

Strengthen Managed Care Organization program integrity and compliance

Managed Care Oversight

State program integrity teams face many challenges when overseeing Medicaid managed care. But if they get data, start small and share findings, they can reduce fraud, waste and abuse.

Introduction

A growing need for oversight

Two out of three Medicaid beneficiaries receive their care through managed care organizations (MCOs). These health plan and provider organizations received more than \$359 billion in state and federal Medicaid dollars in 2020. Unfortunately, state Medicaid program integrity offices are not effectively overseeing these funds, which can lead to fraud, waste and abuse.

Under the CMS Medicaid Managed Care Rule (42 CFR 438), as updated in 2016, states are required to actively oversee their managed care companies and hold them accountable for the services they provide. In the Program Integrity (PI) arena, this oversight includes ensuring the State is using federally mandated contract language, that required PI policies and procedures are written and followed, and that MCOs and the State report on a variety of actions, such as payment suspensions, terminated providers, investigations, overpayment recoveries and law enforcement referrals.

A July 2018 report by the U.S. Department of Health and Human Services, Office of Inspector General (OIG) points to existing weaknesses in Medicaid managed care, including some common patterns across MCOs, such as low suspected FWA referral numbers of suspected fraud or abuse cases to States and not utilizing proactive data analysis, deemed critical for effective fraud detection. Most importantly, the report highlighted that many MCOs didn't always properly identify and recover suspected or known overpayments, including those associated with FWA, and in the meantime these overpayments were being factored into future MCO capitation payments from the State.

How we can help



Review

IBM Watson Health will review the State's present MCO contract, policies and procedures, and MCO and State reporting on payment suspensions, terminated providers, investigations, overpayment recoveries and law enforcement referrals. IBM Watson Health will then report on the status of these responsibilities and offer recommendations to the State on complying with all regulations and contract terms. Deliverables include standard meeting agendas, report templates, and instructions on how to implement needed changes.

IBM Watson Health will review the audit areas of past CMS managed care audits covering provider enrollment, program integrity, encounter data, investigations and recoveries, payment suspensions, provider terminations and reporting, member eligibility, financial reporting, data submittal, network adequacy and other topics. IBM Watson Health will then report on the status of the State's compliance and offer recommendations to the State on any potential deficiencies.



Review and implementation

In addition to the review services above, with State assistance and oversight, IBM Watson Health will implement MCO oversight consisting of required reporting, conducting regularly scheduled meetings, implementing policies and procedures, and training for MCOs and other State stakeholders.

Benefits

With support from IBM Watson Health, states are better able to meet the many new responsibilities placed on them by the updated Medicaid Managed Care Rule and achieve full compliance with CMS requirements. Implementing the recommended changes will ensure managed care organizations are fulfilling their obligations in pursuing fraud, waste and abuse.

Footnotes

1. 10 Things to Know about Medicaid Managed Care. Elizabeth Hinton, et al. Kaiser Family Foundation. Published Oct. 29, 2020. <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-managed-care/>
2. 2 Medicaid Managed Care Spending in 2020, by Kristin Allen Feb. 25, 2021, HMA
3. 3 Government Accountability Office. Medicaid Managed Care: Improvements Needed to Better Oversee Payment Risks. GAO-18-528. July 2018. <https://www.gao.gov/assets/700/693418.pdf>
4. 4 Office of Inspector General, OIG expects \$2.91 billion in investigative recoveries for FY 2018, according to its Semiannual Report to Congress, <https://oig.hhs.gov/newsroom/news-releases/2018/sar.asp> 2018

Learn more:

ibm.com/watsonhealth

© Copyright IBM Corporation 2021. IBM Corporation, Watson Health, New Orchard Road, Armonk, NY 10504

Produced in the United States of America, May 2021.

IBM, the IBM logo, ibm.com, are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at "Copyright and trademark information" at www.ibm.com/legal/copytrade.shtml.

The performance data and client examples cited are presented for illustrative purposes only. Actual performance results may vary depending on specific configurations and operating conditions. If applicable, consult with your IBM legal contact to craft a competitive claims disclaimer. If applicable, add the other IBM products, services, or programs disclaimer. THE INFORMATION IN THIS DOCUMENT IS PROVIDED "AS IS" WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided. If comarketed, add the disclaimer statement to this section.

