

Report to the Social Services Appropriations Subcommittee

Implementation of Improved Provider Payment Controls

Prepared by the Division of Medicaid and Health Financing

September 30, 2019



Background

This report is submitted in compliance with UCA 26-18-604 which states in part:

- (2) Each year, the division shall report the following to the Social Services Appropriations Subcommittee:
- (a) incidents of improperly used or paid Medicaid funds and medical or hospital assistance funds;
 - (b) division efforts to obtain repayment from providers of the funds described in Subsection (2)(a);
 - (c) all repayments made of funds described in Subsection (2)(a), including the total amount recovered; and
 - (d) the division's compliance with the recommendations made in the December 2010 Performance Audit of Utah Medicaid Provider Cost Control published by the Office of the Legislative Auditor General.

Identification of Improper Payments

A. Status Update of Items from Last Year's Report:

CMS Health Information Technology (HIT) Audit – The Utah Department of Health, Division of Medicaid and Health Financing (Medicaid) reported a finding that some hospitals receiving HIT incentive payments utilized cost report year end data from the wrong year which caused the HIT payment amounts to be incorrect.

Status Reported in 2018: Of the two outstanding items reported last year, the underpayment of \$370,000 has been resolved. The Department is still waiting for final guidance from CMS on the HIT payments to two additional facilities.

Status Update: The Centers for Medicare and Medicaid Services (CMS) approved the Department's audit strategy in August 2019 so the program's contracted audit firm (Myers & Stauffer) is now ready to start on the recalculations on the remaining hospital audits.

Audit of Medicaid Non-Medical Transportation Services – The Department of Health's Office of Internal Audit recommended that Medicaid determine if providers billed for excess transportation claims, and if so, recover the overbilled amounts. They also recommended that Medicaid recover funds paid to providers for unauthorized and/or undocumented transportation claims. Medicaid determined that four of the six providers identified in the audit had overpayments totaling \$50,676.

Status Reported in 2018: Medicaid has collected the overpayment amounts for two of the providers totaling \$4,841. Another provider with an overpayment of \$6,483 went out of business and Medicaid has not been able to collect the overpayment. The fourth provider with an overpayment of \$39,352 has requested an administrative hearing to dispute the overpayment determination.

Status Update: The fourth provider mentioned in last year's report successfully appealed their overpayment finding of \$39,352 through an administrative hearing so there was no recoupment.

B. FY2019 Identified Improper Payments

Audit of Dental Managed Care Organization and Fee for Service Billings – The Utah Office of the Inspector General (UOIG) reviewed fee-for-service claims paid by Medicaid to see if the claims should have been billed to and paid for by Medicaid's contracted managed care dental plans instead. The UOIG found that Medicaid paid in error an estimated \$588,614 between January 1, 2015 and June 30, 2018. Of that amount, \$584,777 was due to a programming error which allowed the system to pay claims from group practices that would have been covered by the dental managed care plans.

Status – After the audit, the determination was made to only go back 3 years from June 2019 for recoveries. For the period June 2016 to June 2018, the UOIG has collected \$112,309 from providers that contracted with one of Medicaid's managed care dental plans. The UOIG is still in the process of collecting the remaining \$70,262 from providers that contracted with this dental plan. Because Medicaid no longer contracts with the other dental plan, Medicaid sent a letter to this other dental plan requesting pay back of the \$246,247 Medicaid incorrectly paid to its providers. This amount includes some amounts for July and August 2018 which was out of the scope of the audit period. This collection is still in process.

State Auditor Follow-Up Management Letter – The State Auditor's Office did a follow up review of their 2016 Medicaid Prescription Drug Controls Audit and found claims that paid in error totaling \$35,689. These claims were paid by Medicaid or by Medicaid's Accountable Care Organizations. These claims were associated with deceased Medicaid providers, prescribers or members.

Status – Medicaid has collected \$30,607 in capitation payments and has reversed \$1,323 in encounters for medical services. The remaining payments are still in the process of being recouped.

Additional Information – The OIG prepares a separate annual report that includes information on other collections made on improper payments. The OIG annual report can be found online at oig.utah.gov.

Compliance with 2010 Performance Audit of Utah Medicaid Provider Cost Control

The Legislative Auditor General issued Report #2010-16, *A Performance Audit of Utah Medicaid Provider Cost Control*, in December 2010. There were five specific recommendations to Medicaid. As reported in prior years, Medicaid has implemented all five recommendations.