

Department of Health & Human Services

DHHS

N E B R A S K A

Division of Medicaid & Long-Term Care

Nebraska Medicaid Recovery Audit Contractors

Annual Report

December 1, 2015

Prepared in Accordance with Neb. Rev. Stat. § 68-974

Division of Medicaid & Long-Term Care
Department of Health and Human Services

December 1, 2015

Patrick O'Donnell, Clerk of the Legislature
State Capitol, Room 2018
P.O. Box 94604
Lincoln, NE 68509

Dear Mr. O'Donnell:

Nebraska Revised Statute § 68-974 requires the Department of Health and Human Services, Division of Medicaid and Long-Term Care (MLTC) to report on the status of Medicaid recovery audit contractors and the savings accrued as a result of the contracts.

As outlined in this report, the contract with a Recovery Audit Contractor (RAC) is mandated by federal requirements and Nebraska is moving forward with audits and reviews to ensure best use of Medicaid dollars. From October 1, 2014, through September 30, 2015, the Recovery Audit Contractor has collected \$3,444,636.17 in Medicaid overpayments.

If you have any questions, please contact Karen Gatherer, Medicaid Deputy Director at karen.gatherer@nebraska.gov.

Nebraska Medicaid RAC Annual Report
Neb. Rev. Stat. § 68-974

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I. INTRODUCTION

Section 6411 of the Patient Protection and Affordability Care Act of 2010 (ACA) requires states to contract with a Recovery Audit Contractor (RAC) to identify and recover overpayments and underpayments. Nebraska Revised Statutes 68-973 and 68-974 allowed Nebraska to enter into contingency-based contracts with RAC, defined the Medicaid post pay audit requirements in conjunction with the RAC contract, and required the Nebraska Department of Health and Human Services (DHHS) to produce an annual report on the status of the RAC contracts.

In June 2012, DHHS issued a Request for Proposal (RFP) for the role of RAC. Vendor proposals were submitted and in November 2012, DHHS contracted with HMS (Health Management Systems, Inc.) as the Nebraska Medicaid RAC. This is a three-year contract with the option to renew for two additional one-year periods as mutually agreed upon by all parties. The first one year renewal was recently approved. The HMS contract contingency rate is 10.5 percent of all received Medicaid claim overpayments and underpayments.

II. DISCUSSION

A. Data exchange

A monthly interface was immediately established between HMS and Nebraska MMIS (Medicaid Management Information System) to share Medicaid claim data. This data reflects claims data for all Medicaid services and is vital to the HMS review activities.

B. Scope of work

HMS is authorized to audit provider claims and associated medical and financial records. MLTC oversees the Medicaid RAC program for the State of Nebraska. All audit algorithms go through a Nebraska specific analysis and must be approved by the Division of Medicaid and Long-term Care. HMS audits Nebraska Medicaid-paid claims in three ways:

- Automated Reviews: Analysis of improper payments that can be determined from claim data elements and established policy and rules.
- Semi-Automated Reviews: Billing and reimbursement analysis and improper payments that can be determined by a combination of claim data elements with established policy and rules and review of documentation by qualified staff.
- Complex Reviews: Billing and reimbursement analysis that cannot be automatically validated and require medical documentation review conducted by qualified staff.

All audit issues that the Nebraska RAC is reviewing are listed on the HMS Medicaid RAC webpage (<http://www.medicaid-rac.com/neproviders/>). As of December 1, 2015, issues listed are automated reviews of frequency, dental prophylaxis and secondary insurance carrier reimbursement of Medicaid paid pharmacy claims. The frequency of dental prophylaxis audit will be closed when all outstanding dental audits are completed.

C. Training and education plan

HMS, in conjunction with the Department, is required to provide educational and training programs annually for providers. HMS has performed outreach or communicated with numerous provider organizations, such as the Nebraska Hospital Association, Nebraska Medical Association, and individual Nebraska providers and attends numerous state and national conferences.

The Nebraska Medicaid Program Integrity Recovery Audit Contractors (RAC) (available at <http://dhhs.ne.gov/medicaid/Pages/Recovery-Audit-Contractors.aspx>) webpage is kept up to date with current information including resources providers may utilize during an ongoing audit, such as: RAC Frequently Asked Questions (FAQ), Educational Webinars, and ongoing listings of active audits.

HMS has a web-based provider portal where providers can register to supply current contact information avoiding commonly known issues where notification letters are forwarded to outdated contacts or addresses. This web-based provider portal also assists HMS in streamlining ongoing and future audits.

HMS also has a toll-free call center (855-259-4099) available to field questions and facilitate the recovery process.

C. Estimated Cost Recovery and Savings Accrued as a Result of the HMS RAC Contract from October 1, 2014 to September 30, 2015.¹

Secondary Insurance carrier payment for Nebraska Medicaid Pharmacy Claims 10/1/14 thru 9/30/15

Month	Total amount collect
October, 2014	\$ 1,675.18
November, 2014	\$ 651,760.61
December, 2014	\$ 90,376.31
January, 2015	\$ 1,039,816.81
February, 2015	\$ 95,139.56
March, 2015	\$ 392,035.19
April, 2015	\$ 226,333.75
May, 2015	\$ 529,504.54
June, 2015	\$ 50,563.07
July, 2015	\$ 43,024.52
August, 2015	\$ 179,038.08
September, 2015	\$ 102,733.05
Total	\$ 3,402,000.67

¹ Due to ongoing recoveries and collections, these amounts are subject to change.

Dental Refunds for Frequency of Dental Prophylaxis

Month	Total refund collected
October, 2014	\$ -
November, 2014	\$ -
December, 2014	\$ -
January, 2015	\$ 1,274.00
February, 2015	\$ 21,470.00
March, 2015	\$ 5,440.00
April, 2015	\$ 445.00
May, 2015	\$ 2,782.50
June, 2015	\$ 3,496.00
July, 2015	\$ 2,969.00
August, 2015	\$ 4,495.00
September, 2015	\$ 264.00
Total	\$ 42,635.50

III. CONCLUSION

DHHS MLTC strives to comply with state and federal law on mandated audit initiatives. This helps the Department operate a Medicaid program that is financially sustainable ensuring that dollars are spent on medically necessary and appropriate services.