



Medicaid Program Integrity: Proposed Recommendations



Medicaid and CHIP Payment and Access Commission

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Overview

- Updates in Medicaid program integrity (PI)
- Review of MACPAC findings
- Proposed recommendations
 - establish state-level PI demonstrations and share the results
 - Remove state recovery audit contractor (RAC) requirements and make it optional
- Next steps

Medicaid program integrity

- States and the federal government are responsible for a wide range of initiatives to detect and deter fraud, waste, and abuse and improve program administration
- States must balance having effective PI strategies and addressing other program goals
- CMS provides technical assistance to states and guidance on certain PI activities, but has not focused on measuring PI effectiveness

PI requires effective approaches

- Program integrity activities should be focused on areas of risk and approaches known to work
 - There is little information on where or how to focus
- In 2012, Commission recommended the Secretary determine which Medicaid PI activities are most effective and improve dissemination of best practices
- Has not been a part of CMS's Medicaid PI strategy to date

Little is known about what works

- MACPAC review of 10 states found they have little information on the relative value of PI activities
 - States seek CMS guidance on how to identify high-value program integrity activities
 - States have been unable to comply with the statutory requirement that each state contract with a RAC
- States face many challenges
 - No incentive to measure return on mandatory activities
 - Hard to measure the effect of activities embedded in broader program functions
 - Some activities generate benefits (such as a reduction in patient harm) that cannot be quantified

Additional federal action needed

- The Secretary has not fully acted on the Commission's prior recommendations
- States are not well positioned to determine the effectiveness of PI approaches on their own
- The implementation of outdated, redundant, or duplicative PI programs can have negative effects on providers, beneficiaries, and states

Proposed recommendation 1

- [Congress/The Secretary of the U.S. Department of Health and Human Services] should, under the Medicaid Integrity Program, establish experiments and demonstration projects to identify effective program integrity approaches and provide states with information to improve program integrity operations and performance.

Recommendation 1: Rationale

- Creating a federal demonstration program would test program integrity models and:
 - mitigate challenges states have faced
 - compare the effectiveness of different approaches
 - determine the factors that account for variations in success
- HHS has the statutory authority under the Medicaid Integrity Program to
 - establish demonstration projects and provide results to states.
 - provide guidance and oversight, education and technical assistance, and federal resources
- Commission can decide whether a stronger recommendation would be for Congress to direct the Secretary to use its authority for demonstration projects

Recommendation 1: Impact

- **Federal government**
 - Would create new demonstration projects either within the Secretary's authority or at the direction of Congress
- **States**
 - Obtain additional information on the effectiveness of various program integrity efforts, which may lead to program efficiencies
 - Have the option to participate in demonstration projects. The results could lead to the elimination of outdated, redundant, or duplicative programs and reduce the burden on states
- **Beneficiaries**
 - No measurable effect
- **Providers**
 - May reduce the burden on providers
- **Managed care organizations**
 - No measurable effect, depends on the nature of the strategy

Proposed recommendation 2

- To provide states with flexibility in choosing program integrity strategies determined to be effective and demonstrate high value, Congress should amend 1902(a)(42)(B)(i) of the Social Security Act to make the requirement that states establish a recovery audit contractor program optional.

Recommendation 2: Rationale

- The RAC program has:
 - not been shown to be effective for all states and should not be required (25 states have waivers)
 - become an administrative burden on states due to the time and resources it takes to solicit a RAC vendor, manage multiple failed procurements, prepare a waiver application, renewals, and reporting
- States that want to implement a RAC program should have the option to do so

Recommendation 2: Impact

- **Federal government**
 - Requires CMS to review state plan amendments for states that opt to work with RAC vendors
 - CBO estimates a modest increase in federal spending
- **States**
 - Gives the option to implement a RAC program
 - Relieved of the administrative burden from the waiver application process
- **Beneficiaries**
 - No measurable effect
- **Providers**
 - No significant changes
- **Managed care organizations**
 - No measurable effect

Next Steps

- Feedback on the proposed recommendations and key themes for the June chapter
- Plan to vote on recommendations at the April public meeting
- Recommendations will be accompanied by a chapter that describes the Commission's analyses and findings



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