



December 1, 2024

Mr. Brandon Metzler
Clerk of the Legislature
P.O. Box 94604
Lincoln, NE 68509

Subject: Medicaid Contracts for Cost Containment & 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,

A handwritten signature in black ink, appearing to read "Matthew Ahern".

Matthew Ahern
Interim Director, Division of Medicaid and Long-Term Care

Attachment

Division of Medicaid and Long-Term Care

Medicaid Contracts for Cost Containment & Recovery Audits

December 2024

Neb. Rev. Stat. § 68-974

Unified Program Integrity Contractor (UPIC)

Introduction

The work carried out by the Unified Program Integrity Contract (UPIC) and the Department of Health and Human Services (DHHS), Division of Medicaid and Long-Term Care (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 UPICs to perform Medicaid integrity functions. Section 1936 of the Social Security Act (SSAct) is the statutory authority under which the UPICs operate. Section 1936(a) of the SSAct provides that the Secretary must contract with eligible entities to conduct certain activities specified in Section 1936(b). Section 1936(b) of the SSAct 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 (ACA), enacted in 2010, 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 ACA 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 2024 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 29 reviews of this topic during the reporting year with no identified recoveries. Eighteen investigations are pending and seven have potential overpayment recoveries of \$347,489.47. These reviews have the potential for additional recoveries beyond SFY 2024.

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 45 Credit Balance Audits. These audits resulted in \$86,582.19 in identified recoveries. Eight investigations are pending and three have potential overpayment recoveries of \$30,158.63.

C. Training and Education Plan

No training or education was provided during SFY 2024. A memo educating pharmacy providers about frequent findings was published in March of 2024.

D. Estimated Cost Recovery

The UPIC identified potential recoveries of \$86,582.19 in SFY 2024. Investigations that began in SFY 2024 have the potential for additional recoveries and will be reported in the year finalized. The UPIC identified recoveries of \$376,650.06 for investigations that finalized in SFY 2024.

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 ACA 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 allows 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 of its claims that would be subject to an 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, 2023 and September 30, 2024.

Conclusion

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