Department of Health and Human Services

Centers for Medicare & Medicaid Services

Medicaid Integrity Program

Idaho Comprehensive Program Integrity Review

Final Report

June 2011

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INTRODUCTION

The Centers for Medicare & Medicaid Services' (CMS) Medicaid Integrity Group (MIG) conducted a comprehensive program integrity review of the Idaho Medicaid program. The MIG conducted the onsite portion of the review at the Idaho Department of Health and Welfare (DHW) offices. The review team also visited the office of the Medicaid Fraud Control Unit (MFCU).

This review focused on the activities of the Division of Medicaid (DOM) and the Division of Management Services (DMS) within DHW. The DOM is the division primarily responsible for Medicaid fee-for-service (FFS), primary care case management (PCCM), managed care entities, prepaid ambulatory health plans (PAHPs), claims payments, and provider enrollment. The DMS is responsible for program integrity activities. The Bureau of Audits and Investigations (BAI) is the organization within DMS responsible for implementing the program integrity activities. This report describes three effective practices, three regulatory compliance issues, and six vulnerabilities in the State's program integrity operations.

THE REVIEW

Objectives of the Review

1. Determine compliance with Federal program integrity laws and regulations;
2. Identify program vulnerabilities and effective practices;
3. Help Idaho improve its overall program integrity efforts; and
4. Consider opportunities for future technical assistance.

Overview of Idaho's Medicaid Program

The DHW administers the Idaho Medicaid program. As of June 2010, the program served approximately 221,288 beneficiaries. Idaho has a PCCM program which served 178,123 beneficiaries, or 82 percent of Idaho's Medicaid population as of January 1, 2010.

At the time of the review, DHW had 28,989 participating FFS providers. As of January 1, 2010, 5,043 providers were participating in Idaho's three managed care organizations (MCOs). Medicaid expenditures in Idaho for the State fiscal year (SFY) ending June 30, 2010 totaled $1,409,568,700. Following the passage of the American Recovery and Reinvestment Act of 2009, the Federal medical assistance percentage for Idaho for all four quarters of Federal fiscal year 2010 was 79.18 percent.

Bureau of Audits and Investigations

The BAI is the organizational component dedicated to fraud, waste and abuse activities. The Medicaid Program Integrity (MPI) Unit is the organizational component within the BAI responsible for carrying out the Medicaid program integrity activities for the organization. At the time of our review, the BAI had approximately 32 full-time equivalent employees (FTEs),

with 7 FTEs focusing on Medicaid program integrity. During SFY 2008 through SFY 2010, BAI staff conducted an annual average of 282 preliminary and full investigations. The table below presents the total number of investigations, sanctions, and overpayment amounts for the last three SFYs as a result of program integrity activities.

Table 1

SFY	Number of Preliminary & Full Investigations*	Number of State Administrative Actions or Sanctions (Approximation)	Amount of Overpayments Identified	Amount of Overpayments Collected
2008	449	99	$1,446,131	$766,534
2009	215	215	$3,238,829	$1,564,503
2010	183	183	$2,752,333	$2,593,092

*Preliminary investigations of fraud or abuse complaints determine if there is sufficient basis to warrant a full investigation. Full investigations are conducted when preliminary investigations provide reason to believe fraud or abuse has occurred. They are resolved through a referral to the MFCU or administrative or legal disposition.

Methodology of the Review

In advance of the onsite visit, CMS requested that Idaho complete a comprehensive review guide and supply documentation in support of its answers to the review guide. The review guide included such areas as provider enrollment, program integrity, managed care and the MFCU. A four-person team reviewed the answers and documents that the State provided in advance of the onsite visit.

During the week of November 15, 2010, the MIG review team visited the DHW offices and also met with the MFCU director. The review team conducted interviews with numerous officials from DHW and the MFCU, as well as with staff from the provider enrollment contractor and a dental contractor. To determine whether managed care contractors were complying with the contract provisions and other Federal regulations relating to program integrity, the MIG team reviewed the contract provisions and gathered information from the MCOs through interviews with representatives of three MCOs. In addition, the review team met with staff from the DHW divisions that oversee the contracts with the MCOs.

Scope and Limitations of the Review

This review focused on the activities of the DHW as they relate to program integrity but also considered the work of other components and contractors responsible for a range of program integrity functions, including provider enrollment, managed care, dental services and non-emergency medical transportation (NEMT).

Idaho operates its Children's Health Insurance Program (CHIP) both as a stand alone Title XXI program and a Title XIX Medicaid expansion program. The expansion program operates under the same billing and provider enrollment policies as Idaho's Title XIX program. The same effective practices, findings and vulnerabilities discussed in relation to the Medicaid program also apply to the expansion CHIP. The stand alone program operates under the authority of Title XXI and is beyond the scope of this review.

Unless otherwise noted, Idaho provided the program integrity-related staffing and financial information cited in this report. For purposes of this review, the review team did not independently verify any staffing or financial information that the State provided.

RESULTS OF THE REVIEW

Effective Practices

As part of its comprehensive review process, the CMS also invites each State to self-report practices that it believes are effective and demonstrate its commitment to program integrity. The CMS does not conduct a detailed assessment of each State-reported effective practice. Idaho reported practices regarding the use of a statewide listing of all excluded Medicaid providers, the State's fraud, waste and abuse outreach with external partners and the State's strategic plan to initiate recovery of debts through offset.

Statewide listing of excluded Medicaid providers

The MPI Unit maintains a list of all statewide excluded Medicaid providers, which is accessible on the State's website. The State's exclusion list is the result of cases identified by the MPI Unit and contains the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) exclusions and the Idaho exclusions. This allows the State to share information with the HHS-OIG on what providers are excluded from the State Medicaid program. The State's list of excluded providers is also a tool that provides a historical account of everyone who has ever been excluded from the State Medicaid program.

Fraud, waste and abuse outreach with external partners

The Idaho MPI Unit is part of an information sharing group which was developed approximately 10 years ago. The group meets quarterly and includes the Bureau of Occupational Licensing, Bureau of Labs, Board of Medicine, Board of Nursing, Board of Education, HHS-OIG, and others. The group's primary focus is information sharing related to ongoing program integrity efforts within the State.

In addition, the MPI Unit also has a venue to share fraud, waste and abuse communications with the Idaho Medicaid providers by way of the State's Medicaid Newsletter. The DOM distributes a monthly newsletter to all participating Medicaid providers. In the Medicaid newsletter, a dedicated program integrity section details billing information, audit findings and other program integrity related information.

Recovery of debts through offset

The Idaho strategic plan to initiate recovery of debts through offset has increased the percentage of identified overpayments recovered by the unit. Although the recovery of debts through offset is relatively new for Idaho, the strategy helped the MPI Unit increase total recoveries for SFY 2010 by 46 percent. Idaho legislation, supported by the DHW,

allows interest payments on overpayments and provides the MPI Unit with the authority to initiate offset after the 16th day.

Regulatory Compliance Issues

The State is not in compliance with Federal regulations related to disclosures of ownership and control, business transactions and criminal convictions, and notification activities.

The State does not capture all required ownership, control, and relationship information from FFS providers, the NEMT broker, the dental managed care entity (MCE) and the dental services subcontractor.

Under 42 CFR § 455.104(a)(1), a provider, or "disclosing entity," that is subject to periodic survey under § 455.104(b)(1) must disclose to the State surveying agency, which then must provide to the Medicaid agency, the name and address of each person 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 5 percent or more. A disclosing entity that is not subject to periodic survey under § 455.104(b)(2) must disclose to the Medicaid agency, prior to enrolling, the name and address of each person 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 5 percent or more. Additionally, under § 455.104(a)(2), a disclosing entity must disclose whether any of the named persons is related to another as spouse, parent, child, or sibling. Moreover, under § 455.104(a)(3), there must be disclosure of the name of any other disclosing entity in which a person with an ownership or controlling interest in the disclosing entity has an ownership or controlling interest. In addition, under § 455.104(c), the State agency may not contract with a provider or fiscal agent that has not disclosed ownership or control information required under this section.

In November of 2009, a new fiscal agent contract was granted. In May 2010, every provider went through a reenrollment process with updates on disclosure information. However, during the design phase of the new FFS provider enrollment application, a required disclosure of subcontractors was removed. In addition, Idaho's NEMT provider enrollment staff informed the review team that the information required under 42 CFR § 455.104 is not collected for the transportation broker.

The contract between the State and the dental contractor does not collect the disclosures required by 42 CFR § 455.104 and Idaho did not produce evidence of collection of these disclosures from the dental contractor. Additionally, the contractor for the dental program subcontracts with a dental services administrative corporation which enrolls and pays its network providers. The subcontract was not available for review, and the State provided no evidence that the required disclosures were collected from this quasi-fiscal agent.

NOTE: The MIG team reviewed the transportation and dental contracts and other provider agreements for compliance with 42 CFR § 455.104 as it was effective at the time of the review. That section of the program integrity regulations has been substantially revised and the amendment was effective on March 25, 2011. The amendment adds requirements for provision of Social Security Numbers and dates of birth as well as more complete address information

regarding persons with ownership or control of disclosing entities, and requires disclosures regarding managing employees. Any actions the State takes to come into compliance with 42 CFR § 455.104 should be with that section as amended.

Recommendations: Modify all provider enrollment applications and contracts to capture the required ownership, control, and relationship information. Obtain necessary disclosures from all providers, the fiscal agent, all contractors and subcontractors.

Idaho's provider enrollment agreement does not require disclosure of business transactions, upon request, from FFS providers, the NEMT broker, the Medicare Medicaid Coordinated Plan (MMCP) PAHP entities and the dental MCEs. (Uncorrected Repeat Finding)

The regulation at 42 CFR § 455.105(b)(2) requires that, upon request, providers furnish to the State or the U.S. Department of Health and Human Services information about certain business transactions with wholly owned suppliers or any subcontractors. Providers must submit business information within 35 days of the date of a request by the Secretary or the Medicaid agency.

In the 2008 MIG review, Idaho was cited for not ensuring all disclosure information would be furnished by its providers upon request as stipulated by this regulation. Idaho did make an effort to correct the FFS provider agreements. However, the correction incorrectly referenced only "ownership" disclosures instead of referencing all disclosure requirements required by this regulation. This is a repeat finding because Idaho's FFS provider agreements do not accurately reflect all the disclosures required by 455 subpart B.

In addition, the State's contract with the NEMT broker and contracts with the dental MCE and the two entities in the PAHP program also do not contain the requirement to report business transactions as stipulated in 42 CFR § 455.105.

Recommendation: Modify the provider enrollment agreement and State contracts with the NEMT broker, the PAHPs and MCEs to require disclosure, upon request, of the information identified in 42 CFR § 455.105.

Idaho does not capture criminal conviction information from all required parties in its FFS program and from its dental MCE. (Uncorrected Partial Repeat Finding)

The regulation at 42 CFR § 455.106 stipulates that providers must disclose to Medicaid agencies any criminal convictions related to Medicare, Medicaid, or Title XX programs at the time they apply or renew their applications for Medicaid participation or at any time on request. The regulation further requires that the Medicaid agency notify HHS-OIG whenever such disclosures are made. Pursuant to 42 CFR § 455.106(b)(1), States must report criminal conviction information to HHS-OIG within 20 working days.

Disclosure of criminal convictions in Idaho's FFS program is requested only from the applicant and not from agents or managing employees of the provider. During the 2008 MIG review, criminal conviction disclosures were not collected from individual FFS providers. Idaho corrected this; however, they are not currently requesting criminal conviction disclosures from

agents or managing employees in the FFS program.

The contract between the State and the dental program contractor does not collect the disclosures required by 42 CFR § 455.106 and Idaho did not produce evidence of collection of these disclosures from the dental contractor. Since this disclosure is not requested, it cannot be reported to HHS-OIG as required. This is a partial repeat finding.

Recommendations: Modify provider enrollment forms and the contract with the dental MCE to meet the full criminal conviction disclosure requirements of the regulation. Develop and implement a policy and procedure to report criminal conviction information to HHS-OIG in accordance with 42 CFR § 455.106(b)(1).

Vulnerabilities

The review team identified six areas of vulnerability in Idaho's Medicaid practices. These include not capturing managing employee information; not collecting the required ownership and control disclosures information from the NEMT subcontractor and providers in its PAHP and dental networks; not requiring business transaction disclosures from PAHP and dental network providers; not requiring disclosure of health care criminal convictions from PAHP network providers; not conducting monthly exclusion searches; and the lack of effective internal coordination and communication between the DOM and the MPI, as well as between the State and the MFCU.

Not capturing managing employee information on FFS provider enrollment forms.
Under 42 CFR § 455.101, a managing employee is defined as "a general manager, business manager, administrator, director, or other individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operations of an institution, organization or agency." The State does not solicit managing employee information in FFS provider enrollment forms. Thus, the State would have no way of knowing if excluded individuals are working for providers or health care entities in such positions as billing managers and department heads.

Recommendation: Modify FFS provider enrollment packages to require disclosure of managing employee information.

Not collecting ownership and control disclosures from NEMT subcontractors and the PAHP and dental network providers. (Uncorrected Partial Repeat Vulnerability)
The NEMT broker does not collect the ownership and control disclosures from its subcontractors that the regulation at 42 CFR § 455.104 would otherwise require from providers participating in Idaho's FFS program. In Idaho's MMCP, the group applications from the PAHPs do not collect ownership disclosures.

Although the new individual dental provider application asks for all required disclosures related to 42 CFR § 455.104, it does not ask for relationship information related to names of each person with an ownership or controlling interest in any subcontractor used in which the disclosing entity

has direct or indirect ownership of 5 percent or more. Also, the dental services agreement which is designed as an application for groups requests only a roster of provider dentists and National Provider Identifier numbers and does not gather the required information on ownership and control.

This leaves the State vulnerable to having excluded parties in ownership and control positions of providers or subcontractors within its PAHPs and Medicaid dental and transportation programs. This is a partial repeat vulnerability. In 2008, the MIG review team found that Idaho did not require full ownership and control disclosures from the network providers within its PAHPs.

NOTE: The MIG team reviewed the transportation and dental contracts and other provider agreements for compliance with 42 CFR § 455.104 as it was effective at the time of the review. That section of the program integrity regulations has been substantially revised and the amendment was effective on March 25, 2011. The amendment adds requirements for provision of Social Security Numbers and dates of birth as well as more complete address information regarding persons with ownership or control of disclosing entities, and requires disclosures regarding managing employees. Any actions the State takes to come into compliance with 42 CFR § 455.104 should be with that section as amended.

Recommendations: Modify all provider enrollment applications and contracts to capture the required ownership, control, and relationship information required by 42 CFR § 455.104. Obtain the necessary disclosures from all providers, contractors and subcontractors.

Not requiring business transaction disclosures from the MMCP PAHP and dental network providers. (Uncorrected Repeat Vulnerability)
The provider agreements for Idaho's PAHPs and dental program do not require network providers to disclose the business transaction information, upon request, which Federal regulations at 42 CFR § 455.105 would otherwise require of FFS providers. This is a repeat vulnerability from the 2008 MIG review, which found that Idaho did not require business transaction disclosures from its PAHP network providers.

Recommendation: Modify the MMCP PAHP and dental network provider enrollment agreements to require disclosure upon request of the information identified in 42 CFR § 455.105.

Not requiring disclosure of health care criminal convictions from the MMCP PAHP network providers. (Uncorrected Partial Repeat Vulnerability)
Criminal conviction disclosures are not being collected from managing employees of network providers in one of Idaho's PAHPs that would otherwise be required in the FFS Medicaid program under 42 CFR § 455.106. Since these disclosures are not requested, they cannot be disclosed to the State Medicaid agency for disclosure to HHS-OIG as required.

This is a partial repeat vulnerability from the 2008 MIG review, which found that Idaho had no procedure for PAHPs to notify the Medicaid agency of criminal disclosures. Idaho partially

corrected this communication vulnerability by including an addendum in its revised PAHP contract allowing for listing of convictions.

Recommendation: Develop and implement a policy and procedure to collect and report health care-related criminal conviction information from managing employees of all MCO network providers as specified in 42 CFR § 455.106.

Not conducting complete searches for individuals and entities excluded from participating in Medicaid.

The regulations at 42 CFR §§ 455.104 through 455.106 require States to solicit disclosure information from disclosing entities, including providers, and require that provider agreements contain language by which the provider agrees to supply disclosures upon request. The CMS issued a State Medicaid Director Letter (SMDL) #08-003 dated June 16, 2008 providing guidance to states on checking providers and contractors for excluded individuals. That SMDL recommended that States check either the List of Excluded Individuals/Entities (LEIE) or the Medicare Exclusion Database (MED) upon enrollment of providers and monthly thereafter. States should check for providers' exclusions and those of persons with ownership or control interests in the providers. A follow-up SMDL dated January 16, 2009 provided further guidance to States on how to instruct providers and contractors to screen their own employees and subcontractors for excluded parties, including owners, agents, and managing employees. While the State is collecting the required disclosures, the State is not conducting monthly searches of the LEIE or the MED. A new regulation at 42 CFR § 455.436, effective March 25, 2011, now requires States to check enrolled providers, persons with ownership and control interests, and managing employees for exclusions in both the LEIE and the Excluded Parties List System (EPLS) on a monthly basis.

In February 2009, Idaho's provider enrollment unit initiated exclusion searches on the names noted on group applications as owners, managing directors and authorized representatives for applicants during the initial enrollment process. However, Idaho only checks the LEIE when a provider applies for FFS Medicaid and not thereafter on a monthly basis. Neither the Medicaid agency nor its fiscal agent conducts any monthly comparisons of provider files against the MED or the LEIE. This practice does not follow the directives on exclusion checking issued in the two CMS SMDLs.

Recommendation: Develop and implement policies and procedures to perform monthly checks of the LEIE (or the MED) and the EPLS.

Lack of effective coordination and communication within the State agency and between the State and the MFCU. (Uncorrected Partial Repeat Vulnerability)

While some of the State's agencies did not feel that communication problems existed, that philosophy was not shared among all the parties interviewed by the MIG review team. During interviews with the DOM, the MPI Unit and the MFCU and sampling of case files, the review team discovered a lack of communication and coordination of suspected fraud referrals between the DOM and the MPI Unit, as well as between the State and the MFCU. The MPI Unit was

unaware of DOM referrals to the MFCU and the MPI Unit mentioned being uninformed about the status of MFCU referrals.

The 2008 MIG review team identified a lack of effective communication among State agencies, PAHPs and the MFCU and lack of oversight of PAHPs. The 2008 MIG team concluded that fraud referrals received by DHW were not always forwarded to the program integrity unit for preliminary investigation and that DHW/DOM might forward the referral directly to the MFCU. The current MIG review team acknowledged that DOM has corrected the lack of oversight of the PAHPs and appears to be informed of all cases that are referred to other agencies; however, the MPI Unit is not always kept informed. This is a partial repeat vulnerability.

The CMS *Best Practices for Medicaid Program Integrity Units' Interactions with Medicaid Fraud Control Units* (September 2008) document outlines opportunities for interactions between each State's program integrity unit and the MFCU. It also contains specific examples of actions taken by States that have created well-functioning and committed partnerships between the two entities.

Recommendations: Utilize MIG's *Best Practices for Medicaid Program Integrity Units' Interactions with Medicaid Fraud Control Units* document and improve ongoing internal coordination and communication. Update the State-MFCU Memorandum of Understanding to clearly define the roles of each entity.

CONCLUSION

The State of Idaho applies some effective practices that demonstrate program strengths and the State's commitment to program integrity. These practices include:

- a statewide listing of all excluded Medicaid providers,
- fraud, waste and abuse outreach with external partners, and
- a strategic plan to initiate recovery of debts through offset.

The CMS supports the State's efforts and encourages it to look for additional opportunities to improve overall program integrity.

However, the identification of three areas of non-compliance with Federal regulations is of concern and should be addressed immediately. In addition, six areas of vulnerability were identified. The CMS encourages DOM and DMS to closely examine each area of vulnerability that was identified in this review.

It is important that these issues be rectified as soon as possible. To that end, we will require Idaho to provide a corrective action plan for each area of non-compliance within 30 calendar days from the date of the final report letter. Further, we will request the State include in that plan a description of how it will address the vulnerabilities identified in this report.

The corrective action plan should address how the State of Idaho will ensure that the deficiencies will not recur. It should include the timeframes for each correction along with the specific steps the State expects will occur. Please provide an explanation if correcting any of the regulatory compliance issues or vulnerabilities will take more than 90 calendar days from the date of the letter. If Idaho has already taken action to correct compliance deficiencies or vulnerabilities, the plan should identify those corrections as well.

The Medicaid Integrity Group looks forward to working with the State of Idaho on correcting its areas of non-compliance, eliminating its areas of vulnerability, and building on its effective practices.

Official Response from Idaho
July 2011

IDAHO DEPARTMENT OF
HEALTH & WELFARE

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July 12, 2011

Kerry Coffman
CMS/CPI/MIG
Division of Field Operations
State Activities Coordinator
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Dear Mr. Coffman:

The Department of Health and Welfare has completed our response to the Idaho Comprehensive Program Integrity review due 7/17/11. For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations

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Regulatory Compliance Issue Finding #1: The State does not capture all required ownership, control, and relationship information from FFS provider, the NEMT broker, the dental managed care entity (MCE) and the dental services subcontractor.

Audit Recommendation: Modify all provider enrollment applications and contracts to capture the required ownership, control, and relationship information. Obtain necessary disclosures from all provider, the fiscal agent, all contractors and subcontractors.

Response: Agree. Ownership and control Information as required in CFR was not included on the FFS provider enrollment application, or in the NEMT Broker and MCE contracts.

Implementation Plan of Action(s): An updated "Disclosure of Ownership/Controlling Interest and Conviction Information" form which adheres to CFR requirements is now in use. This form is used in conjunction with both our paper and electronic applications.

Additionally, the NEMT Broker and MCE contracts will be amended to include standard language which requires the full disclosure of ownership, controlling interest, and conviction information as per CFR requirements.

Regulatory Compliance Issue Finding #2: Idaho's provider enrollment agreement does not require disclosure of business transactions, upon request, from FFS providers, the NEMT broker, the Medicare Medicaid Coordinated Plan (MMCP) PAHP entities and the dental MCEs.

Audit Recommendation: Modify the provider enrollment agreement and State contracts with the NEMT broker, the PAHPs and MCEs to require disclosure, upon request, of the information identified in 42 CFR 455.105.

Response: Agree. The Idaho Medicaid FFS provider enrollment agreement, NEMT Broker, PAHP, and MCE contracts did not clearly require disclosure upon request of the information identified in 42 CRF 455.105.

Implementation Plan of Action(s): The Idaho Medicaid provider agreement is being modified, to clearly reflect the CFR record keeping and disclosure requirements.

The NEMT broker, PAHP and MCE contracts will be amended to include a standard language which requires the full disclosure of business transactions, upon request, as per CFR requirements.

Regulatory Compliance Issue Finding #3: Idaho does not capture criminal conviction information from all required parties in its FFS program and from its dental MCE.

Audit Recommendation: Modify provider enrollment forms and the contract with the dental MCE to meet the full criminal conviction disclosure requirements of the regulation. Develop and implement a policy and procedure to report criminal conviction information to HHS-OIG in accordance with 42 CFR 455.106(b) (1).

Response: Agree. Conviction information as required in 42 CFR 455.106(b) (1) was not clearly included on the FFS provider enrollment application and Dental MCE contract.

Implementation Plan of Action(s): An updated "Disclosure of Ownership/Controlling Interest and Conviction Information" form which adheres to CFR requirements is now in use. This form is used in conjunction with both our paper and electronic applications.

Additionally, the dental MCE contract will be amended to include standard language which requires the full disclosure of conviction information as per CFR requirements. A policy and procedure to report criminal conviction information obtained to HHS-OIG is being developed.

Vulnerabilities Finding #1: Not capturing managing employee information on FFS provider enrollment forms.

Audit Recommendation: Modify FFS provider enrollment packages to require disclosure of managing employee information.

Response: Agree. Capture of managing employee information as required by CFR was not included in the FFS provider enrollment application.

Implementation Plan of Action(s): An updated "Disclosure of Ownership/Controlling Interest and Conviction Information" form which adheres to CFR requirements is now in use. This form is used in conjunction with both our paper and electronic applications. All contracts are amended to include standard language in accordance with CFR requirements.

Vulnerabilities Finding #2: Not collecting ownership and control disclosures from NEMT subcontractors and the P AHP and dental network providers.

Audit Recommendation: Modify all provider enrollment t applications and contracts to capture the required ownership, control, and relationship information required by 42 CFR 455.104. Obtain the necessary disclosures from all providers, contracts and subcontractors.

Response: This vulnerability mirrors Regulatory Compliance finding number one. Ownership and control disclosures were not included as required by CFR in the NEMT, PAHP, and dental MCE contracts. Please see the Response and Implementation Plan of Action listed in finding number one above.

Vulnerabilities Finding #3: Not requiring business transaction disclosures from the MMCP PAHP and dental network providers.

Audit Recommendation: Modify the MMCP P AHP and dental network provider enrollment agreements to require disclosure upon request of the information identified in 42 CFR 455.105.

Response: This vulnerability mirrors Regulatory Compliance finding number one. Significant Business Transaction information as required by CFR was not included in the MMCP P AHP and dental MCE contracts. Please see the Response and Implementation Plan of Action listed in finding number one above.

Vulnerabilities Finding #4: Not requiring disclosure of health care criminal convictions form the MMCP P AHP network providers.

Audit Recommendation: Develop and implement a policy and procedure to collect and report health care-related criminal conviction information from managing employees of all MCO network providers at specified in 42 CFR 455.10.

Response: This vulnerability mirrors Regulatory Compliance finding number one. Criminal conviction information for managing employees as per CFR was not included in the P AHP agreement. Please see the Response and Implementation Plan of Action listed in finding number one above.

Vulnerabilities Finding #5: Not conducting complete searches for individuals and entities excluded from participation in Medicaid.

Audit Recommendation: Develop and implement policies and procedures to perform monthly checks of the MED or LEIE.

Response: A corrective action implemented in January 2011 addressed this and monthly checks of the LEIE are performed.

Implementation Plan of Action(s): February 2011 Idaho Medicaid subscribed to the MEDICAREEDI-L, HHS-OIG-MEDIA-L, and MEDICAID_STATES CMS lists. Upon notification of the updated List of Excluded Individuals and Entities (LEIE) database, the information is downloaded and placed on a secure site used by Idaho Medicaid and the current Fiscal Agent Molina Medicaid Solutions. The updated entries are immediately reviewed against currently enrolled Idaho Medicaid providers to ensure compliance with current rules. Idaho Medicaid has always required the review of new applicants against the LEIE database before enrollment is completed. If an active provider is found on the LEIE, the Fiscal Agent notifies the Idaho Medicated Integrity Unit and the policy and procedures to inactive the provider are followed.

Vulnerabilities Finding #6: Lack of effective coordination and communication within the State agency and between the State and the MFCU.

Audit Recommendation: Utilize MIG's Best Practices for Medicaid Program Integrity Units' Interactions with Medicaid Fraud Control Units document and improve ongoing internal coordination and communication. Update the State MFCU Memorandum of Understanding to clearly define the roles of each entity.

Response: Disagree. The Division communicates with the MPI unit and MFCU routinely through scheduled monthly meetings to review cases and coordinate information. In addition the MFCU routinely notifies the Division of Medicaid and the MPI unit of all new referrals and when all cases are closed and the outcome of the case/referral. The Division refers cases based

on certain criteria. The cases the PI review team cited that were missing on the MPI units' list, are good examples. Because they were not claims based and there are other channels open for referrals regarding abuse situations, they do not need to be referred to the MPI unit first. In all cited cases the MPI unit and the Medicaid offices were notified of these cases.

In re-reviewing the Best practice document, we cannot find where we are not utilizing the Best Practices in our program. In the Best Practice document, it recommends:

- Meet regularly with MFCU – Medicaid and the MPI Unit meet on a regular, monthly basis. Suggestions for the meeting include creating an agenda, establish topic, appoint a representative for meetings, identify key participants discuss PI cases, and record action items. Idaho's liaison meeting contains all these suggested items.

- Develop and consistently apply one standard for deciding when to refer a matter to the MFCU – The MPI Unit has developed a standard on what to refer to the MFCU. The MFCU has requested all validated allegations of fraud be referred to the regardless of the dollar amount and the MPI Unit is complying with this request.

- Include in every referral to the MFCU the Information set forth in the referral performance standard – The MPI Unit referrals use this standard when making referrals.

- Update the MFCU on ongoing investigations – At the monthly liaison meeting, the MPI Unit discusses significant cases and cases that will most likely end up being referred to the MFCU. The MPI Unit has offered to provide a listing of all open MPI cases, however, a need for this information has not been determined by the MFCU. The MPI Unit notifies the MFCU each time the MFCU receives a complaint or referral when the MPI Unit is looking at the same and refer whatever information it has to the MFCU.

- Offer education to the MFCU – The MPI Unit gave a case presentation to the MFCU after the MFCU was created in 2007, however, no additional requests have been received.

- Offer to provide consultative services to the MFCU – The MPI Unit relies on Medicaid for policy interpretation and medical expertise. Because the Division of Medicaid staff are the policy experts and often have clinical knowledge/experience, the MFCU receives consultative services from the Division of Medicaid, not the MPI Unit. The MPI Unit assists MFCU staff by answering other types of questions and provides information. The Division of Medicaid is frequently called upon to provide assistance and offers valuable information/consultation to the MFCU.

- Reconcile your program activities with the MFCU – The MPI Unit tracks the activities of both the MPI Unit and the MFCU in an information tracking database. Reports are generated from this database.

If you should have further questions, please contact Lisa Hettinger, Division of Medicaid, Bureau of Financial Operations, Chief at (208) 287-1141.

Sincerely,

LESLIE M. CLEMENT
Administrator

LMC/ksl