

AUDITING THE MEDICAID PROGRAM



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Office of Inspector General



- Office of Investigations
- Office of Evaluations and Inspections
- **Office of Audit Services**

Office of Audit Services



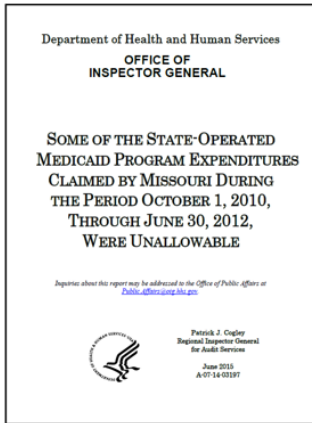
Our Audits:

- Examine the performance of HHS programs and/or its grantees and contractors
 - Medicaid – State Agencies
- Help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS

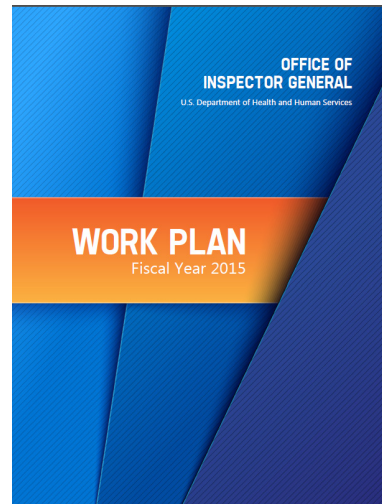
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Congress



Current Assignments



Audit Leads



Department

Medicaid Program



- Medicaid is a jointly funded Federal-State program that provides medical assistance to qualified low-income persons.
- Each State administers its Medicaid program in accordance with a State plan approved by the Centers for Medicare & Medicaid Services (CMS)
- CMS administers the Medicaid program at the Federal level

Medicaid Audit Focus



- Affordable Care Act
 - Managed Care
 - High Risk Providers
 - State Financing
 - Policy Issues
 - Quality of care
 - Drugs
- Mechanisms

Medicaid Audit Ideas



- Leads Developed from Current Assignments
- Research and Development Projects (Research Teams)
- OIG Hotlines
- Contingency Fee Contracts
- Random Moment Time Studies
- Other Financing Sources (Enhanced Reimbursement rates)



Prior Work

Areas of Focused



- Contingency Fee Contracts
- Random Moment Time Studies
- Medicaid Drug Rebates

Contingency Fee Contracts



“Contingency” means that the consultant takes no fee from the state, but gets a percentage of the amount of additional Federal funds recovered.

States' Took Advantage



States' use of contingency fee consultants to implement projects to maximize Federal Medicaid reimbursement has increased significantly.



States' Took Advantage



Federal financial participation (FFP) is not available for the costs of Medicaid contingency fee contracts (consultant fees).



- (Exception - contracts for collecting Medicaid third party liability payments)

Who Are the Consultants?



- Acordia of Oregon, Inc.
- ACS State and Local Solutions
- Allied Interstate
- Annie Casey Foundation
- Arizona School Health Insurance Program, Inc.
- Attorneys/Firms
- CGI-AMS
- Copeland Glenn
- Cost MGMT Service Inc.
- Covington and Burling
- Deloitte
- Electronic Data System Corporation
- GC Services Limited Partnership
- Health care resources
- **Health Management System (HMS)**
- Healthwatch technologies
- Horn & Associates
- HWT, Inc.
- InteCare, Inc.
- Integrated Healthcare Auditing
- Liberty of Indiana Corporation
- Lucas Group Partners, LLP
- **MAXIMUS**
- McKesson
- Myers and Stauffer, LC
- Policy Studies Inc./PSI Durant
- PRG Schultz USA, Inc.
- Provider Synergies
- **Public Consulting Group (PCG)**
- Regence
- Sellers/Feinberg (maximus subcontractor)
- Special Counsel Prescription Drug
- University of Massachusetts Medical School

Random Moment Time Studies



- An allowable method for determining Medicaid costs
- Previously common in determining Administrative/Overhead costs
- Being used to determine direct services

Kansas School Based Health Services



- States are permitted to use their Medicaid programs to help pay for certain services, such as physical and speech therapy services, that are delivered to children in schools.
- State Medicaid agencies are increasingly using random moment sampling to allocate school-based health costs to Medicaid, eliminating the need for health care providers to submit claims for services provided in school-based settings.

Kansas School Based Health Services



FINDINGS:

- Not all of the Medicaid direct medical service costs that the State agency claimed for SBHS were reasonable, adequately supported, or otherwise allowable in accordance with Federal and State requirements.
- The State agency claimed unallowable costs based on RMTS errors.
- The State agency claimed Medicaid direct medical service costs that were not supported by its internal cost reporting system.

Kansas School Based Health Services



RECOMMENDATIONS:

- Refund \$10.7 million the Federal Government for unallowable SBHS costs and
- Strengthen policies and procedures to monitor the SBHS program and ensure that (1) SBHS costs are accurate and supported and (2) it claims all SBHS costs in accordance with applicable Federal and State requirements.

Physician Administered Drugs Claimed by Nebraska



- For a covered outpatient drug to be eligible for Federal reimbursement under the Medicaid program's drug rebate requirements, manufacturers must pay rebates to the States, and States generally must offset their Federal share of these rebates against their Medicaid expenditures.
- Prior OIG reports found that States did not always bill and collect all rebates due for drugs administered by physicians

Physician Administered Drugs Claimed by Nebraska



FINDINGS:

- The State agency did not always comply with Federal Medicaid requirements for billing manufacturers for rebates for physician-administered drugs.

Physician Administered Drugs Claimed by Nebraska



RECOMMENDATIONS:

- Refund to the Federal Government \$2 million (Federal share) for claims for single-source physician-administered drugs that were ineligible for Federal reimbursement,
- Refund to the Federal Government \$441,000 (Federal share) for claims for top-20 multiple-source physician-administered drugs that were ineligible for Federal reimbursement,
- Work with CMS to determine the unallowable portion of the \$869,00 (Federal share) for other claims for outpatient physician-administered drugs that were ineligible for Federal reimbursement and refund that amount,

Physician Administered Drugs Claimed by Nebraska



RECOMMENDATIONS (continued):

- Work with CMS to determine and refund the unallowable Federal reimbursement for physician-administered drugs claimed without NDCs and not billed for rebates after January 1, 2012, and
- Update its system edits to require NDCs for payment on all drug claims to ensure that all drugs eligible for drug rebates are invoiced.



Recent Work



A State Claimed Unallowable Medicaid Payments for TCM Services provided to Individuals with Developmental Disabilities

Targeted Case Management (TCM)



- TCM services are provided to a specific population within the State
 - Services include medical, social, educational and other services developed by the State
- The State developed predetermined payment rates for four targeted groups
- TCM Base rates were required to be modified each year based on the Consumer Price Index (CPI)

Unallowable TCM Payment Rate



FINDINGS:

- The State's Base Payment Rate was not developed in accordance with its State's Medicaid Plan
- Subsequent Year Rates were Adjusted based upon CPI were in error
- The rate included unallowable room-and-board costs in some payments

Unallowable TCM Payment Rate



RECOMMENDATIONS:

- Refund the Federal Government \$11.5 million
- Adjustment future payments rates for TCM services and work with CMS to determine the unallowable amounts that should be refunded that occurred outside of our audit period
- Follow the State plan requirements for the calculation of payment rates for TCM services



A State Claimed Unallowable and Unsupportable Medicaid for Group Home Rehabilitation Services

Home & Community-Based Services (HCBS)



- States can obtain waivers to claim services not normally covered by Medicaid
- Under the HCBS Waiver a State reimbursed group home habilitation services under per-diem rate that was specific to each provider

Home & Community-Based Services (HCBS)



FINDINGS:

- State's payments rates for group home habilitation services was not always in accordance with Federal requirements
- The rate included unallowable room-and-board costs in some payments

Home & Community-Based Services (HCBS)



RECOMMENDATIONS:

- Refund the unallowable payments to the Federal Government
- Obtain supporting documentation for the payments that were unable to be reviewed and determine the allowable portion using correct methodology
- Follow Federal requirements for ensuring room and board costs are excluded from the payment rates and maintain supporting documentation

OIG's Focus Going Forward



- Affordable Care Act Provisions
- Reimbursement Rates
- Managed Care

Questions?