on the information provided. A successful monitoring program provides an incentive for

MCOs to perform at a high standard and ensures the state makes accurate MCO payments.

Myers and Stauffer has extensive experience assessing the appropriateness of MCO payments, the reliability of MCO financial and performance data, and monitoring the following areas:

### Myers and Stauffer's MCO Payment Analysis and Monitoring Criteria

- Clear definition of cost principles.
- Treatment of third-party recoveries, reinsurance recoveries, and pharmacy rebates.
- Provisions for retention and submission of data.
- Provisions for state's right to audit.
- Provisions for addressing non-compliance.
- Provisions for addressing overpayments and excess profits.

### 3 Do you have processes in place to ensure your health plans are paying providers appropriately?

Your MCOs may be overpaying for medical expenses which costs the state money by driving up capitated rate payments. It is critical that states have processes in place to

verify MCO payments to providers are accurate. Over the past seven years, Myers and Stauffer has helped states and CMS develop these processes, identify overpayments, and determine the impact on Medicaid and Medicare payments.

The most successful states audit cost and recovery data to determine any under or overpayment issues associated with MCO provider payments. Annual, quarterly, bi-monthly, or even monthly audits can enable a state to identify missing encounters, as well as duplicates and other common errors in encounter data. These audits can provide a real and substantial benefit to a state's Medicaid agency by ensuring already limited funds are not being distributed improperly.

Myers and Stauffer can help states reconcile submitted encounters to financial documents, audit medical and administrative costs, and recover overpayments. At the same time, we can help you review your member enrollment data for accuracy. We can also evaluate denial rates among MCOs and determine if claims are being inappropriately denied, or if claims adjudication policies make it difficult for participating providers to receive accurate and timely payment. We are able to review and test MCO policies and procedures related to the reporting, investigation, and resolution of complaints, appeals, and grievances. Additionally, an actuarial review that coincides with any rate adjustments can help states remain compliant with contractual provisions.

### Are you paying your health plans too much?

After auditing one state's MCO program, Myers and Stauffer found potential **overpayments of \$17.5 million** by two MCOs to providers. These overpayments inflated the capitation rate, resulting in over \$22.5 million of potential overpaid capitation payments to the state's MCOs for the year. The state is currently implementing Myers and Stauffer's suggested process changes, including tightening contracts and monitoring their MCOs to make sure claims are properly coded, documented, and reported.



## 4 Are you confident your health plans are complying with contractual requirements including oversight of delegated vendors?

An effective and comprehensive contract compliance monitoring program is essential to ensuring Medicaid dollars are spent appropriately and enrollees are receiving expected services. Can you be certain your MCO is adhering to your contract requirements and providing your enrollees with the services expected? Is the MCO providing adequate oversight of delegated vendors and/or subcontractors? 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.

### Myers and Stauffer's Contract Compliance Monitoring

- Performance audit to test for compliance with contract performance provisions.
- Follow-up audits to validate correction of issues.
- Subcontractor and delegated vendor oversight reviews.
- Health Insurance Portability and Accountability Act (HIPAA) compliance reviews and Service Organization Control (SOC) 1 (formerly Statements on Standards for Attestation Engagements [SSAE] 16) audits to test for compliance with HIPAA laws and security of IT systems.
- Benefit administration reviews.
- Network adequacy reviews.

## 5 Do you have a system to help evaluate the effectiveness of your managed care program (e.g., quality of care, member access to services)?

Myers and Stauffer conducts performance audits and analysis that go beyond the scope of external quality reviews (EQR) to ensure MCOs are providing beneficiaries with access to the services to which they are entitled. The audits focus on services that are denied by MCOs and ensure beneficiaries are given the appropriate rights to obtain service. Auditors review samples of targeted cases to identify instances of non-compliance. We also offer clinician reviews to assist with evaluating the effectiveness of health

plan quality improvement and member education initiatives. Additionally, we offer analytical services to help states assess member access to services using encounter data and GeoAccess software.

### Myers and Stauffer's Care Performance Audits

- Denial of emergency services for an unconscious and severely injured beneficiary.
- Improperly limiting the quantity of medication supplied to beneficiaries.
- Denial of authorization for outpatient chemotherapy.
- Denial of coverage for protected class medications.
- Geo-access analysis, review, and development of findings.

## 6 Has your state developed systems to prevent and/or detect fraud, waste, or program abuse?

Your managed care program is designed to help your beneficiaries have access to the care they need. Every state should have a strategy to identify, detect, and prevent fraud, waste, and abuse within managed care. Myers and Stauffer offers a comprehensive risk assessment of a managed care program that identifies vulnerabilities and helps states determine where to focus scarce program integrity resources.

Myers and Stauffer is involved in managed care program integrity oversight within both Medicare and Medicaid. We identify outliers within medical and drug utilization; identify and recover overpayments made to providers in managed care; and identify overpayments made to health plans through capitation payment errors and/or administrative cost overpayments.

### Myers and Stauffer's Fraud, Waste and Abuse Analytics

- Improper payments made by MCOs to providers.
- Duplicate payments between benefit programs.
- Inappropriate payments to MCOs.
- Improper coding of data used to risk adjust payments.



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**Need some assistance?  
Myers and Stauffer can help.**

If you are interested in more information on federal MCO regulatory impacts, please contact one of our partners to the right.

**[www.myersandstauffer.com](http://www.myersandstauffer.com)  
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