Provider Preventable Conditions Reporting Accountable Care Organizations

Report Number A2020-02

June 15, 2021

Utah Office of
Inspector General

Gene Cottrell
Inspector General

June 15, 2021

To: Utah Department of Health

Please see the attached audit report, **Provider Preventable Conditions Reporting, Accountable Care Organizations** (Report A2020-02). An Executive Summary is included at the inception of this report. The objectives and scope of the audit are explained on page 3 of this report.

Sincerely,

Gene D. Cottrell

Gene Cottrell
Inspector General
Utah Office of Inspector General

cc: Jon Pierpont, Chief of Staff, Office of Governor Spencer Cox
Sophia Di Caro, Executive Director Governor's office of Management and Budget
J. Stuart Adams, President of the Utah Senate
Jacob L. Anderegg, Senate Chair, Social Services Appropriations Subcommittee
Brad Wilson, Speaker of the Utah House of Representatives
Paul Ray, House Chair, Social Services Appropriations Subcommittee
Tracy Gruber, Executive Director of Utah Department of Human Services
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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Provider Preventable Conditions (PPC) are conditions that meet the definition of a "health care-acquired condition" (HCAC) which were not existing prior to the admission for services, also referred to as Present on Admission. (POA)[1] [2]. Federal regulations prohibit Medicaid payment of provider preventable conditions.[3] States must require that Providers identify provider preventable conditions that are associated with claims for Medicaid payment or with courses of treatment furnished to Medicaid patients for which Medicaid payment would otherwise be available.[4]

In order to determine Utah Medicaid Managed Health Care and Accountable Care Organizations (ACO) compliance with the regulations, Utah Office of Inspector General (UOIG) set the following audit objectives.

Audit Objectives:

- Determine if reporting from ACOs is adequate and auditable based on Centers for Medicare and Medicaid Services (CMS) guidelines for reporting PPCs, in addition, that no payment of Medicaid funds are paid on PPCs.
- Determine compliance with ACO contract language based on CMS requirements for reporting of PPCs.
- Determine if ACO encounter data is adequate from the Medicaid data warehouse to monitor PPCs.
- Evaluate the process that Utah Medicaid Managed Health Care is using for tracking and analyzing ACO encounter data as required by CMS.

Audit Findings:

Finding #1 Utah Medicaid Managed Health Care instructions do not have the correct definition for PPC on the required PPC annual report submitted by each ACO, which is due in November. Each ACO also needs to report the same ID number type for consistency on the annual report.

Finding #2 Utah Medicaid Managed Health Care does not map the POA codes in the data warehouse for encounter data, causing the ACO encounter data to be un-auditable for PPC identification.

Finding #3 Utah Medicaid Managed Health Care does not have edits to track or follow up on reported PPCs, within encounter data submitted by the ACOs in the required annual report.

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[1] 42 CFR§ 447.26 (b)(v)
[2] 42 CFR§ 447.26 (c) (1) & (2)
[3] 42 CFR§ 447.26 (a)(1)
[4] 42 CFR§ 447.26 (d)

Audit Observation:

ACO paid a claim with PPC and did not report the claim to Utah Medicaid Managed Health Care on the required annual report.

As a comparison of claims, UOIG examined Fee for Service Provider Preventable claims. Two claims had paid PPCs.

Conclusion:

The audit concludes that the Utah Medicaid Managed Health Care program instructions on the required annual report should define the correct meaning and how a provider preventable condition is determined. Utah Medicaid Managed Care should develop edits for encounter data and monitor with follow up reports on reported PPCs. Utah Medicaid Managed Health Care should map POA codes on encounter data submitted by ACOs and stored in the Medicaid data warehouse enabling the data to be auditable.

Utah Medicaid Managed Health Care should correct edits to enable the discovery of PPC claims paid by ACOs and take steps to reverse payments when necessary.

INTRODUCTION

BACKGROUND

The UOIG conducted an audit of Utah Medicaid Managed Health Care PPCs responsibilities. Areas audited include policy, reporting, monitoring, and payment of ACO encounter claims containing possible PPCs.

Utah Medicaid Contracts Accountable Care Organizations (ACO)

Portions of Utah Medicaid have operated under managed care delivery systems since 1982.[5] Utah Medicaid's Accountable Care Organizations (ACO) are managed care physical health plans authorized by 42 CFR §438 section 1915(b) Choice of Health Care Delivery (CHCD) as a waiver. ACO is a type of Managed Care Organization (MCO).

Utah Medicaid recipients living in thirteen counties, referred to as mandatory counties, must choose one of the four ACOs. Recipients not living in the thirteen counties may choose an ACO or service providers may bill directly to Medicaid, under a Fee for Service (FFS) claim.

Utah DOH contracts with four ACOs to provide services to Utah Medicaid recipients including children eligible for the Children's Health and Evaluation Care (CHEC). In 2018, DOH signed continued contracts for a term of five years with each of the four ACOs. DOH signed separate, additional contracts in 2020 for the expansion populations.

Provider Preventable Conditions (PPC)

To define a PPC we need to review multiple Code of Federal Regulations (CFR) to gain a clear understanding of a PPC definition. PPC "means a condition that meets the definition of a "health care-acquired condition" or an "other provider-preventable condition as defined in this section", 42 CFR § 447.26 (v). "Health care acquired condition means a condition occurring in any inpatient hospital setting, identified as a HAC [Hospital Acquired Condition] by the Secretary under section 1886(d)(4)(iv) of the Act…" 42 CFR § 447.26(b). "A state plan must provide that no medical assistance will be paid for "provider-preventable conditions" as defined in this section; and as applicable for individuals dually eligible for both Medicare and Medicaid programs" 42 CFR § 447.26(c)(1). No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by the provider" 42 CFR § 447.26(c)(2). "State plans must require that providers identify provider preventable condition that are associated with claims for Medicaid payment or with courses of treatment furnished to Medicaid patients for which Medicaid payment would otherwise be available." 42 CFR § 447.26(3)(d)

[5] "Managed Care Quality Strategy." 2015. Accessed November 6, 2018. https://docs.google.com/viewer?a=v&pid=sites&srcid=dXRhaC5nb3Z8Y3FtfGd4Ojc5NTU1MzQxZDQ4YTJlZGE.

ACO Annual Report of PPC

Utah Managed Health Care requires ACOs to submit an annual report of PPC involved claims. The report instructions requests Provider Preventable Conditions or Healthcare Acquired Conditions. The first report received from the ACOs was for November 2018. The report displays processed claims by the ACOs with reported PPCs and requests the Provider Name, NPI, Date of occurrence, Member ID, and TCN or Claim ID.

FUNDING SOURCE

ACOs receive funding through the Utah Department of Health (UDOH) Medicaid Program through a capitation payment. Funding documentation of ACOs is in the "Utah Annual Report of Medicaid and Chip". As of the audit report date, the last available report was for State Fiscal year of 2018. The use of Medicaid funds in capitated payments to ACOs allows UOIG to audit Managed Care Organizations. ACOs administer Medicaid programs and are required to follow all rules pertaining to Medicaid participation and services by contract with UDOH. Bureau of Managed Health Care oversees Medicaid's administration of ACOs.

OBJECTIVES AND SCOPE

Audit Objectives:

- Determine if reporting from ACOs is adequate and auditable based on CMS guidelines for reporting PPCs, in addition, that no payment of Medicaid funds are made for PPCs.
- Determine compliance with ACO contract language based on CMS requirement for reporting of PPCs.
- Determine if ACO encounter data is adequate from the Medicaid data warehouse to monitor PPCs.
- Evaluate the process that Utah Medicaid Managed Health Care is using for tracking and analyzing ACO encounter data as required by CMS.

Audit Scope:

The scope of the audit covered adjudicated encounter data received from each of the ACOs for the years 2017 and 2018, based on reported data received by Medicaid Managed Health Care on the required annual PPC reporting dated November 2018.

Audit Limitations:

The Audit was unable to use encounter data stored in the data warehouse because of the lack of mapping of the POA field. ACOs submit the data in the field but without mapping, it is impossible to determine claims with PPC from data warehouse data.

METHODOLOGY

To evaluate the process and controls of Utah Medicaid Managed Health Cares required reporting and tracking of Provider Preventable Conditions (PPC) submitted by the ACOs that serve Utah Medicaid recipients UOIG preformed the following:

- Request and evaluate copies of ACO annual PPC reports submitted to Utah Medicaid Managed Care. The report should require claims with PPC codes by each ACO contracted provider.
- Request and evaluate copies of ACO operations and procedures for reporting of PPC.
- Request and evaluate copies of current ACO contracts with Utah Medicaid Managed Health Care. Reviewed contracts for PPC reporting.
- Inquire with Utah Medicaid Managed Health Care as to their analysis of reports received from the ACOs. Evaluated Utah Managed Health Care's processes.
- Request encounter data for analysis from Medicaid data warehouse on PPC reported by ACOs provider groups on the annual PPC report.
- Determine if data received from the Medicaid data warehouse is adequate for BMHC oversight of ACO PPC reporting.
- Request encounter data directly from the ACO contractors for PPCs to compare with Medicaid data warehouse to determine if each data source is adequate for use in analysis.
- Request comparable data from Fee-for-service Medicaid for evaluation from the Medicaid data warehouse. Request comparable data from "Patient Safety Reporting" through UDOH.
- Analyze data received from all sources using diagnosis coding, POA coding and data fields from claims submitted to ACOs for payment.
- From the data received and analyzed, review for questionable claims, if any, and have any questionable claims reviewed by a Nurse Investigator.
- Determine if any payments of claim lines were PPC according to CMS rules and guidelines from the data analysis of operations and procedures, contracts, encounter data, and claims data.

The UOIG conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

UOIG reviewed audits performed by Department of Health and Human Services (DHHS) concerning PPC reporting and non-payment in the following states: Massachusetts, Pennsylvania and Texas, in preparation for the audit. The review identified what issues states should be concerned with and what other states are lacking. UOIG obtained a clear definition of PPC from other state reviews and the definitions from CFRs.

UOIG requested and received copies of reports submitted by each of the ACO contractors for reporting of PPCs to Utah Medicaid Managed Health Care as required by CMS. UOIG examined the reports for content, instructions and reporting period as well as auditability as required by CMS.

UOIG discovered UDOH issues a "Patient Safety Surveillance and Improvement Program" report covering medical diagnosis issues encountered by all providers of medical services in Utah. UOIG requested and received the report. UOIG used the report as a second verification of any PPC data reported from all sources.

UOIG requested and received copies of contracts between UDOH and the ACOs to determine contract liability on reporting of and non-payment of PPCs. The contracts state that the "PPC must be reported" but it is unclear how to report.

UOIG received data on:

- 2,060 encounter claims with missing POA codes processed by the ACOs for the scope period,
- 242 FFS claims paid by Medicaid for the scope period, and
- 25 Patient Safety Surveillance and Improvement Program diagnosis issues for the scope period.

UOIG compared the data to the Patient Safety report to identify PPCs not reflected in the ACO PPC report. UOIG requested encounter data directly from each of the four ACO contractors. From data received from each of the four ACOs and data pulled from the data warehouse on FFS claims the data scientist sorted and analyzed into a format that allowed for the selection of data to take place. UOIG requested medical records on 23 cases based on POA coding from the data. Some of which were FFS claims and some ACO claims. UOIG performed a review of the Medical records comparing them to the claims submitted and paid. UOIG then had a secondary review performed by a UOIG Nurse Investigator.

CONCLUSION

The audit concludes: Utah Medicaid Managed Health Care program instructions on the required annual report did not have a correct definition of PPC. The report asks for an ID number but does not specify what type of number to use. Each ACO did not use the same number type to identify the recipient. The ID number difference makes the reports non-comparable with data warehouse information. Utah Medicaid Managed Health Care does not have edits on encounter data and is not monitoring or doing follow up on reported PPCs. Utah Medicaid Managed Health Care does not have mapping of POA codes in place on encounter data submitted by ACOs and stored in the Medicaid Data Warehouse causing the data to be un-auditable as required by CMS.

UOIG found three paid PPC claims. UOIG identified a paid PPC "encounter" claim that the same ACO did not report on the Annual PPC report. Also identified were two PPC claims in Utah Medicaid "Fee for Service" data.

FINDING 1	Utah Medicaid Managed Care instructions on required annual report for PPC are unclear.

Data reported by the ACOs are inconsistent, one ACO reported 22,512 PPC claims and others reported zero to eighteen PPC claims, because of the incorrect PPC definition as stated in the annual report. The instructions on the annual PPC report ask for "Provider Preventable Conditions (PPC) or Health Care Acquired Conditions (HCAC)". It is not clear on the report the correct definition of PPC. PPC are HCAC that are not "Present on Admission" (POA).[6] The formula is as follows:

HCAC – POA = PPC

The report asks for Member ID, but the report instructions are not clear if it wants the Medicaid ID number or the ACO ID number as evident from differences in reported data. Not clarifying the Member ID fields resulted in inconsistencies of what the ACOs are reporting on the annual report. The annual report instructions were unclear and therefore unable to compare to the Medicaid data warehouse information. A clear definition as to the type of ID number would make the information in the report comparable to data warehouse information.

Medicaid Managed Care did change Instructions on the November 2020 report to request only "Provider Preventable Conditions", but because of the range of reporting from the ACOs on the report, there could still be a misunderstanding.

Recommendations

1.1 UOIG recommends clarifying the instructions on the PPC Annual reporting tab using the correct definition of PPC.

1.2 UOIG recommends clarification of the type of Member Number ID for reporting to make the data universally comparable.

[6] 42 § CFR 447.26(c)(2) and 42 § CFR 447.26(d)

FINDING 2	Utah Medicaid Managed Care does not map POA codes for encounter data causing the data to be un-auditable

ACO Medicaid Encounter data reported and paid by the ACO is not mapped and available in the Medicaid Data warehouse for the required POA codes. Medicaid maps this data for FFS claims but does not map the code field for encounter data mapping POAs in the data warehouse for the required fields allows Medicaid to track the POAs. Data must be auditable per 42 § CFR 447.26(b)(iv).

UOIG requested encounter data directly from the ACOs and found that the POA codes were included in their data submission. Presently, POA codes are not available on encounter data stored in the data warehouse. The mapping of POA codes for encounter data stored in the data warehouse will make the information auditable.

CMS lists the following as POA codes to map:

- Y = Diagnosis was present at time of inpatient admission.
- N = Diagnosis was not present at time of inpatient admission.
- U = Documentation insufficient to determine if the condition was present at the time of inpatient admission.
- W = clinically undetermined.

CMS will pay for the Y and the W, but not the N or U.

UOIG informed Medicaid through the Program Integrity Committee (PIC) meeting on January 15, 2020 of the need for POA code mapping. Medicaid created a Division Operation Tracker (DOT) request #104227 on 5/1/2020 with a required date of 5/22/2020. As of the date of the audit report the mapping has not occurred.

Recommendations

2.1 UOIG recommends Medicaid follow up with the DOT request to ensure implementation of mapping ACO encounter data for POA coding allowing PPCs visibility in the data warehouse.

FINDING 3 — Utah Medicaid Managed Health Care does not have edits to track or follow up on reported PPCs

UOIG received and reviewed the November 2018 PPC reports required by Utah Medicaid Managed Health Care. UOIG examined a second group of reports dated November 2019. Both report on the prior year's events.

CMS Medicaid and CHIP Managed Care final rule (CMS-2390-F) states:

"… as of July 1, 2017, states must require that managed care plans:

1. Collect and submit encounter data sufficient to identify the provider rendering the service.
2. Submit all encounter data necessary for the State to meet its reporting obligations to CMS and
3. Submit encounter data in appropriate industry standard formats."

"Reporting State plans must require that providers identify provider preventable conditions that are associated with claims for Medical payment or with courses of treatment furnished to Medicaid patients for which Medicaid payment would otherwise be available". [7]

Under Section 2702 of the Patient Protection and Affordable Care Act of 2010 Medicaid regulations effective as of July 1, 2011, prohibiting federal payment to states under section 1903 of the Social Security Act for any amounts expended for providing medical assistance for health care for HCAC prohibiting payments of PPC.[8]

UOIG learned that no mapping exists for the PPC field and no edits in place to verify POA codes. Without edits, Medicaid is unable to verify any type of data submitted in reports by ACO contractors.

UOIG learned through inquiry that Utah Medicaid Managed Care does not follow up with the ACOs on reported data, nor question its validity. No analysis of the reported data takes place.

Recommendation

3.1 UOIG recommends development of edits that will identify payment of PPCs involving encounter data reported by ACOs and recommend nonpayment.

3.2 UOIG recommends Medicaid Managed Health Care analyze and verify reported PPCs from the ACOs.

[7] 42 CFR § 447.26 (d) dated June 6, 2011
[8] Affordable Care Act, Section 2702, Payment Adjustment for Health Care Acquired Conditions

OBSERVATION 1	An ACO paid PPC claim lines related to PPC incident and did not report the incident to Utah Medicaid Managed Care

UOIG determined through examination of medical records that an ACO contractor paid a PPC claim to a provider and did not report the PPC incident on the annual report to Utah Medicaid Managed Health Care in the 2018 annual report.[9]

42 CFR § 447.26(c)(1) states, "A state plan must provide that no medical assistance will be paid for "Provider-Preventable Conditions" as defined in this section: and as applicable for individuals dually eligible for both the Medicare and Medicaid Programs."

UOIG developed a selection of claims to examine for PPCs based on the POA indicators. As indicated in the methodology above, the UOIG performed a review of the Medical records comparing them to the claims submitted and paid. The UOIG requested records from the selection of 19 ACO claims and 4 FFS claims. UOIG then had a secondary review performed by a UOIG Nurse Investigator. One encounter claim found to have PPC was unreported and paid.

POA indicator coding on the final set of diagnosis codes is a required code for all inpatient admissions, but was not available on all Medicaid claims analyzed, both encounter and FFS claims.

UOIG Program Integrity is sending notice to the ACO of the incorrectly paid claim with suggested recovery as the UOIG cannot recover the incorrectly paid claim per contract.

Recommendation

1.1 UOIG recommends Medicaid's Managed Health Care remind all providers of inpatient services of the requirement to report/disclose, and not pay claim lines that are a result of PPC.

[9] 42 CFR § 447.26(a)(1) "Federal regulations prohibit payment of provider preventable conditions"

OBSERVATION 2	Medicaid Fee for Service Paid claim lines related to PPC incident.

As a comparison of claims processed and paid, UOIG also examined FFS claims with or without POA indicators for the same period. UOIG determined through examination of medical records that Medicaid FFS paid claim lines with PPCs.[10]

UOIG developed a selection of four FFS inpatient adjudicated claims to examine for PPC as a comparison based on POA indicator codes not present from the data warehouse. POA indicator coding on the final set of diagnosis codes is a required indicator code for all inpatient admissions, but was not available on all Medicaid FFS inpatient claims analyzed. Two paid claims found contained PPCs from the selection of four FFS Claims.

UOIG Program integrity will determine recovery of the overpayment.

Recommendation

2.1 UOIG recommends that Medicaid verify that edits are capturing FFS inpatient claims for POA indicators and not pay on unallowable claim lines.

[10] 42 CFR § 447.26(a)(1) "Federal regulations prohibit payment of provider preventable conditions"

GLOSSARY OF TERMS

Term	Description
ACO	Accountable Care Organizations
CMS	Centers for Medicare and Medicaid Services
DHHS	U.S. Department of Health and Human Services
DOT	Division Operation Tracker
FFS	Fee for Service payments
GAGAS	Generally Accepted Government Auditing Standards
HAC	Hospital Acquired Condition
HCAC	Health Care-Acquired Conditions
MMSC	Medicaid Managed Care System
OIG	Utah Office of Inspector General
PIC	Program Integrity Committee
POA	Present on Admission
PPC	Provider Preventable Conditions
UDOH	Utah Department of Health

MANAGEMENT RESPONSE

State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Utah Department of Health
Division of Medicaid and Health Financing

Richard G. Saunders
Executive Director, Department of Health

Emma Chacon
Interim Director, Division of Medicaid and Health Financing

May 24, 2021

Gene Cottrell
Inspector General
Office of the Inspector General of Medicaid Services
P.O. Box 14103
Salt Lake City, Utah 84114

Dear Mr. Cottrell:

Thank you for the opportunity to respond to the audit titled *Provider Preventable Conditions Reporting Accountable Care Organizations* (Report Number A2020-02). We appreciate the effort and professionalism of you and your staff in this review. Likewise, our staff spent time collecting information for your review, answering questions, and planning changes to improve the program. We believe the results of our combined efforts will make a better, more efficient program.

We concur with many of the recommendations in this report. The Department of Health is committed to the efficient and effective use of taxpayer funds and values the insight this report provides on areas that need improvement.

Sincerely,

Emma Chacon

Emma Chacon
Interim Director
Division of Medicaid and Health Financing

UTAH DEPARTMENT OF HEALTH

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Response in General

The audit found that the ACOs are doing a good job at ensuring funds are not being expended for PPCs.

The one instance of ACO PPC identified by the audit was a situation where the recommendations of the audit would not have prevented the particular case found. The only way this case and similar cases would be identified and remedied would be for the UOIG to regularly engage in ongoing program integrity functions similar to those used in this audit.

The scope of this audit was only on ACOs but includes information and makes recommendations to FFS operations which is not a function of the ACOs or of Medicaid managed care.

Response to Recommendations

Recommendation 1.1

> *UOIG recommends clarifying the instructions on the PPC Annual reporting tab using the correct definition of PPC.*

Department Response:

We concur with this recommendation. The Department will update the instructions on the PPC Annual reporting tab and include the correct definition of PPC.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: September 1, 2021

Recommendation 1.2

> *UOIG recommends clarification of the type of Member Number ID for reporting to make the data universally comparable.*

Department Response:

We concur with this recommendation. The Department will update instructions to specify that only the Utah Medicaid ID number should be included in the report.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: September 1, 2021

Recommendation 2.1

> *UOIG recommends Medicaid follow up with the DOT request to ensure implementation of mapping ACO encounter data for POA coding allowing PPCs visibility in the data warehouse.*

Department Response:

We concur with this recommendation. DOT #104227 is in process.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: Already implemented

Recommendation 3.1

UOIG recommends development of edits that will identify payment of PPCs involving encounter data reported by ACOs and recommend nonpayment

Department Response:

We partially concur with this recommendation. Encounters are submitted after the fact and encounters don't report "non-payment." With respect to the verification of PPCs, systems usually flag claims as possible PPCs but there is a secondary step which involves a review of the clinical record to determine whether a PPC occurred or not.

The Department will research the ability to create an edit that flags encounters as possible PPCs and refer those to the UOIG for the needed program integrity follow-up.

Also, as noted with the one PPC case found by the UOIG, the fact that none of the recommendations from the audit would have corrected or remedied that finding supports the need for the UOIG to engage in the types of program integrity activities to identify PPCs.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: April 1, 2022

Recommendation 3.2

UOIG recommends Medicaid Managed Health Care analyze and verify reported PPCs from the ACOs.

Department Response:

We partially concur with this recommendation. The Department will amend the ACO/UMIC contracts to require the ACO/UMIC plans to conduct an analysis and verification of PPCs. The Department will maintain oversight of the ACO/UMIC contracts to assure compliance. The Department will require ACO/UMIC plans to make PPC reports available for the UOIG if needed to conduct any further analysis as part of the UOIG's program integrity responsibilities.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: n/a

Observation 1.1

UOIG recommends Medicaid's Managed Health Care oversight of PPC change their processes to comply with CMS Federal regulation to ensure that ACO encounter claims do not pay for the PPC portion of the claim.

Department Response:

We concur with this recommendation. The Department will remind ACOs about the importance of properly coding the POA indicators on the claim to identify PPCs. This will be done through meetings between the Department and the ACOs.

Contact: Greg Trollan, Director, Bureau of Managed Health Care, 801-538-6088
Implementation Date: September 1, 2021

Observation 2.1

UOIG recommends that Medicaid verify that edits are capturing FFS inpatient claims for POA indicators and not pay on unallowable claim lines.

Department Response:

We concur with this recommendation and have reviewed the claims adjudication methodology for PPCs and have concluded there are no additional edits that could be added. Additionally, following is some additional information about this topic:

Effective July 1, 2011, Utah amended its State Plan, Attachment 4.19-A to add provisions regarding PPCs. Implementation of this change was as follows:

1. Claims adjudication modifications were made to deny the claim if a POA indicator was expected and not received (edit 246).
2. For urban hospitals that are paid DRG basis:
    a. If an outlier payment is not made on the claim, the claim processes normally as no additional payment is made. The MS-DRG software determines if the DRG should change based on the PPC, so that is also accounted for in the adjudication.
    b. If an outlier payment were made for a PPC, then the claim is denied and the provider is notified through the remittance advice that medical records and an itemized billing of services are needed for review. If received within 30 days, the information is reviewed to ensure the charges directly related to the PPC were noted as noncovered charges on the claim. If not, the provider is asked to resubmit the claim with corrected noncovered charges.
3. For rural hospitals, based on the State Plan and also on UAC R414-2A-8, the provider is to ensure "all PPC-related diagnoses, services, and charges are noted as 'non-covered charges' on the claim." Accordingly, the claim is denied if a PPC exists and no noncovered charges

are noted. However, if noncovered charges are noted on the claim, then it adjudicates normally.

4. The implementation document noted "In all cases… OIG's Hospital Utilization Review will add the PPC claims into their review process; and… Review for instances where a provider may have been responsible for a PPC, but submitted a claim noting the PPC was present on admission to the facility."

The implementation plan was reviewed with the Inspector General of UOIG at the time and with subsequent UOIG staff.

Since the original implementation, the claims system was modified to use the MS-DRG software (this is what Medicare uses also) to identify PPCs. That has simplified the identification process and it updated with each MS-DRG software version update.

The Department is pleased the UOIG's review has potentially identified issues with two hospital's reporting of PPCs and credits UOIG's Program Integrity team with the reviews and anticipates further review of all hospital PPCs to ensure appropriate payments are made. The Department has not independently requested information needed from the hospitals to validate whether all noncovered charges have been removed. The Department believes one of the claims may also have some coordination of benefits issues with its adjudication. The Department anticipates the UOIG will work with the hospitals to finalize the PPC issues, any other issues, and get claims corrected as appropriate.

Unfortunately, the detailed nature of the claims – specifically the various charges in a particular revenue code – prohibits a claim adjudication level identification to ensure hospitals do not include PPC related charges. To do so requires chart and itemized billing reviews to determine if additional noncovered charges are in order. Additionally, there is no known edit to identify if the POA was incorrectly noted. For these reasons, the Department relies on UOIG's Program Integrity team for detail chart and itemized billing reviews. If the UOIG's Program Integrity team identifies any recurring themes which may lend themselves to claims system edits, the Department would welcome the ideas.

If beneficial, John Curless, Shandi Adamson, Jennifer Strohecker and other Department staff are delighted to meet with UOIG staff to discuss the two claims identified and, in general, PPCs to ensure a correct and accurate outcome from UOIG reviews.

Contact: John Curless, Director, Bureau of Financial Services, (801) 538-6149
Implementation Date: n/a

EVALUATION OF MANAGEMENT RESPONSE

UOIG appreciates the response provided by Utah Medicaid in its Management Response letter. In the response, Utah Medicaid agrees with some of the recommendations and does not fully agree with others. After review and consideration of Utah Medicaid's written response, UOIG stands by each of the recommendations made in the audit report. The UOIG offers the following evaluation of the Utah Medicaid's response.

Comment to General Response:

> ***The audit found that the ACOs are doing a good job at ensuring funds are not being expended for PPCs.***
>
> The UOIG was not able to rate performance of the ACOs because there is not enough information to determine results as this was not a focus of the audit. The focus of this audit was to determine if Utah Medicaid was exercising oversight of the PPCs for ACOs. "The state agency must have in effect a monitoring system for all managed care programs" (42 CFR § 438.66 (a)). Utah Medicaid had in place a reporting system but UOIG found that the information in these reports for PPCs were inadequate and not used by Utah Medicaid because the information was insufficient for any analysis. The reports did not have clear instructions for ACOs to report PPCs to Medicaid, as the data was inconsistent from each of the four ACOs.
>
> ***The one instance of ACO PPC identified by the audit was a situation where the recommendations of the audit would not have prevented the particular case found. The only way this case and similar cases would be identified and remedied would be for the UOIG to regularly engage in ongoing program integrity functions similar to those used in the this audit.***
>
> The UOIG does already engage in these types of reviews but cannot change policy to strengthen the accountability by providers who violate Medicaid policy. UDOH delegated responsibility for "perform[ing] compliance reviews and conduct[ing] audits to ensure entities comply with the requirements of Section 6032 of the Deficit Reduction Act of 2005 as described in the Utah Medicaid State Plan Section 4.42 and Attachment 4.42A"1 to UOIG through a Memorandum of Understanding (MOU).
>
> Utah Code Section 63A-13-201 created the Utah Office of Inspector General of Medicaid Services (UOIG) "as an independent entity within the Department of Administrative Services." In doing so, the UOIG is independent from the UDOH, the single state agency responsible for administration of the Utah Medicaid program. UOIG's placement outside of UDOH is intentional and, as is the case with other inspectors general, is critical to the independent and objective work of the office. Defining the duties and powers of UOIG, Utah law states, "[t]he office may not, in fulfilling the duties of Subsection (1), amend the state Medicaid program or change the policies and procedures of the state Medicaid program."[2]

[1] "Utah Department of Health Memorandum of Agreement." August 2017.
[2] Utah Code Section 63A-13-202(2)(b)(i).

In Utah, state law designates UDOH as the single state agency responsible for administration of the Utah Medicaid program. Program operating responsibilities, such as development of policies and procedures necessary to administer the Utah Medicaid State Plan, are the responsibility of UDOH pursuant to Utah Code Section 26-1-18.

In the upcoming MOU review, Utah Medicaid and UOIG need to discuss program integrity strategies. The HHS recommends compliance to move away from post-payment review and for Utah Medicaid Managed care to find and report PPCs to the UOIG. [3]

The scope of this audit was only on ACOs but includes information and makes recommendations to FFS operations, which is not a function of the ACOs or of Medicaid Managed Care.

It is correct that the scope of this audit is directed at Medicaid Managed Care ACO oversight. In our responsibility to identify fraud, waste, and abuse and through the course of the audit we did find FFS claims that should not have been paid and therefore included this in the audit as an observation to Utah Medicaid and Utah Department of Health so that the incorrect payment were visible for payment to be corrected on future claims.

Recommendation 3.1

UOIG recommends development of edits that will identify payment of PPCs involving encounter data reported by ACOs and recommend nonpayment.

Utah Medicaid partially concurs with the recommendation.

UOIG Evaluation of Utah Medicaid's Response:

UOIG stands by its recommendation that Utah Medicaid implement the development of edits of ACO encounter data and POA coding allowing PPCs visibility in the data warehouse. Applied PPC edits enable the identification for nonpayment of PPCs.

Recommendation 3.2

UOIG recommends Medicaid Managed Health Care analyze and verify reported PPCs from the ACOs.

Utah Medicaid partially concurs with the recommendation.

UOIG Evaluation of Utah Medicaid's Response:

UOIG stands by its recommendation that the Utah Medicaid Managed Care implement a process to analyze and verify reported PPCs from the ACOs as their oversight responsibility and to ensure that the ACOs are not paying PPCs. Oversight of the ACO contracts is not enough to assure compliance. Medicaid has the due diligence to assure an effective monitoring system for all managed care programs as per 42 CFR § 447.29(a) of policy and contractual agreements for ACO. Delegating the oversight responsibility to the ACOs creates a vulnerable situation for Utah Medicaid and taxpayers dollars.

[3] https://www.cms.gov/newsroom/press-releases/cms-announces-new-enforcement-authorities-reduce-criminal-behavior-medicare-medicaid-and-chip

UTAH OIG CONTACTS AND STAFF ACKNOWLEDGEMENT

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UTAH OIG MISSION STATEMENT

The Utah Office of Inspector General of Medicaid Services, on behalf of the Utah Taxpayer, will comprehensively review Medicaid policies, programs, contracts and services in order to identify root problems contributing to fraud, waste, and abuse within the system and make recommendations for improvement to Medicaid management and the provider community.

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