



Medicaid Program Integrity: Draft Chapter and Proposed Recommendations

Medicaid and CHIP Payment and Access Commission

Jessica Morris

Overview

- Summary of draft chapter
- Review and discuss draft recommendations
- Next steps

Study on state PI performance

- 2018 study sought to collect information from states on the return on investment (ROI) from various PI strategies
- Findings were inconclusive
 - Many states often did not or could not calculate ROI for many PI activities
 - Did not use consistent methods that would allow for cross-state comparisons

States often unclear about ROI

- Findings were inconclusive:
 - No incentive to measure return on mandatory activities
 - Hard to measure the effect of activities embedded in broader program functions
- States:
 - had varying levels of success with different strategies
 - were often unclear about what design and implementation features were of high value
 - were often unaware of other states' experiences and how they address challenges

Key Points in the Chapter

- States seek information and guidance from the federal government to identify high-value PI activities
- CMS has not taken steps to facilitate collection of information or systematic sharing of lessons learned
- States have been unable to comply with the statutory requirement to contract with a RAC
- Secretary has not acted on the Commission's past recommendations to develop methods for quantifying the effectiveness of PI strategies

Proposed recommendation 1

The Secretary of the U.S. Department of Health and Human Services should, under the Medicaid Integrity Program, conduct a rigorous examination of current state program integrity activities to identify the features of policy design and implementation associated with success. The Secretary should also use this authority to establish pilots to test novel strategies or improvements to existing strategies. Information gleaned from such examinations and pilots should be shared with states.

Recommendation 1: Rationale

- The federal government should, under its authority, take the lead in developing and disseminating information on the effectiveness of current and new piloted approaches
- CMS works with states on a one-on-one basis but it does not benefit others
- CMS should share information that identifies strategies of high value; how to design and implement, or make improvements to, activities

Recommendation 1: Impact

- **Federal government**

- Devote resources to collect information and determine which policy design and implementation features contribute to effective state PI approaches
- Disseminate the results

- **States**

- Obtain information on the effectiveness of various PI efforts, which should help them invest in strategies with better outcomes
- Some level of effort to collect data, assess current strategies, and test new ones; depending on how the pilots and assessment are conducted

Recommendation 1: Impact

- **Beneficiaries**
 - No measurable effect; gain value when states have effective PI strategies
- **Providers**
 - May reduce the burden on providers; improve trust
- **Managed care organizations**
 - Depends on current practice relative to 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

- RAC program made mandatory for all states based on the favorable experience of a few states
- Assumption that if it worked for a handful of states, it would work for all, has not been borne out
- States unable to procure a RAC vendor, require a CMS waiver of the requirement
 - 25 states: 8 states due to procurement issues, 16 due to low volume of fee-for-service claims
- The program mandate is an administrative burden
- Participation in the RAC program should be optional

Recommendation 2: Impact

- **Federal government**

- CMS would no longer review waivers of this requirement
- 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

Recommendation 2: Impact

- **Beneficiaries**
 - No measurable effect, potentially free up resources directed to beneficiaries
- **Providers**
 - No significant changes; may reduce the burden on providers
- **Managed care organizations**
 - No measurable effect

Next steps

- Vote on two recommendations this afternoon
- Chapter to be included in the June report

Proposed recommendation 1

- The Secretary of the U.S. Department of Health and Human Services should, under the Medicaid Integrity Program, conduct a rigorous examination of current state program integrity activities to identify the features of policy design and implementation associated with success. The Secretary should also use this authority to establish pilots to test novel strategies or improvements to existing strategies. Information gleaned from such examinations and pilots should be shared with states.

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.



Medicaid Program Integrity: Proposed Recommendations



Medicaid and CHIP Payment and Access Commission

Jessica Morris