

**Department of Health and Human Services**

**Centers for Medicare & Medicaid Services**

**Center for Program Integrity**

**Alabama Focused Program Integrity Review**

**Final Report**

**July 2017**

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## **Objective of the Review**

The Centers for Medicare & Medicaid Services (CMS) conducted a focused review of Alabama to determine the extent of program integrity oversight of the managed care program at the state level and to assess the program integrity activities performed by selected primary contractors (PCs) under contract with the state Medicaid agency. The review also included a follow up on the state's progress in implementing corrective actions related to CMS's previous comprehensive program integrity review conducted in calendar year 2012.

## **Background: State Medicaid Program Overview**

The Alabama Medicaid Agency (AMA) administers the state's Medicaid program. Alabama is not a Medicaid expansion state. During June 2016, the Alabama Medicaid program served approximately 1.1 million total beneficiaries. As of July 1, 2016, the Alabama Medicaid maternity managed care program served 27,460 beneficiaries or 2.5 percent of the total Medicaid enrollees. The Alabama Medicaid Maternity Care Program is designed to provide access to medical care for pregnant women, in an effort to lower the state's infant mortality rate and improve maternal and infant health. The PCs contracted with the AMA for the provision of maternity services. Medicaid expenditures in Alabama for federal fiscal year (FFY) 2015 totaled approximately \$5.3 billion. The total net PC expenditures were approximately \$64.0 million for state fiscal year (SFY) 2015. The Federal Medical Assistance Percentage for Alabama for FFY 2015 was 68.99 percent.

The Alabama Medicaid Maternity Care Program is a prepaid ambulatory health plan (PAHP), therefore the scope of services provided differ from than those characteristically found in most managed care programs. The Alabama Maternity Care Program was established in 1988 under the 1915(b) Waiver Authority. It is currently administered under a request for proposal that was released in July 2015. The state is divided into 14 districts; waiver services are administered in 13 of the 14 districts. One district (District 10) is administered under a fee-for-service (FFS) reimbursement model. The PAHP model utilizes some managed care processes; however, PAHPs are paid for all covered services on a predetermined global FFS package rate. The maternity care program provides services to women during pregnancy through the 60<sup>th</sup> day postpartum; a managed care organization (MCO) usually provides a wider range of services and generally assumes a higher amount of risk than a PAHP. The PCs subcontract with physicians, anesthesiologists, and other providers to establish an adequate network in each district. Any service provided to a pregnant woman outside of the maternity care program is paid on a FFS basis to the provider and not through the PC.

A PC is a state vendor who has met the requirements to both conduct business and submit a bid to the state's request for proposal solicitation for the provision of maternity care services with the AMA. The individual or organization agrees, through a direct contract with the AMA, to provide those goods and services specified in the contract and in conformance with the requirements of the bid, and state and federal laws and regulations. Certain minimal populations and services are also included. The PCs are responsible for maternity-related services only. The PCs are affiliated with parent organizations, such as hospitals and medical facilities; the PCs are required to adhere to the guidelines established by that particular organization. Each parent

organization has a compliance plan and compliance officer; these positions are utilized by the PC, should any allegation of fraud arise. Although the PCs are also contracted with the parent organization, the state has the final say on any referrals made to law enforcement.

On May 30, 2014, Alabama applied for a Section 1115 Demonstration Waiver to provide the funding needed to support the transition to regional care organizations (RCOs). Alabama is in the process of implementing RCOs in the state. The RCOs are locally-led managed care plans that will ultimately deliver health care services to the majority of Alabama's Medicaid recipients; these services will be provided at an established cost under the supervision and approval of the AMA. State legislation passed in 2013 (and updated in 2014) created the new managed care structure which will enable Alabama's Medicaid managed care program to move away from a volume-based, FFS environment and towards a payment system that incentivizes the delivery of quality health care and improved health outcomes. Under this new structure, the Alabama Medicaid program will enter into contracts with RCOs to provide certain covered services to Medicaid beneficiaries at an established cost. Some of the services that will be covered by RCOs include: hospital inpatient and outpatient care; emergency room services; primary and specialty medical care; services provided by a federally-qualified health center or rural health clinic; lab and radiology services; mental/behavioral health; eye care, maternity care; and transportation services.

### **Methodology of the Review**

In advance of the onsite visit, CMS requested that Alabama and the PCs selected for the focused review complete a review guide that provided the CMS review team with detailed insight into the operational activities of the areas that were subject to the focused review. A three-person review team has reviewed these responses and materials in advance of the onsite visit.

During the week of July 18, 2016, the CMS review team visited AMA. They conducted interviews with numerous state staff involved in program integrity and managed care. The CMS review team also conducted interviews with three PCs. In addition, the CMS review team conducted sampling of program integrity cases and other primary data to validate the state's and the selected PCs' program integrity practices.

### **Results of the Review**

The CMS review team identified that, although there are no regulatory compliance issues, there are enhancements which may be made to the program. The state of Alabama has no regulatory compliance issues or vulnerabilities, since they do not consider its PCs to be MCOs. These entities are identified as PAHPs and do not have to comply with the seven core elements required in 42 CFR 438.608. As previously mentioned, the state will be implementing RCOs which will model MCOs and each RCO will be required to comply with the seven core elements at 42 CFR 438.608.

The review team found that the Alabama Medicaid Maternity Care Services is not located in Alabama's Program Integrity Division (PID); it is located in the state's Managed Care Division (MCD). The state's PID will, however, provide investigative services when there is a credible

allegation of fraud. The team found that each PC is obligated to report any allegations of fraud to both its parent organization and the AMA, so that simultaneous preliminary investigations may be conducted. The PCs will take the instruction of AMA as precedence over the parent organization's direction.

## **Section 1: Managed Care Program Integrity**

### ***Overview of the State's Managed Care Program***

Approximately 27,460 beneficiaries, or 2.5% of the state's Medicaid population, were enrolled in fourteen Maternity District Plans during FFY 2015. The state spent approximately \$64.0 million on managed care contracts in SFY 2015.

### ***Summary Information on the Plans Reviewed***

The CMS review team interviewed three PCs as part of its review.

The University of South Alabama (USA) MOM Care is a network of physicians, clinics, and hospitals in Mobile County. The USA MOM Care provides the following services to pregnant women and their babies: prenatal care and education; care coordination; high-risk prenatal care by specialists; prenatal health and infant care education; birthing classes; nutrition counseling; WIC Referral; Medicaid benefit education; Social Services referrals; home visits by nurses after delivery; postpartum care; family planning/birth control services; Kohl's Cribs for Kids program; and the Car Seat for Kids program sponsored by AHIF. The USA MOM Care is a Medicaid program offered by the University of South Alabama Children's & Women's Hospital.

Southeast Alabama Maternity Care is affiliated with Southeast Alabama Medical Center which is its parent organization. Southeast Alabama Medical Center is a nonprofit community health system and has served the residents of southeast Alabama, southwest Georgia and the Florida Panhandle since 1957. The PC operates in Coffee, Dale, Geneva, Henry, and Houston counties.

Maternity Services of District 11, LLC (Maternity Services of District 11) is a privately held company in Auburn, Alabama. The PC's Small Wonder Maternity Care Program provides prenatal care; high-risk care; parenting classes; delivery; hospital care; and aftercare, such as birth control. The PC operates in Barbour, Chambers, Lee, Macon, and Russell counties.

Enrollment information for each PC as of July 2016 is summarized below:

**Table 1.**

	<b>USA MOM Care</b>	<b>Southeast Alabama Maternity Care</b>	<b>Maternity Services of District 11</b>
<b>Beneficiary enrollment total</b>	3,400	1,700	1,424
<b>Provider enrollment total</b>	42	79	19
<b>Year originally contracted</b>	2002	1999	1998
<b>Size and composition of SIU</b>	N/A	N/A	N/A
<b>National/local plan</b>	Local	Local	Local

**Table 2.**

<b>PCs</b>	<b>FFY 2013</b>	<b>FFY 2014</b>	<b>FFY 2015</b>
USA MOM Care	\$5.0 million	\$5.5 million	\$5.2 million
Southeast Alabama Maternity Care	\$3.6 million	\$3.4 million	\$3.4 million
Maternity Services of District 11	\$3.5 million	\$4.2 million	\$3.9 million

***State Oversight of PC Program Integrity Activities***

Alabama’s state Medicaid agency has seven investigators dedicated to both recipient and provider fraud and abuse activities. In addition to these positions, the Provider Review Unit has registered nurses who conduct provider desk reviews. The PID conducts preliminary investigations for provider cases and full investigations in cases alleging recipient fraud. The PID refers its preliminary investigations of providers to the Utilization Review Committee (URC). The URC is comprised of an assistant medical director and a general counselor. If a case is deemed a credible allegation of fraud, the URC forwards it to the Medicaid Fraud Control Unit (MFCU). In addition, the PID is involved in writing the managed care contract language regarding fraud and abuse, and provides training to state managed care staff, as needed.

As previously mentioned, the Alabama Medicaid Maternity Care Services is located in the MCD and not in the PID. The MCD is responsible for monitoring all aspects of the maternity care program and each district for compliance with the contractual requirements. All fraud and abuse issues identified are reported to the PID for further review and investigation.

During the onsite review, the PID informed the CMS review team that their communication with AMA/MCD is very limited; the PID will only get involved with a case when it has reached the level of a full investigation. The state expressed its future intention to improve communications between the PID and AMA/MCD, when RCOs are implemented. Also, the AMA provides one-on-one training to PCs, based upon the outcome of the annual onsite administrative reviews.

***PC Investigations of Fraud, Waste, and Abuse***

The state does not have an established process for the identification, investigation, referral, and reporting of suspected fraud, waste, and abuse by providers and the PCs. The PCs do, however, have established processes with their parent organizations.

The PCs receive information regarding suspected fraud or abuse identified through medical record reviews, claims reviews, recipient reporting, and email tips sent directly to the maternity care programs. Neither the state nor the PCs send out explanations of medical benefit questionnaires; instead, the PCs send out recipient explanation of Medicaid benefits (REOMBs) to a random sample of maternity recipients. To date, no PC has had a case where a service could not be verified. However, if there was a case where an REOMB could not be verified, that case would be reported to the state, the MFCU, the appropriate licensing agency/medical board, and to that particular PC's parent organization. As previously mentioned, each PC is obligated to report any allegations of fraud to both its parent organization and the AMA, so that simultaneous preliminary investigations may be conducted. The PC would rely on its parent organization's compliance office to advise them regarding how to proceed to recoup the payment in question. However, the PCs will take the instruction of AMA as precedence over the parent organization's direction.

The PCs report all suspected provider fraud or abuse to the state Medicaid agency to determine if a credible allegation of fraud exists. According to the state's operational manual, the PCs must comply with all mandatory state guidelines and adhere to the requirements specified in 42 CFR 438.608(b)(1). Also, the contract requires each PC to have policies, procedures, a mandatory compliance plan, a compliance officer, compliance committee, and program integrity training and education for its staff. The CMS review team found that, although the state references 42 CFR 438.608(b)(1) in its operation manual, it does not clearly outline the fraud and abuse processes which the PCs must follow. The PCs are currently following the processes of their parent organizations.

No referrals were forwarded to the state by USA MOM Care, Southeast Alabama Maternity Care, or Maternity Services of District 11 during the last three FFYs. Overall, some Medicaid referrals by each of the PCs would be expected, based upon the size of each plan.

During the review, two cases of suspected fraud were discussed. The first case involved a provider who was excluded by the Alabama Medicaid Maternity Services, because the provider did not disclose that he was a co-owner of a dermatology office under investigation for fraudulent billing practices. The second case sampled by the CMS review team involved an obstetrics/gynecology provider who ordered intrauterine devices from an unapproved distributor, which constituted misbranded drugs. Both cases sampled during the onsite were not subject to the global fee reimbursement methodology established by the Alabama Medicaid Maternity Care Program and, therefore, not relevant to the scope of this review.

### ***PCs Compliance Plans***

The state does contractually require its PCs to have a compliance plan to guard against fraud and abuse; however, compliance with the requirements in 42 CFR 438.608 is not required of PAHPs.

The state does have a process to review the compliance plans and programs, although this is not required for PAHPs. This provision is contained in the PC model contract.

The state does review the PC's compliance plan and communicates approval/disapproval with the PCs. The review of the compliance plan is conducted annually by the state. During the most recent compliance review conducted by the state, minimal issues with the PCs compliance plans, such as grammatical errors, were identified.

All of the PCs provided the review team with a copy of their compliance plans that have been submitted to the state. A review of these plans revealed they were in compliance with 42 CFR 438.608 (b)(1), as contracted with the state.

### ***Encounter Data***

The three PCs interviewed confirmed that encounter data is submitted to the state on a daily basis through a system called RMEDE. The state confirms that they do collect and review encounter data, when an issue or concern arises. The AMA stated that no issues or concerns have required the collection and review of encounter data, since it is the belief of both the state and the PCs that there is no risk of fraud within the provision of the state's maternity care services.

### ***Overpayment Recoveries, Audit Activity, and Return on Investment***

The state does not require PCs to return to the state and report on overpayments recovered from providers as a result of fraud and abuse investigations or audits. However, the PCs stated that they would send any overpayments recovered back to the state in full; this language is not contained in the PC operational manual. If the MCD conducts the review or identifies an excluded provider that receives the improper payment, the case would be referred to PID for further investigation.



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The table below shows the respective amounts reported by AMA for the past three FFYS. Since USA MOM Care is only responsible for referring allegations of fraud to the state and does not conduct investigations or seek recoveries, the following table represents the investigative and overpayment figures reported by AMA.

**Table 4-A.**

<b>FFY</b>	<b>Preliminary Investigations</b>	<b>Full Investigations</b>	<b>Total Overpayments Identified</b>	<b>Total Overpayments Recovered</b>
2013	0	0	\$0	\$0
2014	0	0	\$0	\$0
2015	0	0	\$0	\$0

\* Program integrity processes are established by each PC's parent organization; however, the PC reports that it has not identified any instances of fraud, waste, or abuse during the FFYs reviewed.

The table below shows the respective amounts reported by AMA for the past three FFYS. Since Southeast Alabama Maternity is only responsible for referring allegations of fraud to the state and does not conduct investigations or seek recoveries, the following table represents the investigative and overpayment figures reported by AMA.

**Table 4-B.**

<b>FFY</b>	<b>Preliminary Investigations</b>	<b>Full Investigations</b>	<b>Total Overpayments Identified</b>	<b>Total Overpayments Recovered</b>
2013	0	0	\$0	\$0
2014	0	0	\$0	\$0
2015	0	0	\$0	\$0

\* Program integrity processes are established by each PC's parent organization; however, the PC reports that it has not identified any instances of fraud, waste, or abuse during the FFYs reviewed.

The table below shows the respective amounts reported by AMA for the past three FFYS. Since Maternity Services of District 11 is only responsible for referring allegations of fraud to the state and does not conduct investigations or seek recoveries, the following table represents the investigative and overpayment figures reported by AMA.

**Table 4-C.**

<b>FFY</b>	<b>Preliminary Investigations</b>	<b>Full Investigations</b>	<b>Total Overpayments Identified</b>	<b>Total Overpayments Recovered</b>
2013	0	0	\$0	\$0
2014	0	0	\$0	\$0
2015	0	0	\$0	\$0

\*Program integrity processes are established by each PC's parent organization; however, the PC reports that it has not identified any instances of fraud, waste, or abuse during the FFYs reviewed.

***Payment Suspensions***

In Alabama, Medicaid PCs are not contractually required to suspend payments to providers at the state's request. The state confirmed that there is not any contract language mirroring the payment suspension regulation at 42 CFR 455.23, as this regulation does not apply to PCs.

The USA MOM Care explained to the team that they do not suspend payments. The payments are only released to providers upon the maternity care program's receipt of the global fee from the Medicaid program. Southeast Alabama Maternity Care does not suspend provider payments. Maternity Services of District 11 would suspend payments to providers, upon notification or identification that a provider has been suspended or debarred. All three PCs reported that no payment suspensions have been imposed against providers from inception to present; the PCs' parent companies are ultimately responsible for suspending provider payments, when required.

***Terminated Providers and Adverse Action Reporting***

The USA MOM Care, Southeast Alabama Maternity Care, and Maternity Services of District 11 may terminate any subcontractor due to failure to comply with their operational manuals and policies of the Alabama Medicaid Maternity Care Program. If a termination occurs, the PC will immediately notify the state Medicaid agency by certified mail and provide an update on the monthly status calls.

The three PCs interviewed check terminated providers by accessing the Alabama Medicaid agency website. Although there has never been an instance which required termination, the PCs will terminate a provider if instructed by the state to do so. The PCs also have the authority to terminate a provider prior to instruction from the state. The PCs rely on the state's screening process at time of provider enrollment to determine the provider's status. The state uploads the Medicare Exclusion Database from the TIBCO MFT server on a monthly basis.

The table below reflects the number of providers disenrolled or terminated over the last three FFYs.

**Table 5:**

PCs	Total # of Providers Disenrolled or Terminated in Last 3 Completed FFYs		Total # of Providers Terminated For Cause in Last 3 Completed FFYs	
USA MOM Care	2013	0	2013	0
	2014	0	2014	0
	2015	0	2015	0
Southeast Alabama Maternity Care	2013	0	2013	0
	2014	0	2014	0
	2015	0	2015	0
Maternity Services of District 11	2013	0	2013	0
	2014	0	2014	0
	2015	0	2015	0

\*The termination process has been established by the parent organization; however, the PCs have never had any circumstances which required termination of a provider.

***Federal Database Checks***

The regulation at 42 CFR 455.436 requires that the state Medicaid agency must check the exclusion status of the provider or persons with an ownership or control interest in the provider, and agents and managing employees of the provider on the U.S. Department of Health and Human Services-Office of Inspector General’s (HHS-OIG) List of Excluded Individuals and Entities (LEIE); the Excluded Parties List System (EPLS) on the System for Award Management (SAM); the Social Security Administration’s Death Master File (SSA-DMF); the National Plan and Provider Enumeration System upon enrollment and reenrollment, and check the LEIE and EPLS no less frequently than monthly.

The PCs verified that they are checking the SAM and the EPLS at enrollment to determine that their subcontractors and contractors are not debarred from participation in the Medicaid program. The PCs check the LEIE and EPLS monthly thereafter by the name of any person with an ownership or control interest, or who is an agent or managing employee. The PCs are not checking the SSA-DMF.

### **Recommendations for Improvement**

- The AMA should include language in their model contract to ensure that their managed care entities build program integrity units with sufficient resources and staffing commensurate with the size of their managed care programs to conduct the full range of program integrity functions including the review, investigation, and auditing of provider types where Medicaid dollars are most at risk. Although the PCs are PAHPs, program integrity units with adequate resources will assist in providing the required oversight, as the state proceeds forward in its transition to the RCO model.
- The state should work to improve its communications with its internal divisions tasked with conducting program integrity activities. In addition, the state should ensure that the MCD and PID are communicating and sharing information regarding fraud, waste, and abuse activities. Improved communication may be accomplished through regularly scheduled meetings and trainings. Establishing strong communications between internal state divisions and the managed care entities will enhance the program integrity process, as the state transitions to the RCO model.
- The state should develop written policies and procedures, or an interagency agreement(s) outlining the state unit(s) responsible for program integrity activities and the related oversight functions. The state should have clear written policies for the PCs regarding referrals, investigations, recoupment of overpayments, database checks, suspensions, and terminations. Although the PCs are considered to be PAHPs, comprehensive, written program integrity policies and procedures will assist in providing the required oversight and direction, as the state proceeds forward in its transition to the RCO model.
- Continue efforts to improve the state Medicaid agency's ability to analyze information from encounter data reported by PCs. Routinely performing data mining activities would assist in identifying fraud, waste, and abuse in the Alabama Medicaid managed care program. Proactively identifying aberrant billing patterns by providers utilizing encounter data acts as a valuable program integrity tool, as the state transitions to the RCO model.
- The state should contractually require the PCs and PC delegates to search the LEIE, EPLS, SSA-DMF, and NPPES upon contract execution, and check the LEIE and EPLS monthly thereafter by the name of any person with an ownership or control interest, or who is an agent or managing employee.

## Section 2: Status of Corrective Action Plan

Alabama's last CMS program integrity review was in August 2012, and the report for this review was issued in June 2013. The report contained six findings and two vulnerabilities. During the onsite review in July 2016, the CMS review team conducted a thorough review of the corrective actions taken by Alabama to address all issues reported in calendar year 2012. The findings of this review are described below.

### Findings -

1. ***The state does not suspend payments in cases of credible allegations of fraud and is not conforming to the fraud referral performance standards.***

Status at time of review: Corrected

The PID has implemented a process whereby all documentation related to the payment suspension is more succinctly coordinated. The payment suspension request memo is sent to the fiscal agent the day prior to the mailing of the referral to MFCU, so the payment suspension end date and the referral date will be the same. The PID has created a checklist to assist in ensuring all the processes involved in a payment suspension have been completed.

***The state does not conduct complete searches for individuals and entities excluded from participating in Medicaid.***

Status at time of review: Corrected

The state matches individuals and entities against the EPLS using the same process as with LEIE. On a monthly basis, all providers, owners, agents, and managing employees are checked against the LEIE and EPLS utilizing an automated process.

2. ***The state does not capture all required ownership and control disclosures from disclosing entities. (Uncorrected Partial Repeat Finding)***

Status at time of review: Corrected

The Alabama Medicaid Maternity Care Program made revisions to the maternity care program's enrollment of providers, in compliance with 42 CFR 455.104; a provider or disclosing entity, fiscal agent, or managed care entity must disclose to the state Medicaid agency the name, address, date of birth, and social security number of each person or entity with an ownership or controlling interest in the disclosing entity, or in any subcontractor in which the disclosing entity has a direct or indirect ownership interest of five percent or greater.

3. ***The state does not verify with beneficiaries whether services billed were received. (Uncorrected Repeat Finding)***

Status at time of review: Corrected

The state sends REOMBs to one percent of the recipients with paid claims in the system. These letters are mailed after the last check write (remittance advice) of each month. The PID sends a request to the fiscal agent, HP, to run this process on a monthly basis. The recipient will be instructed to call the Recipient Call Center, if they did not receive the service(s) indicated in the letter. The fiscal agent will notify PID of all instances where the recipients indicated that they did not receive the service(s). An investigation will be opened, upon receipt of the information from HP.

**4. *The state does not adequately address business transaction disclosure requirements in its provider agreements or contracts. (Uncorrected Repeat Finding)***

Status at time of review: Corrected

The Alabama Medicaid Maternity Care Program has made revisions to its provider enrollment forms and now captures the business transaction disclosures required in compliance with 42 CFR 455.105(b).

**5. *The state does not capture required criminal conviction disclosures from contractors.***

Status at time of review: Corrected

The Alabama Medicaid Maternity Care Program has made revisions to the its provider enrollment forms and now captures the criminal conviction disclosures from contractors required in compliance with 42 CFR 455.106.

## **Vulnerability**

**1. *Lack of effective coordination and communication with the PID and the MFCU.***

Status at time of review: Corrected

Currently, the PID and the MFCU meet on a monthly basis and have resumed training sessions as indicated in the memorandum of understanding. The PID has developed policies and procedures concerning the referral of cases, and has developed a referral form track those cases.

**2. *Not utilizing its authority to initiate exclusions for any reason for which the HHS-OIG could exclude a provider.***

Status at time of review: Corrected

The PID has worked with the Medicaid Legal Division to revise the agency's policy regarding permissive exclusions. Letters to be used specifically for the Agency's permissive exclusion authority were also created through collaboration with the legal

division. The agency has currently used its updated permissive exclusion policy and letter to exclude a pharmacist whose license had been suspended.

### **Technical Assistance Resources**

To assist the state in strengthening its program integrity operations, CMS offers the following technical assistance resources for Alabama to consider utilizing:

- Use the program integrity review guides posted in the Regional Information Sharing Systems as a self-assessment tool to help strengthen the state's program integrity efforts. Access the managed care folders in the Regional Information Sharing Systems for information provided by other states including best practices and managed care contracts.
- Regularly attend the Fraud and Abuse Technical Advisory Group and the Regional Program Integrity Directors calls to hear other states' ideas for successfully managing program integrity activities.
- Consult with other states that have Medicaid managed care programs regarding the development of policies and procedures that provide for effective program integrity oversight, models of appropriate program integrity contract language, and training of managed care staff in program integrity issues. The CMS annual report of program integrity reviews includes highlights of states that have been cited for noteworthy and effective practices in managed care. These reports can be found at <https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/FraudAbuseforProfs/StateProgramIntegrityReviews.html>.
- Access the Toolkits to Address Frequent Findings: 42 CFR 455.436 Federal Database Checks website at <http://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/FraudAbuseforProfs/Downloads/fftoolkit-federal-database-checks.pdf>.
- Mirror the Medicaid MCO program outline when implementing the RCO program.

### **Conclusion**

The CMS focused review identified no areas of concern or instances of non-compliance with federal regulations. The Alabama Medicaid Maternity Care Program is a PAHP, and therefore the scope of services are different than those provided in a managed care program. The PAHPs are not required to be in compliance with requirements at 42 CFR 455 or 42 CFR 438.608.

CMS looks forward to working with Alabama to build an effective and strengthened program integrity function, as they move forward with the implementation of the RCOs.



KAY IVEY  
Governor

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Commissioner

August 10, 2017

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Dear Mr. Majestic:

This letter is a formal response to the Alabama Focused Program Integrity Review Final Report issued by your office on July 11, 2017. I would like to take this opportunity to thank you and your staff for working with the Alabama Medicaid Agency (AMA) staff to ensure that all comments were taken into consideration prior to issuing the final report.

Enclosed with this letter are the corrective action plans for each of the five recommendations for improvement identified during the review. We appreciate the opportunity to share the corrective action plan with you and your staff and will continue to work to ensure that we are in compliance with all program integrity statutes and regulations. Note that as of July 27, 2017, AMA is no longer proceeding with the Regional Care Organization (RCO) model. Instead, the state will pursue an alternative initiative to transform the Medicaid delivery system.

As requested, AMA will provide CMS with quarterly reports detailing the number of provider investigations conducted by each of the contracted entities as well as the number of suspected fraud referrals provided to AMA by the entities. This reporting process will begin after the first quarter of calendar year 2018 and continue unless otherwise directed by CMS.

If you have any questions, please feel free to contact Jacqueline Thomas at (334) 242-5318 or [Jacqueline.Thomas@medicaid.alabama.gov](mailto:Jacqueline.Thomas@medicaid.alabama.gov).

Sincerely,

Stephanie McGee Azar  
Commissioner

SMA:JTpj  
Enclosure