

HCCA'S 12<sup>TH</sup> ANNUAL COMPLIANCE INSTITUTE

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Medicaid Deficit Reduction Act  
One Year Later

Gary M. Fitzgerald  
Payor Immersion Session  
April 15, 2008



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Harmony Health Plan of Illinois, Inc.

- 1995 – Initial Contract with Illinois as Medicaid MCO.
- 2001 – Contracted for Indiana Medicaid (termed 2006)
- 2004 – Acquired by WellCare
- 2005 – Approved Medicare Advantage plan for Illinois
- 2006 – Contracted for Missouri Medicaid
- 2008 – Expanded Medicare to Missouri, Indiana, and Additional Illinois Counties
- Total Enrollment: over 150,000 (as of January 2008).
  
- Offices: Chicago, Indianapolis, and Belleville, IL.

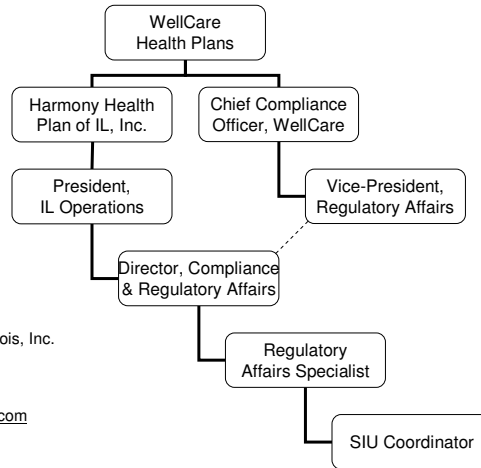


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## Harmony Health Plan of Illinois, Inc.

### Organization:



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## DRA – The Basics

- **Purpose:** Increase funding and staff resources and ability of CMS and States to assure effective prevention and detection of fraud, waste, and abuse in Medicaid.
- **Statute:** 42 U.S.C. 1396 (Chapter 3: Eliminating FWA in Medicaid)
  - Added Section 6031: Encouraging State False Claim Acts (FCA)
  - Added Section 6032: Employee Education on FCAs
  - Added Section 6034: Medicaid Integrity Program
- **Guidance**
  - Letter to State Medicaid Directors (12/13/06)
  - FAQs
  - 5-Year Plan
- **Objective:** Return on Investment (ROI).
  - \$11 to \$1 historically for FWA recoveries, but increasing (\$2.9 B expected in 1<sup>st</sup> half of FY 08 for all health recoveries).
  - DRA Funding = \$75 M Annually (when fully funded in FY 09)



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## DRA – Major Provisions

- \$5 Million Threshold for Act to Apply
- Establishes Medicaid Integrity Program (MIP)
  - Medicaid Integrity Contractors (Audit)
  - 100 Additional Staff
  - Funding Increase (to \$75 M)
- Requires 5-Yr Comprehensive Medicaid Integrity Plan
- Expansion of Medicare-Medicaid Data Matching and Payment Error Rate Measurement (PERM)
- Financial Incentive to States to Adopt Strong FCAs
- Mandates Policies & Procedures on Fraud/Waste/Abuse
- Education on Federal and State FCAs and Whistleblower Laws
- Employee Handbook to Include Discussion of FWA
- Administered by Centers for Medicaid State Operations (CMSO)



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## CMS Guidance

- Letter to State Medicaid Directors
  - Explained threshold
  - Defined employee, contractor, agent
  - Explained Subcontractor Education
  - Explained Handbook Requirement
- CMS FAQs
  - Meeting \$5 M threshold
- Five-Year Medicaid Integrity Plan



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## Impact on Payors

- Initial
  - Policies & Procedures
  - Education
  - Employee Handbook
- Future
  - Audits (MICs)
    - **Applicable to Risk Contracts under section 1903(m) – Medicaid Managed Care Organizations)**
  - Provider Error Rate Measurement (PERM)
  - Oversight of Subcontractors and Agents
  - State Oversight to Increase



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## DRA Goals and Current Status

<u>Goal</u>	<u>Status</u>
• MICs	Contracted
• Additional Staff	Almost Done
• More Funding	\$50 M (Going to \$75)
• 5-Yr Plan	Done
• PERM	Initial rates coming out
• FCA Incentive	8 States Approved (5 denied)



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## What Should You Have Done By Now?

- Developed Policies & Procedures on FWA
- Educated All Employees
- Included Information in Employee Handbook



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## What Should You Be Doing Now?

- Educate New Employees
- Determining How To Reach Out and Educate Subcontractors
- Review Progress of OIG Review of State FCA
- Review Progress of State Medicaid Plan Compliance with DRA



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## What Should You Do in the Future?

### Step It Up!

- ID Potential Risk Areas (enrollment, financial reporting, encounter data, marketing) then mitigate and correct.
- Increase Monitoring
- Audit Oversight and Planning
- Track audit communications (know your mailroom!)
- Maintain effective relationships with your State Medicaid Agency
- Stay abreast of developments elsewhere
- Periodic Re-education of Employees and Subcontractors
- Keep Top Management Informed – Get Support



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## Concluding Remarks and Observations

- Break the Mold (if necessary)
- Gut Check
- I Don't Think We're in Kansas Anymore, Toto.



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