



COMMONWEALTH of VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
600 East Broad Street, Suite 1300
Richmond, VA 23219

January 9, 2019

Dear Prospective Respondent:

The Department of Medical Assistance Services (DMAS or the Department) is soliciting responses from organizations interested in providing input into the development of the Medicaid Recovery Audit Contractors (RAC) program. This is not a formal solicitation and the Department will not award a contract based on responses to this Request for Information (RFI 2019-03). The Department, however, will use the responses to strengthen the program's design and determine the feasibility of this initiative.

Organizations must check the eVA VBO at <http://www.eva.virginia.gov> for all official postings or notices regarding this RFI. Posting of such notices will also be done on the DMAS website at <http://www.dmas.virginia.gov>, however, the eVA VBO is the official posting site. Organizations are requested not to call this office. All issues and questions related to this RFI should be submitted in writing via email to the contact information provided.

If your organization is interested in providing input, you are invited to submit a response to the Department. Responses should be received by **5:00 PM E.S.T. on Friday, February 22, 2019**. Documents should be addressed per the instructions in Medicaid RAC RFI 2019-03.

The Commonwealth will not pay any costs that any organization incurs in preparing a response and reserves the right to reject any and all responses received. Thank you for your interest and assistance with this important topic.

Sincerely,

Whitney Speece

DMAS Contract Officer

Medicaid RAC Request for Information

RFI 2019-03 Medicaid Recovery Audit Contractors

Issue Date: January 9, 2019

Title: Medicaid Recovery Audit Contractors

Commodity Code(s): 95856, 918049, 91812, 92592

All inquiries should be directed in writing via email in MS Word 2010 or compatible format to:

Tracy.Wilcox@dmas.virginia.gov

Tracy Wilcox, Program Manager
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Deadline for submitting inquiries: 5:00 PM E.S.T. Friday, January 25, 2019.

Response Due Date: Responses will be accepted until 5:00 PM E.S.T. Friday, February 22, 2019.

Submission Method: Responses should be emailed to the RFI contact above.

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

Respondents to this Request for Information (RFI) are hereby notified that all information, documentation, and any specific content or approaches included within RFI responses may be used in future solicitations. Organizations should not submit any proprietary, trade secret or confidential information in their response to any aspect of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.

Under no circumstances shall the Commonwealth, the Governor's Office, the Secretaries, or the Virginia Department of Medical Assistance Services be liable for, or reimburse, the costs incurred by respondents in preparing and submitting responses to this RFI.

Medicaid RAC Request for Information

1.0 PURPOSE

This RFI is not a formal solicitation and the Department will not award a contract based on response to this RFI. This RFI is strictly a means for the Department to obtain vendor input into the development and successful implementation of Virginia's Recovery Audit Contractor (RAC) solution aimed at reducing Medicaid improper payments and underpayments.

The purpose of the RAC Program will be to support DMAS in achieving the federal requirements <http://www.gpo.gov/fdsys/pkg/FR-2011-09-16/pdf/2011-23695.pdf#page=36> as outlined in 42 CFR Part 455 Subpart F to establish a Medicaid Recovery Audit Contract pursuant to the federal Patient Protection and Affordable Care Act, H.R. 3590 (PPACA). An effective audit program designed to identify improper payments and improper provider billing practices is one of the mechanisms the State has employed in an effort to contain costs and provide quality health care. Within DMAS, the Division of Program Integrity (PI) is charged with the responsibility for protecting the Medicaid program from provider and recipient waste, fraud and abuse.

The Department wants to receive novel ideas and proven solutions through this RFI process to develop a Request for Proposal that the Department expects to issue later this year. It is also important to receive proven concept of a successful RAC program or programs.

Current vendors or vendors in interested in contracting with Virginia for Medicaid services are encouraged to respond to this RFI as applicable. Your response is not a commitment by your organization to provide the services as described.

2.0 BACKGROUND ON DMAS

Although no precise measure of health care fraud exists, those intent on abusing State and Federal health care programs can cost Americans a significant amount of tax dollars nationwide while putting beneficiaries' health and welfare at risk. Fraud, waste and abuse within the health care system increases the financial strain on the Commonwealth's Medicaid budget, diverting funds that could otherwise be used for legitimate health services and critical priorities like education and public safety.

DMAS is dedicated to providing all medically necessary care for Medicaid and FAMIS enrollees while addressing the need of Virginia taxpayers for fiscal responsibility. Virginia, like many other states, seeks ways to control health care spending. DMAS believes that a robust provider audit function is integral to meeting this goal and is a fundamental necessity in keeping spiraling health care costs associated with the program at bay.

The Department has implemented a strong program integrity initiative not only within the Division of Program Integrity but across other divisions within the agency. Medicaid program integrity efforts entail developing evaluations and controls from the inception of the payment process and then ensuring that control procedures as well as compliance reviews are performed.

At DMAS two principal types of review are used to detect and investigate potential fraudulent activities: prepayment review (focused on claims, prior authorization and cost avoidance) and post-payment review. In addition to its internal agency efforts, the Department supplements the prepayment and post-payment review activities of agency staff with contractor staff.

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The Department's efforts are summarized in four major areas:

1. Post payment efforts – utilized in identifying instances of improper payment by performing claims and documentation reviews. A subsection of these reviews may result in referrals to MFCU.
2. Global integrity review efforts performed by the Program Integrity Division, Internal Audit Division, Auditor of Public Accounts, and Budget Division separate and apart from the operating divisions.
3. Prepayment programs – these are systems the Department installed to enhance cost avoidance, and to identify improper claims prior to adjudication.
4. The integrity related efforts of major contractors – including the transportation broker, Managed Care Organization contracts, and the compliance efforts associated with each.

3.0 BACKGROUND ON THE RAC PROGRAM

In 2012, an RFP was released for the Virginia RAC Program and a contractor was selected. Virginia's RAC audits used data analysis to identify claims that violated medical billing guidelines based on irregularities found in claims data. The RAC examined claims from physicians, durable medical equipment providers, hospitals and other provider types.

Effective October 2015, the Virginia RAC contractor informed DMAS that they had made a business decision to no longer participate in the RAC program.

RAC contractors in Virginia and other states have a limited volume of overpayment opportunities that can be identified through data analysis without intensive medical record review. The contingency fee on the RAC contract cannot exceed 12 percent of collected overpayments. DMAS uses strong front-end claims edits which prevents easily-identified overpayments. Therefore, a successful RAC project will require novel approaches to detect and recover improper payments.

It is important to note that 90 percent of Virginia Medicaid enrollees will receive services through contracted managed care programs – not fee for service. As such, as part of DMAS' due diligence in exploring the current tools and processes available for prepaid analytics, this RFI and the learning objectives of the Department generally, are not limited strictly to the FFS population and include managed care as well. Therefore, DMAs is looking for an innovative RAC program and ways to operate in the MCO environment that is fiscally sustainable.

4.0 ADDITIONAL CONTEXT ON CURRENT DMAS CAPABILITIES

Managing the risk of fraud, waste and abuse (FWA) is a constant concern for all levels of management of the Commonwealth of Virginia. High-profile health care fraud schemes, public expectations for governmental entities to manage their fraud risks and increased enforcement of Center for Medicaid and Medicare Services (CMS) regulatory requirements nationwide have heightened management's need to identify and focus its response to these risks.

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We have robust claims edit through VAMMIS. This is a computerized system that DMAS uses to perform claims processing, information retrieval, and program management support functions. VAMMIS is used to detect fraud and abuse activities through a series of front-end claims verification controls known as “edits.” The edits are designed to ensure that providers are appropriately reimbursed for providing only medically necessary services to eligible recipients. These edits include but are not limited to National Correct Coding Initiative (NCCI) and Medically Unlikely Edits (MUE) as defined by CMS.

To mitigate inappropriate claims that are not identified through prepayment processes, DMAS conducts a variety of post-payment activities, such as medical record reviews, to identify misspent funds. As a result, in SFY 2017, \$17.5 million in identified recoveries was attributable to post-payment audits of providers and recipients conducted by Program Integrity Division staff and contractors.

5.0 INFORMATION REQUEST

This request for information is focused on understanding strategies, policies, tools, and trends that may help DMAS identify and reduce improper payments. This would be achieved through the efficient detection and collection of payments to providers that have been received from the State in error, as a result of fraud, duplicate payments or benefits, overpayments, or payments made for services not otherwise performed, or are otherwise ineligible under the law, rules, terms or conditions of the Virginia Medicaid program.

A. Approach and Identification:

1. What is your approach to creating and implementing a successful RAC program that is a comprehensive and profitable program?
2. What recent experience do you have identifying underpayments and overpayments for services that result from inappropriate billing by providers?
3. What successes do you have identifying underpayments and overpayments for services in a cost-effective manner?
4. What contingency fee/structure has proven to work for you?

B. Planning and Strategy

1. What experience do you have developing a comprehensive Medicaid recovery audit plan covering all aspects of the audit process, including audit methodology, error matrix (matrices), data mining system, and a successful roll-out implementation (or text about
2. What are the key strategic considerations that DMAS should be aware of in designing a successful and profitable RAC program?
3. Following the federal guidelines, what program design considerations have yielded sustaining contingency fees?
4. What are some best practices other states have used to create and implement successful programs?
5. What are the primary challenges faced by RAC National programs? What is your experience overcoming these challenges?

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C. Data Mining and Analysis

1. What proven experience do you have data mining to identify program weaknesses?
2. What scenarios or data mining have proven to lead to a successful RAC program that has reached across multiple, if not all, services?

D. Recovery/Collection

1. Outline your preferred methodology for Recovery/collection efforts.

E. Management Processes

1. What is your approach to train and allocate staff to ensure an affordable and successful RAC program?

F. Coordination

1. How would you plan to ensure that no other entity is working on the same claim as your company?

G. Education and Outreach

1. What elements would you include when developing and implementing a community outreach plan to educate providers about the purpose and direction of a project?

H. Appeals

1. What is your experience facilitating grievances and appeals?

I. Customer Service

1. What experience do you have structuring, implementing and managing a successful call center operation that has a positive environment for staff?

6.0 KEY RESPONSE REQUIREMENTS

DMAS invites vendors and other entities with experience related to prepayment strategies to prepare and submit a response.

- a. **Important Dates:** Questions regarding this RFI should be submitted to tracy.wilcox@dmas.virginia.gov no later than **5:00 PM E.S.T. on Friday, January 25, 2019**. Responses are due to the department no later than **5:00 PM E.S.T. on Friday, February 22, 2019**.

- b. **RFI Contact:** The principal point of contact for this solicitation in DMAS shall be:

Tracy Wilcox, Program Manager
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Medicaid RAC Request for Information

Email: tracy.wilcox@dmas.virginia.gov

All communications with DMAS regarding this RFI should be directed to the principal point of contact. All RFI content-related questions should be in writing via email to the principal point of contact.

- c. **Length of Response:** Responses should be no more than 15 pages. The Department may review linked resources beyond the page limits; however, limiting the number of additional linked references would be appreciated.
- d. **Format and Number of Copies:** The responder shall email one copy in MS Word 2010 or compatible format by the response date and time specified in this RFI.
- e. **Proprietary/Trade Secret/Confidential Information:** All data, materials and documentation originated and prepared for the Department pursuant to this RFI belong exclusively to the Department and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act (FOIA) (Va. Code § 2.2- 3700, *et seq.*). ***Therefore, organizations should not submit any proprietary, trade secret, or confidential information in their response to any aspect of this RFI. Organizations are responsible for ensuring this requirement is met and the Department will not be held responsible or liable for release of said material in response to subsequent FOIA requests.***
- f. **Submission and Acceptance of Responses:** The responses should arrive at DMAS no later than 5:00 PM. E.S.T. on Friday, February 22, 2018 and be emailed to the RFI contact above using subject line: “Medicaid RAC Program RFI.”

Organizations should check the eVA VBO at <http://www.eva.virginia.gov> for all official postings of addendums or notices regarding this RFI. DMAS also intends to post such notices on the DMAS website at <http://www.dmas.virginia.gov>, but the eVA VBO is the official posting site that organizations should monitor.