

NEBRASKA



Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Division of Medicaid and Long-Term Care
Nebraska Medicaid Recovery Audit Annual Report

December 3, 2018

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

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES



Pete Ricketts, Governor

November 19, 2018

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 (DHHS), Division of Medicaid and Long-Term Care (MLTC) report on the status of Medicaid recovery audit contractors (RAC) and the savings accrued as a result of the contracts. From October 1, 2017, through November 29, 2017, the recovery audit contractor (RAC) invoiced \$298,984.22 in Medicaid overpayments.

The contract with the current RAC vendor expired on November 29, 2017, and was not re-procured given that the majority of claims are now processed in managed care and no longer under the purview of the RAC vendor. The Heritage Health managed care organizations perform the functions of RAC for the claims they process. DHHS has received a waiver from the Centers for Medicare and Medicaid Services (CMS) for RAC federal requirements (copy enclosed).

If you have any questions, please contact Jeremy Brunssen, Deputy Director of Finance and Program Integrity, at Jeremy.Brunssen@nebraska.gov.

Sincerely,

A handwritten signature in blue ink that reads "Matthew Van Patton".

Matthew A. Van Patton, DHA, Director
Division of Medicaid and Long-Term Care
Department of Health and Human Services

MVP/kc

cc: Suspense Log

Attachments: 2

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I. Introduction

Section 6411 of the Patient Protection and Affordable Care Act of 2010 requires states to contract with a Recovery Audit Contractor (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 an RAC vendor. Vendor proposals were submitted and in November 2012. DHHS then contracted with Health Management Systems, Inc. (HMS) as the RAC vendor.

In November 2017, Nebraska's RAC with HMS expired. DHHS did not procure a new RAC contract given that the majority of Medicaid claims are now processed in managed care and no longer under the purview of the RAC vendor. The Heritage Health managed care organizations perform the functions of an RAC for the claims they process. DHHS received a waiver from CMS for the RAC federal requirements.

II. Discussion

A. Data Exchange

The data exchange ended in November 2017 when DHHS's contract with HMS ended.

B. Scope of Work

HMS was authorized to audit provider claims and associated medical and financial records. DHHS Division of Medicaid and Long-Term Care (MLTC) oversaw the program for the State of Nebraska. All audit algorithms went through a Nebraska specific analysis and were required to be approved by MLTC.

All HMS audits ended in November 2017.

C. Training and Education Plan

HMS, in conjunction with the Department, was required to provide educational and training programs annually for providers. HMS performed outreach or communicated with numerous provider organizations such as Nebraska's hospital association, medical association, individual

providers, as well as attending numerous state and national conferences.

No training or education was provided after November 2017.

D. Estimated Cost Recovery

The chart below represents the cost recovery and savings accrued from October 1, 2017, to November 29, 2017.

Chart 1: Total amounts invoiced, by month

Month	Total Amount Invoiced
October 2017	\$16,942.75
November 2017	\$31,424.93
Final Clean-up Invoice*	\$250,616.54
Total	\$298,984.22

*HMS submitted a Final Clean-up Invoice in late November invoicing for many existing refunds they had received throughout the RAC contract with Nebraska.

III. Conclusion

The HMS contract expired November 29, 2017, and was not 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, around 99% of Medicaid enrollees are in managed care. Due to the large managed care volume, MLTC requested a waiver from CMS from the RAC requirement. Under Heritage Health, the current managed care organizations complete auditing requirements. As noted in Chart 1, the dollar amounts vary significantly from month to month. We expect these to continue to reduce with the current population enrolled in managed care.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0355
Kansas City, MO 64106



Division of Medicaid and Children's Health Operations

December 18, 2017

Thomas "Rocky" Thompson, Acting Medicaid Director
Department of Health & Human Services
Division of Medicaid and Long-Term Care
301 Centennial Mall South, 5th Floor
PO Box 95026
Lincoln, NE 68509-5026

Dear Mr. Thompson:

The Centers for Medicare & Medicaid Services (CMS), Kansas City Regional Office, has completed its review of Nebraska State Plan Amendment (SPA) Transmittal Number #17-0019. This amendment, submitted November 15, 2017, seeking an exception to the Medicaid Recovery Audit Contractor (RAC) Program in accordance with 42 CFR 455.516.

CMS is granting the state an exception in accordance with 42 CFR 455.516 until December 1, 2019. At this time, it is not permissible to grant an exception to this policy indefinitely or beyond two (2) years.

Nebraska SPA 17-0019 was approved on December 15, 2017, with the state's requested effective date of December 1, 2017. Enclosed is a copy of the CMS 179 form, as well as, the approved pages for incorporation into the Nebraska State plan.

If you have any questions regarding this state plan amendment, please contact Barbara Cotterman at Barbara.Cotterman@cms.hhs.gov or 816-426-5925.

Sincerely,

12/18/2017

A handwritten signature in black ink, appearing to read "James G. Scott", written over a light blue horizontal line.

James G. Scott
Associate Regional Administrator
for Medicaid and Children's Health Operations

Sign

Enclosure

cc: Michael Michalski – NE DHHS
DHHS Nebraska
Rosalind Sipe

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: NE 17-0019	2. STATE Nebraska
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE -November 30, 2017 December 1, 2017*	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

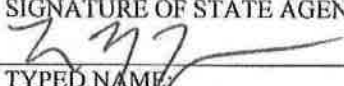
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

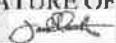
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 455.12	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$0.00 b. FFY 2019 \$0.00
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Section 4 * Part 1* pages 36, 36a, 36b, 36c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Section 4 * Part 1* pages 36, 36a, 36b, 36c

10. SUBJECT OF AMENDMENT:
Recovery Audit Contractor Program (RAC)

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Governor has waived review
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Nancy Keller Division of Medicaid & Long-Term Care Nebraska Department of Health & Human Services 301 Centennial Mall South Lincoln, NE 68509
13. TYPED NAME: Thomas "Rocky" Thompson	
14. TITLE: Interim Director, Division of Medicaid and Long-Term Care	
15. DATE SUBMITTED: November 15, 2017	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: November 15, 2017	18. DATE APPROVED: December 15, 2017
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: December 1, 2017	20. SIGNATURE OF REGIONAL OFFICIAL:  <small>Digitally signed by James G. Scott -S Date: 2017.12.18 16:30:21 -06'00'</small>
21. TYPED NAME: James G. Scott	22. TITLE:

23. REMARKS:

* Pen and Ink changes per email from state dated 12.14.17.

Revision: (Draft)
State/Territory: Nebraska

4.5b Medicaid Recovery Audit Contractor Program

Citation

Section 1902(a)(42)(B)(i)
of the Social Security Act

_____ The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

X The State is seeking an exception to establishing such program for the following reasons:

Nebraska implemented Heritage Health effective January 1, 2017. Heritage Health combines physical health, behavioral health and pharmacy programs into a single managed care system. A dental benefits manager for dental services was effective October 1, 2017. Neb Rev Stat 68-974(3)(a) excludes Managed Care claims from the scope of the Recovery Audit Contractor. This leaves very few claims for review or recovery from the fee for service program.

Section 1902(a)(42)(B)(ii)(I)
of the Act

_____ The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.

Place a check mark to provide assurance of the following:

_____ The State will make payments to the RAC(s) only from amounts recovered.

_____ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

Section 1902
(a)(42)(B)(ii)(II)(aa) of the Act

The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):

_____ The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.

TN No NE 17-0019
Supersedes
TN No. 13-21

Approval Date December 15, 2017

Effective Date December 1, 2017

Revisions: (Draft)

State/Territory: Nebraska

(4.5b Continued)

	<p>_____ The State attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will only submit for FFP up to the amount equivalent to that published rate.</p>
	<p>_____ The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p>	<p>_____ The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee): Flat fee to be negotiated</p>
<p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p>_____ The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
<p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p>	<p>_____ The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan.</p>
<p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p>	<p>_____ The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.</p>
<p>Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act</p>	<p>_____ Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.</p>

 TN No NE 17-0019

Supersedes

Approval Date December 15, 2017Effective Date December 1, 2017TN No. NE 12-03