



Automated Medical Payments

Medicaid Bulletin

Colorado Title XIX

Fiscal Agent



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Medicaid Fiscal Agent Information on the Internet

coloradomedicaid.consulttec-inc.com

Medicaid bulletins contain important policy and billing information and should be shared promptly with billing staff.

Bulletins supplement information in the Medicaid Provider Manual and should be retained with the provider manual for reference. Retain all bulletins until published notification advises that the information is obsolete or reproduced in subsequent bulletins or provider manual updates.

Please direct questions about bulletins and billing information to Medicaid Provider Services.

Distribution: All providers

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Reference: B0100093

Medical Services Board Adopts Program Integrity Rule

In December, the Medical Services Board recommended adoption of State Rules Vol. 8.076 - the Program Integrity (PI) rule. The PI rule combines PI-related functions from 8.051 - Standards for Denial, Termination, and Nonrenewal of Provider Agreements and portions of 8.070 - Fraud and Abuse. The PI rule also addresses new areas not previously referenced in State rules.

A summary of the rule follows:

8.076.1 - Definitions

- New definitions have been added, including "activities of daily living", "medical necessity" and "unbundling"
- "Abuse" is now called "misuse" and expanded to address improper billing practices
- "Good Cause", which provides the basis for provider agreement denials, terminations, or nonrenewals, has been expanded. "Good Cause" now includes:
 - ✓ Licenses expired, revoked, suspended, or surrendered during a pending formal disciplinary proceeding,
 - ✓ False or materially incomplete information on the provider application,
 - ✓ Failure to inform the State of location or license status changes,
 - ✓ Blood or marriage relationship to an excluded provider.

8.076.2 - Prior Authorizations and Physician's Orders

- PARs are now limited to 6 months unless rules in Vol. 8 specify a different length of time for specific services. The State also may approve extensions.
- Providers signing PARs or physician's orders are now held more responsible for documenting medical necessity of the PAR. If the State discovers that a provider has signed a PAR or physician's order for medical care, services and/or supplies that were not medically necessary, the State may recover the amount paid to the provider for the related office visit, or assess a penalty of \$100, whichever is greater.
- The State may recover payments made to inpatient, custodial, or residential facilities and to the attending physician if a client's stay is found not medically necessary.

8.076.3 - Provider Site and Desk Audit Review Procedures

- The provider has 21 working days to submit requested documents for a desk audit and 24 working days to submit records that are stored offsite. The State may consider written requests for extensions.
- The provider cannot submit late documentation to decrease the overpayment recovery amount *without* an approved time extension.
- The State gives a 3-day notice before an onsite review. Unannounced reviews are permitted when the State has concerns for patient safety, quality of medical care, potential fraud, or financial insolvency.

- The State is permitted to use provider duplicating equipment during on-site reviews.

8.076.4 - Exclusions, Suspensions, Denials and Terminations of Providers

Denial, termination, and nonrenewal of provider agreements was formerly located in §8.051.

- Sections are added to address federal requirements for excluding providers from Medicaid who have been excluded or suspended by Medicare.
- State decisions to not renew a provider agreement are now treated as a denial.
- Instructions for appealing State decisions are updated.
- If the State decides to terminate or not renew a residential facility provider agreement or decides to withhold a residential facility's payment, the State will notify affected Medicaid clients. The notification should safeguard clients and their property if there is a disruption of service.
- The State may withhold payments to a provider without prior notice if there is evidence of fraud or willful misrepresentation. The State must provide notice in 5 days, stating the general reasons, the duration and the method to appeal the action
- The State may randomly select claims for prepayment review as part of its ongoing surveillance activities. Unless reliable evidence of fraud is discovered, the State follows timely claims payment requirements.

8.076.5 - Recoveries and Penalties

The rule references the overpayment, interest and penalty calculations stated in the Colorado Statutes § 26-4-403 (2) C.R.S.

- In cases of false representation, the State may collect the overpayment, plus a civil monetary penalty equal to one-half the amount of the overpayment and interest on the two amounts accruing at the statutory rate from the date the overpayment is identified
- If the overpayment was made for a reason other than a false representation, the State may collect the amount of the overpayment, plus interest accruing at the statutory rate from the date the provider is notified of the overpayment. The statutes provide the State with some latitude to waive all or part of the overpayment and accrued interest
- The State may recover overpayments through an agreement with the provider, by offsetting the amount owed against current and future claims, through litigation, or other appropriate action within its authority. The offset rate is set at 100% with the State having the option to reduce it if withholding at that rate would cause undue hardship.
- In cases where multiple overpayments to the same provider are found, the State may use a valid statistical sample to calculate an overpayment. The State may select a random sample of claims from that provider to review. The State calculates the percentage of overpayments, if any, found in the sample to determine what percentage of overpayments may exist in the provider's claims as a whole.

Copies of the new rule 8.076 - Program Integrity and the revised 8.050 - Provider Appeals and Hearings and 8.070 are available from the State at cost.

They may also be viewed at any State Publications Depository Library or viewed online at:

www.state.co.us/gov_dir/stateleg.html.

Please direct questions about the information in this bulletin to:

Medicaid Provider Services
303-534-0146 or 1-800-237-0757 (toll free Colorado)