

**Managed Care Plans:**  
Critical Partners in the Fight Against Fraud, Waste, and Abuse in Medicaid

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
CMS

---

---

---

---

---

---

---

---

### Objectives

At the conclusion of this presentation, participants will be able to:

- Describe an effective compliance plan
- List the steps to prevent, detect, and report fraud, waste, and abuse
- Name tools used to prevent excluded, debarred, and terminated providers from participating in the Medicaid program

Centers for Medicare & Medicaid Services 2

---

---

---

---

---

---

---

---

### Program Integrity Requirements

- Compliance plan
- False claims information
- Screening providers

Centers for Medicare & Medicaid Services 3

---

---

---

---

---

---

---

---

### Compliance Oversight for Healthcare Leaders



**Lewis Morris**  
Retired Chief Counsel to the Inspector General  
U.S. Department of Health & Human Services

Centers for Medicare & Medicaid Services 4

---

---

---

---

---

---

---

---

### Five Major Building Blocks



Maintain an Ethical and Healthy Organization

Understand Consequences of Noncompliance      Prepare for New Challenges

Establish an Effective Compliance Program      Utilize Available Resources

Centers for Medicare & Medicaid Services 5

---

---

---

---

---

---

---

---

### Compliance Plan Requirements

Compliance plans must include seven elements:

- 1 Written policies, procedures, and standards of conduct
- 2 Designation of a compliance officer and committee
- 3 Effective training and education
- 4 Effective lines of communication
- 5 Enforcement of standards
- 6 Internal monitoring and auditing
- 7 Prompt responses and corrective action

Centers for Medicare & Medicaid Services 6

---

---

---

---

---

---

---

---

 **Policies, Procedures, and Standards**

Written policies, procedures, and standards should:

- Articulate the organization's commitment to compliance
- Identify applicable statutes, regulations, and contract requirements
- Be written in plain English
- Implement the compliance program, including communication about the compliance issues



Centers for Medicare & Medicaid Services 7

---

---

---


---

---

---

---

---

 **Policies, Procedures, and Standards—False Claims**

An entity receiving or making payments of \$5 million or more annually from the State Medicaid program must have written policies that provide detailed information on:

- The False Claims Act
- Administrative remedies for false claims
- State laws pertaining to false claims
- Whistleblower protections

Include in any existing employee handbook.

Centers for Medicare & Medicaid Services 8

---

---

---


---

---

---

---

---


 **Compliance Officer and Committee**

A compliance officer should:

- Be a full-time employee of the managed care plan (MCP)
- Receive effective training

The compliance committee should:

- Include the compliance officer and senior representatives from finance, internal audit, human resources, licensing and credentialing, contract management, legal, and the investigative unit



Centers for Medicare & Medicaid Services 9

---

---

---

---

---

---

---

---

**2** Compliance Officer and Committee

A compliance officer and committee should:

- Act independently of the operational and program areas in the organization
- Have clearly identifiable responsibilities and authority
- Provide periodic reports directly to the governing body
- Continuously assess risk and measure for effectiveness



Centers for Medicare & Medicaid Services 10

---

---

---

---

---

---

---

---

**2** Key Aspects of the Compliance Structure



Lewis Morris  
Retired Chief Counsel to the Inspector General  
U.S. Department of Health & Human Services

Centers for Medicare & Medicaid Services 11

---

---

---

---

---

---

---

---

**3** Training and Education

Effective training and education include:

- Provision of training on compliance to all employees
- Specialized training for individual employees involved in specific risk areas
- Periodic updating of materials
- Assessment of participants
- Keeping a record of the training completed



Centers for Medicare & Medicaid Services 12

---

---

---

---

---

---

---

---

 **Effective Communication**

Lines of communication between the compliance officer and the organization's employees should:

- Provide a mechanism to report compliance issues
- Provide several independent reporting paths
- Develop mechanisms to encourage open discussion



Centers for Medicare & Medicaid Services 13

---

---

---


---

---

---


---

---

 **Enforcement of Standards**

Standards should be enforced by:

- Publicizing simple disciplinary guidelines
- Articulating expectations for reporting
- Assisting employees in resolving reported issues
- Identifying noncompliance or unethical behavior
- Providing for timely, consistent, and effective enforcement
- Providing examples of noncompliance and the consequences



Centers for Medicare & Medicaid Services 14

---

---

---


---

---

---

---

---

 **Internal Monitoring and Auditing**

Establish and implement an effective system for identifying, prioritizing, focusing on, and reporting on compliance risks. This system should:

- Guide the initial development of a monitoring work plan
- Provide continued assessment of risk
- Provide for audits of identified risk areas
- Provide regular reports of monitoring and auditing activities and results
- Include an assessment of the plan's effectiveness

Centers for Medicare & Medicaid Services 15

---

---

---


---

---

---


---

---

 **Prompt Responses**

Establish and implement procedures for promptly responding to detected offenses or audit findings by:

- Identifying the standard that has been violated
- Identifying the scope of the problem
- **Developing a corrective action plan**
- Monitoring the implementation and effectiveness of that plan



Centers for Medicare & Medicaid Services 16

---

---

---


---

---

---


---

---

 **Corrective Action**

Develop corrective action by setting forth:

- The individual responsible for implementing the plan
- Written measures to resolve the issue
- Steps to correct the problem
- Specific timeframes
- A means to monitor and measure progress, completion, and effectiveness



Centers for Medicare & Medicaid Services 17

---

---

---

---

---

---


---

---

**Steps to Detect Fraud, Waste, and Abuse**

An MCP should be familiar with specific State laws and contractual requirements. Steps will involve such actions as:

- Performing data analysis
- **Auditing, reviewing, investigating, and monitoring**
- Screening providers
- Sharing information



Centers for Medicare & Medicaid Services 18

---

---

---

---

---

---


---

---

### Performing Data Analysis

Effective data analysis should include:

- Edits and audits
- Effectiveness testing
- Risk indexing



Centers for Medicare & Medicaid Services 19

---

---

---

---

---

---


---

---

### Auditing, Reviewing, Investigating, and Monitoring

MCPs should use assigned staff to:

- Conduct reviews and audits
- Establish prior authorization
- Conduct utilization management



Centers for Medicare & Medicaid Services 20

---

---

---

---

---

---


---

---

### Screening Providers

Steps MCPs should take include:

- Establishing credentialing requirements
- Checking for exclusions at enrollment, reenrollment, and on a monthly basis
- Checking for licensure, criminal background, and terminations at enrollment and reenrollment
- Ensuring that contractors have adequate fraud, waste, and abuse programs
- Specifying these requirements in contracts



Centers for Medicare & Medicaid Services 21

---

---

---

---

---

---

---


---

### Screening Providers— Exclusions and Terminations

MCPs should:

- Check the List of Excluded Individuals/Entities (LEIE), available at <http://exclusions.oig.hhs.gov/> on the U.S. Department of Health & Human Services, Office of Inspector General (HHS-OIG) website, monthly
- Be familiar with the State Medicaid agency's (SMA's) list of terminated providers and your State policies or contract requirements on the use of such providers in managed care networks

... EXCLUDED ...      ... NOT EXCLUDED ...



Centers for Medicare & Medicaid Services 22

---

---

---

---

---

---

---


---

### Screening Providers—Debarment

MCPs should have systems in place to identify relationships with an individual or entity that is debarred or suspended.

These relationships include:

- A director, officer, partner, or owner of five percent or more
- An employee
- A consultant or contractor



Centers for Medicare & Medicaid Services 23

---

---

---

---

---

---


---

---

### Sharing Information

MCPs should:

- Establish and publicize a toll-free fraud report line
- Create a fraud, waste, and abuse reporting form
- Share fraud, waste, and abuse information with SMAs and other health plans
- Work closely with SMAs and Medicaid Fraud Control Units (MFCUs)



Centers for Medicare & Medicaid Services 24

---

---

---

---

---

---

---

---



### What Actions Should Be Taken when Fraud, Waste, or Abuse Is Detected?

Conduct a prompt investigation as permitted by the contract. Review:

- Any prior investigations, audits, reviews, or other relevant information
- Applicable rules, regulations, policies, procedures, and provisions
- Billing patterns and payment history
- Medical records, including diagnosed medical conditions, provider usage patterns, and prescriptions



Centers for Medicare & Medicaid Services

25

---

---

---

---

---

---

---

---

### What Actions Should Be Taken when Fraud, Waste, or Abuse Is Suspected?

Additional investigative steps:

- Analyze relevant patient claims and other data
- Ascertain the general nature, scope, risk, and fiscal effect of potential wrongdoing
- Specify the rules, regulations, policies, procedures, and provisions that appear to have been violated

Prepare the matter for:

- Internal corrective action
- Referral outside the MCP



Centers for Medicare & Medicaid Services

26

---

---

---

---

---

---

---

---

### Where Should Suspected Fraud, Waste, and Abuse Be Referred?

- SMA program integrity unit
- MFCU
- Other agencies, such as HHS-OIG



Centers for Medicare & Medicaid Services

27

---

---

---

---

---


---

---

---

### What Information Should Be Included in a Referral?

- Subject name, identification, address, and provider type
- Contact information for the individual reporting
- Contact information for witnesses
- Witness statements
- Copies of the relevant documents, including any disputed claims



Centers for Medicare & Medicaid Services 28

---

---

---

---

---

---

---

---

### What Information Should Be Included in a Referral?

- How the issue was detected
- A detailed description of the issue
  - Category of service
  - Identify the rules, regulations, policies, procedures, or provisions that were allegedly violated
  - Include a chronology of both the alleged wrongdoing (dates of conduct) and MCP actions
  - Identify the dollars involved and recovered (include sample/exposed dollar amount)
- Prior investigations, including civil, criminal, administrative, and fiscal outcomes

Centers for Medicare & Medicaid Services 29

---

---

---

---

---


---

---

---

### What Information Should Be Included in a Referral?

- Prior communications with the provider or beneficiary
- Education or training related to subject of the investigation
- Disciplinary actions
- Other agencies contacted or involved
- The date reported to the MCP and the MCP contact



Centers for Medicare & Medicaid Services 30

---

---

---

---

---

---


---

---

### Promoting Medicaid Program Integrity

In what other ways can MCPs promote Medicaid program integrity?

- Meet regularly with agency partners, including:
  - SMA
  - MFCU
- Communicate with peer and subsidiary entities
- Stay aware of state and national trends
  - Attend state and national meetings
  - Get involved in compliance organizations
- Check resources available on the Internet



Centers for Medicare & Medicaid Services 21

---

---

---

---

---

---

---

---

### Disclaimer

This presentation was current at the time it was published or uploaded onto the web. Medicaid and Medicare policies change frequently so links to the source documents have been provided within the document for your reference.

This presentation was prepared as a service to the public and is not intended to grant rights or impose obligations. This presentation may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. Use of this material is voluntary. Inclusion of a link does not constitute CMS endorsement of the material. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.

November 2012

StrategicHealthSolutions, LLC 22

---

---

---

---

---

---

---

---