

Report to the Social Services Appropriations Subcommittee

Implementation of Improved Provider Payment Controls

Prepared by the Division of Medicaid and Health Financing

September 29, 2014



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 Legislative Auditor General.

Identification of Improper Payments

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

Lower Limb Medical Supplies – The OIG identified Medicaid payments that were beyond the defined limits for Lower Limb medical supplies. The OIG recommended that the Department establish an internal control mechanism that would edit and check for the frequency of lower limb orthosis billings, consistent with current policy. The OIG estimated a recovery amount of \$94,300.

Status Reported in 2013: The Department will work with the identified providers to properly resubmit and reprocess these claims to recover the overpayments. The requested controls will be established for these payments.

Current Status: The programming controls noted in the audit have now been implemented and Medicaid staff has been trained on the policy. Based on an administrative law judge's ruling, no recoveries were available.

B. FY2014 Identified Improper Payments

Medical Supplies – The OIG identified payments in a series of audits related to various medical supplies. Errors included 1) making payments for medical supplies in a period when the Department also made payments to long-term care facilities for the same recipients (the cost of the supplies was included in the facility daily rate and should not have been separately paid); and 2) making payments that were in excess of defined limits or contrary to other criteria. The total amount of overpayments identified in these audits totaled \$98,081.

Status – The amounts noted above are being recovered by the OIG. The Department is actively working with the OIG’s Program Integrity Unit to ensure that post-payment reviews are occurring that will identify instances of payments to providers for periods during which recipients are in long-term care facilities. The Department will also work with the claims payment system (MMIS) replacement project team to ensure that the new system will be programmed to edit proactively rather than retroactively, as this is currently a system limitation. Additionally, the Department will enhance training materials to educate providers on the proper way to bill for medical supplies in the Utah Medicaid Statewide Provider Training.

Prior Authorization of Claims – The OIG identified payments made in the amount of \$6,341 on claims for specific Current Procedural Terminology (CPT) codes that required prior authorization, but for which prior authorization had not been obtained. The OIG recommended that the Department identify the reason the claims had not been adjudicated properly and ensure that future claims adjudicate properly.

Status – The Department requested that the Department of Technology Services correct the programming in the claims payment system (MMIS) that allowed these errors to occur. This program has been completed. The Department will recover the overpayments by reprocessing the identified claims and ensure that they adjudicate properly under the correct programming.

Federal Collections – The Department of Human Services (DHS) contracts with the Department of Health (DOH) to administer medical services at Medicaid rates for recipients in the Custody Medical Care and the Juvenile Justice Services program. DHS reimburses DOH for 100 percent of these claim costs.

Therefore, the Department should not include them in federal cash draws. However, due to a programming error, federal funds were drawn on these claims. The OIG identified \$1.37 million applicable to the first three quarters of fiscal year 2014 and recommended that DOH determine the time period for which this error had occurred and the resulting dollars that had been claimed in the cash draws.

Status – Upon discovery of the programming error, the Department immediately involved the Department of Technology Services to correct programming in the claims payment system (MMIS). Federal cash draws for fiscal year 2014 were adjusted to immediately return the \$1.37 million, as identified in the audit. Subsequently, DOH determined that an additional \$3.99 million had been drawn inappropriately due to the same programming error going back to the beginning of State fiscal year 2011. Adjustments to the federal cash draws have been made to return this amount to the federal government.

Medicare Deductibles and Coinsurance – Medicaid pays for Medicare deductibles and coinsurance to providers on behalf of some individuals who are entitled to both Medicare and Medicaid benefits. The Federal OIG identified \$905,354 of provider overpayments that were not made in accordance with Federal requirements and the approved State plan. These errors occurred because of programming errors in the claims payment system (MMIS).

Status – The Department corrected the programming errors and returned \$660,453 to the Federal government, which represents the Federal portion of the \$905,354 paid in error. The Department is in the process of recovering the overpayments from the providers.

Additional Information – The OIG prepares a separate annual report that includes information on other collections made on improper Medicaid payments, including the findings noted herein. The OIG fiscal year 2014 annual report is available online at <http://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 the Department of Health, Division of Medicaid and Health Financing. UCA 26-18-604(2)(d) requires the Department to report compliance with these recommendations. As reported in prior years, all five recommendations have been implemented by the Department.