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DEPT. OF HEALTH AND HUMAN SERVICES

Jim Pillen, Governor

December 1, 2023

Mr. Brandon Metzler
Clerk of the Legislature
State Capitol Room 2028
Lincoln, NE 68509

Subject: Medicaid Contracts for Cost Containment and Recovery Audits

Dear Mr. Metzler:

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 Program Integrity contractors. The attached report addresses DHHS's participation in the Unified Program Integrity Contract (UPIC) under a Joint Operating Agreement with CoventBridge. The UPIC is a collaborative effort between CoventBridge (under federal contract), MLTC, and law enforcement officials.

DHHS has received a waiver from the Centers for Medicare and Medicaid Services (CMS) from Recovery Audit Contract (RAC) federal requirements. This waiver was renewed for December 1, 2023, and will expire on November 30, 2025.

Sincerely,

Kevin Bagley, DHA
Director, Division of Medicaid and Long-Term Care

Attachment

Department of Health and Human Services
Report

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# Division of Medicaid and Long-Term Care

## Medicaid Contracts for Cost Containment and Recovery Audits

**December 2023**

Neb. Rev. Stat. § 68-974

# Unified Program Integrity Contractor (UPIC)

## Introduction

The work carried out by the Unified Program Integrity Contract (UPIC) and MLTC fits into four major categories: data analysis, investigations, audits, and medical review. The goal of the UPIC is to provide support and assistance to state Medicaid agencies to prevent, detect, and combat fraud, waste, and abuse in Medicaid. The UPIC includes state, regional, and national efforts and requires collaboration among state Medicaid agencies, the Centers for Medicare and Medicaid Services (CMS), and law enforcement officials.

CMS utilizes Unified Program Integrity Contractors (UPICs) to perform Medicaid integrity functions. Section 1936 of the Social Security Act (the Act), established by the Deficit Reduction Act of 2005, is the statutory authority under which the UPICs operate. Section 1936(a) of the Act provides that the Secretary must contract with eligible entities to conduct certain activities specified in Section 1936(b). Section 1936(b) of the Act provides that those eligible entities under contract with CMS can audit claims for payment for items or services furnished under a state plan, identify overpayments made to individuals or entities receiving federal funds under Medicaid, and determine whether fraud, waste, or abuse has occurred or is likely to occur. CoventBridge is the UPIC for the Midwestern Jurisdiction.

Additionally, Section 6402 of the Patient Protection and Affordable Care Act (PPACA) provides guidance related to the Medicaid integrity program, health care fraud oversight and guidance, suspension of Medicaid payments pending investigation of credible allegations of fraud, and the increased funding associated with targeting and preventing Medicaid fraud, waste, and abuse. Lastly, Section 6506 of the PPACA provides guidance related to Medicaid overpayment recoupment and federal repayment.

## Discussion

### A. Data Exchange

The Nebraska UPIC program uses Transformed Medicaid Statistical Information Systems (T-MSIS) data submitted to CMS in compliance with federal law and as part of regular operations. If other data exchange is required, the Nebraska UPIC program complies with and operates under all security requirements as required by CMS.

### B. Scope of Work

The purpose of UPIC collaboration is to work with state Medicaid agencies to identify potential fraud, waste, and abuse across the Medicaid and Medicare programs. The program incorporates data matching, coordination, and information sharing to identify fraudulent or wasteful billing behavior that goes undetected when the programs are reviewed in isolation.

SFY 2023 studies focused on the following:

**Pharmacy Audits |** The UPIC completed an analysis of paid claims data from the managed care organizations to compare pharmacies and identify those that may be out of compliance with regulations and statutes. The analysis included:

- total pharmacy payments per member,
- payments per script,
- percentage of controlled substance prescriptions,
- percentage of brand and generic prescriptions, and
- percentage of compound drugs dispensed.

Pharmacy records were reviewed to assess compliance and identify overpayments. The UPIC worked on 26 reviews of this topic during the reporting year and identified $20,874.94 in recoveries.

**Credit Balance Audit and Self-Disclosure |** Medicaid clients often have other insurance listed as the primary payer. Payers with different and sometimes competing coverage requirements can result in overpayment of claims. Identifying and reconciling these overpayments must occur quickly to ensure payment integrity. The UPIC, in coordination with MLTC, initiated 30 Credit Balance Audits. These audits resulted in $71,667.86 in identified recoveries.

**Inpatient Psychiatric Reviews |** This study was designed to identify outliers of inpatient psychiatric care claims reimbursed by Medicare and Medicaid. The analysis included average length of stay, re-admittance rates, reimbursement rates compared to peers, and common diagnosis patterns. The UPIC reviewed the TMSIS and Medicare data for service dates 1/1/2018 to 4/6/2022. The UPIC worked on six reviews of this topic during the reporting years with no identified recoveries. Two investigations are pending investigations while the others have been closed.

**Home Ventilators |** Analysis was initiated to identify Durable Medical Equipment (DME) providers billing a significant number of recipients/beneficiaries and claims for non-invasive home ventilators (HCPCS E0466) that do not meet coverage criteria by Medicaid and Medicare. Providers were identified as outliers based on the following metrics: total non-invasive home ventilator payments, percent of recipients/beneficiaries without a covered diagnosis code for a non-invasive home ventilator billing within one year prior to receiving the first non-invasive home ventilators, and the total DME payment amount. The UPIC reviewed the TMSIS and Medicare data for service dates from 1/1/2019 to 8/31/2022. The UPIC reviewed one lead on this topic during the reporting years and did not identify recoveries.

**Opioid Beneficiary Social Network Analysis |** This analysis reviewed prescribing providers who alerted on a Program Integrity Modeling and Analytic Support Contract (PIMASC) model, OpioidBeneWatchRiskSNA. This model identifies prescribing providers who share a high percentage of beneficiaries with one or more suspect providers. Suspect providers include revoked providers, providers indicted or convicted of opioid-related fraud, and providers with a high percentage of compromised beneficiaries. One provider was alerted from the model and the UPIC reviewed the billing patterns of associated providers who shared a significant number of beneficiaries and were in the same group as the alerted provider. The UPIC reviewed TMSIS and Medicare data for service dates from 8/1/2020 to 4/30/2022. The UPIC has one investigation pending. Improved patient quality of care is also an anticipated outcome of this review.

**Opioid Analysis |** The UPIC analyzed paid pharmacy claims and Medicare data to identify prescribing providers who may be outliers as compared to their peers. Providers were identified as outliers based on attributes including the amount paid for opioids, average morphine milligram equivalent (MMEs), percentage of opioid recipients prescribed high-dose opioid therapy, and percentage of opioid recipients prescribed long-term, high-dose opioid therapy. The analysis of claims took place from 1/1/2019 to 2/24/2022. The UPIC worked on one review in Nebraska during the reporting years with $17,227.01 identified in recoveries for Medicare. A referral was submitted and accepted by the OIG, referral was also made to the Nebraska State Medical Board and, DHHS Division of Public Health Investigations regarding potential patient harm and/or drug diversion. Improved patient quality of care is also an anticipated outcome of this review.

### C. Training and Education Plan

No training or education was provided during SFY 2023. FAQs and other documents are under development based on findings from the SFY 2023 reviews.

### D. Estimated Cost Recovery

The UPIC identified potential recoveries of $92,542.80 in SFY 2023. Investigations that began in SFY 2023 have the potential for additional recoveries and will be reported in the year finalized.

## Conclusion

MLTC and CoventBridge will continue to collaborate to conduct reviews, audits, and investigations to safeguard the Nebraska Medicaid program and recipients. In partnership with MLTC, CoventBridge will utilize proven methods to develop, or support the State's efforts to detect potential cases of fraud, waste, and abuse.

# Recovery Audit Contractor

## 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 allow Nebraska to enter contingency-based contracts, define the Medicaid post-pay audit requirements in conjunction with the RAC contract, and require DHHS to produce an annual report on the status of those RAC contracts.

Nebraska Medicaid received a waiver from the RAC federal requirements because most Nebraska Medicaid claims that would be subject to an RAC audit are processed by managed care entities.

## Discussion

### A. Data Exchange

There is no data exchange.

### B. Scope of Work

There is no contract with a RAC vendor.

### C. Training and Education Plan

No training or education was provided this year.

### D. Estimated Cost Recovery

No RAC cost recovery was received between October 1, 2022, and September 30, 2023.

## Conclusion

Nebraska Medicaid received a waiver of federal RAC requirements from CMS that have been renewed from December 1, 2023, through November 30, 2025.