

# NEBRASKA

Good Life. Great Mission.

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DEPT. OF HEALTH AND HUMAN SERVICES



Division of Medicaid & Long-Term Care

Nebraska Medicaid Recovery Audit Contractors  
Annual Report

December 1, 2017

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

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DEPT. OF HEALTH AND HUMAN SERVICES



Pete Ricketts, Governor

December 1, 2017

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 that the Department of Health and Human Services, Division of Medicaid and Long-Term Care (MLTC) report on the status of Medicaid recovery audit contractors and the savings accrued as a result of the contracts. From October 1, 2016 through September 30, 2017, the recovery audit contractor (RAC) collected \$1,481,448.76 in Medicaid overpayments.

If you have any questions, please contact Michael Michalski, Deputy Director of Finance and Program Integrity at [Michael.michalski@nebraska.gov](mailto:Michael.michalski@nebraska.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Rocky Thompson", with a long horizontal line extending to the right.

Thomas "Rocky" Thompson, Interim Director  
Division of Medicaid and Long-Term Care  
Department of Health and Human Services

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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 RAC to identify and recover overpayments and underpayments. Neb Rev Stat 68-973 and 68-974 allowed Nebraska to enter into contingency-based contracts, 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 Health Management Systems, Inc. (HMS) as the RAC vendor. This was a three year contract with the option to renew for two additional one year periods as mutually agreed upon by all parties. The HMS contract contingency rate is 10.5% of all received Medicaid claim overpayments and underpayments.

## II. DISCUSSION

### A. Data Exchange

HMS receives Medicaid claims data monthly through an electronic interface. The data is provided from the Medicaid management information system (MMIS). 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 program for the State of Nebraska. All audit algorithms go through a Nebraska specific analysis and must be approved by MLTC. 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 under review are listed on the HMS Medicaid RAC webpage: <http://www.medicaid-rac.com/neproviders/>. The current issues listed are automated reviews of secondary insurance carrier reimbursement of Medicaid paid pharmacy and medical claims.

### C. Training and Education Plan

HMS, in conjunction with the Department, is required to provide educational and training programs annually for providers. HMS performed outreach or communicated with numerous

provider organizations such as the Nebraska’s hospital association, medical association, individual providers, as well as attending numerous state and national conferences.

The Nebraska RAC webpage is updated regularly with current information. This includes resources providers may utilize during an audit, frequently asked questions, educational webinars, and ongoing listings of active audits. The website can be found online here: <http://dhhs.ne.gov/medicaid/Pages/Recovery-Audit-Contractors.aspx>

HMS has a web-based provider portal for providers to register and supply current contact information. This avoids 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.

#### D. Estimated Cost Recovery

The chart below represents the cost recovery and savings accrued from October 1, 2016 to September 30, 2017. Due to ongoing recoveries and collections, these amounts are subject to change

Chart 1: Total amounts collected, by month

<b>Month</b>	<b>Total Amount Collected</b>
October – 2016	\$130,820.70
November	\$109,315.61
December	\$109,530.07
January – 2017	\$118,678.99
February	\$92,074.49
March	\$353,529.68
April	\$118,408.89
May	\$148,363.49
June	\$85,824.66
July	\$89,381.57
August	\$55,271.36
September	\$70,249.25
<b>Total</b>	<b>\$1,481,448.76</b>

### **III. CONCLUSION**

The HMS contract expired November 29, 2017 and will not be re-procured. Per Neb Rev Stat 68-974(3) managed care claims are excluded from the scope of review under the RAC. With the implementation of Heritage Health (HH), around 99% of Medicaid enrollees are in managed care. Due to the large managed care volume MLTC is requesting a waiver from the Centers for Medicare and Medicaid Services (CMS) from the RAC requirement. Under HH the current managed care organizations complete auditing requirements. As noted in Chart 1, the dollar amounts recovered have reduced and we would expect these to continue to reduce with the current population enrolled in managed care.