

**Department of Human Services
2009-11 Policy Option Package**

Division Name: Administrative Services Division

Program Name: Office of Payment Accuracy and Recovery

Policy Option Package Initiative: Vulnerable Oregonians Have Access to Health Care

Policy Option Package Title: Medicaid Program Integrity

Policy Option Package Number: 299

Related Legislation: N/A

Summary Statement:

This Policy Option Package creates a Medicaid Program Integrity Unit within the Office of Payment Accuracy and Recovery (OPAR) to meet federal expectations of increased activities by states in the area of Medicaid program integrity.

An increased focus on program integrity will ensure that accurate payments are being made to providers, benefits are being properly coordinated with third-party payers, and any funds owed to the federal government and state are recovered quickly and efficiently. The ultimate result of this activity is an increase in available funds for the vulnerable Oregonians who rely on the Oregon Health Plan to meet their health care needs.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP will create a Medicaid Program Integrity Unit within the Office of Payment Accuracy and Recovery. These positions (7.40 FTE in 09-11, 8 FTE in 11-13) would focus their efforts on improving and monitoring Medicaid program integrity. This work would include coordination of federal projects such as Payment Error Rate Measurement (PERM), CMS regional program and financial reviews and CMS program integrity reviews, as well as improve education and assistance to DHS staff and providers in the area of Medicaid program integrity.

2. WHY DOES DHS PROPOSE THIS POP?

The agency does not currently have staff dedicated to this important function. Focusing on program integrity will ensure that services are delivered and paid for appropriately, ensuring the best possible stewardship of state Medicaid funds.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

Focusing on, and improving, program integrity will ensure that funds continue to be available to serve Oregonians in need of health care.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

This POP is not tied to a DHS Key Performance Measure at the agency level. However, it is tied to three performance measures in OPAR:

- Percentage of Cases with Cost Avoidance Action - measures cost-saving actions as a result of OPAR actions. Increased program integrity should significantly increase cost avoidance activity.
- Percentage of Claims Requiring Third Party Billings - measures the number of claims where DHS has to bill a third party after payment of a Medicaid claim, as a result of not knowing about the existence

of the third party payer prior to making the payment. This measure should be positively influenced by increased program integrity efforts.

- Percentage of OPAR Recommendations Resulting in Positive Action - measures the number of recommendations DHS puts forth as a result of discovery of inconsistent rules and policies, that are actually adopted by the program divisions. Establishment of a program integrity unit should allow for improved relationships with the divisions, more follow-up on recommendations, and the ability to assist program staff with implementation.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory changes are required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

DHS considered using current staff dedicated to audit and recovery activities. However, removing staff from these activities will cause a decrease in audit and recovery work, which would be in direct conflict with the program integrity efforts proposed.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

If this POP is not funded, the agency will be unable to dedicate the required efforts to federally mandated projects. This could result in sanctions at the federal level, which will impact funding available for Oregon's Medicaid program.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

No other agencies are affected.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October 1, 2009

End Date (if applicable): Ongoing

a. Will there be new responsibilities for DHS? Specify which division(s) and describe their new responsibilities.

- | | |
|--|---|
| <input type="checkbox"/> Administrative Services | <input type="checkbox"/> Addictions and Mental Health |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Division of Medical Assistance Programs | <input type="checkbox"/> Seniors and People With Disabilities |

There will be no new responsibilities.

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) and describe how it will be affected.

- | | |
|---|---|
| <input type="checkbox"/> Human Resources | <input checked="" type="checkbox"/> Payment Accuracy and Recovery |
| <input type="checkbox"/> Information Security/Privacy | <input type="checkbox"/> Investigations and Training |
| <input type="checkbox"/> Document Management | <input type="checkbox"/> Facilities |
| <input type="checkbox"/> Audit and Consulting | <input type="checkbox"/> Contracts and Procurement |
| <input type="checkbox"/> Information Services (computers) | <input type="checkbox"/> Budget, Planning and Analysis |
| <input type="checkbox"/> Financial Services (accounting) | <input type="checkbox"/> Office of Communications |

There will be no new administrative impacts beyond OPAR.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

Savings gained through program integrity efforts may allow more clients to be served by the Medicaid program.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

Pos Count	FTE	Classification Title	Classification No.	No Mos	Step	Status (PF, PP, LD)
ASD / Office of Payment Accuracy and Recovery (OPAR):						
1	1.00	Administrative Specialist 2	OA C0108 AA	24	9	PF
1	1.00	Administrative Specialist 2	OA C0108 AA	24	4	PF
1	1.00	Administrative Specialist 2	OA C0108 AA	24	2	PF
1	0.88	Administrative Specialist 2	OA C0108 AA	21	2	PF
1	0.88	Principal Executive Mgr D	MMS X7006 AA	21	2	PF
1	0.88	Operations & Policy Analyst 3	OA 0872 AA	21	2	PF
1	0.88	Operations & Policy Analyst 3	OA 0872 AA	21	2	PF
1	0.88	Research Analyst 3	OA C1117 AA	21	2	PF
8	7.40					

Total Positions

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

Salaries and benefits of permanent staff as indicated in 9d with associated Services & Supplies

- f. **What are the ongoing costs?**

Salaries and benefits of permanent staff as indicated in 9d with associated Services & Supplies

g. What are the potential savings?

Increased program integrity will ensure a continued funding stream for Oregon's Medicaid program.

h. Based on these answers, is there a fiscal impact?

Yes.

i. What are the sources of funding and the funding split for each one? Include grant names and fund type, such as "Medicaid, General and Federal Funds."

50% - Federal Fund (Medicaid)

50% - General Fund