

MEDICAID PROGRAM INTEGRITY MANUAL
CHAPTER 6 – STATE PROGRAM INTEGRITY (PI) REVIEWS
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(Rev. 1, Issued: 09-23-11)

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6000 – OVERVIEW OF STATE PROGRAM INTEGRITY REVIEWS

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

The DFO within the MIG conducts a comprehensive review of each State's Medicaid program integrity procedures and processes every three years. The MIG assesses the effectiveness of the State Agency's program integrity efforts and identifies its best practices, vulnerabilities and non-compliance with Federal Medicaid program integrity statutes and regulations. The review examines areas including provider enrollment, disclosures, program integrity, and managed care. The review also includes an interview with the State's MFCU director and staff to better understand how the MFCU interacts with the State Medicaid Agency in coordinating fraud and abuse efforts.

Approximately four months prior to the planned review, the State Medicaid director and the MFCU director receive a formal notice of the review. The notice includes a letter that provides information about the conduct of the review and requests for documentation to be provided to the MIG team prior to the onsite review.

The MIG team is onsite in State offices for approximately one week. The date of the onsite visit is selected through a first come, first served process in which the States under review identify which quarter of the fiscal year they would prefer for the visit. The MIG accommodates States to the greatest degree possible in scheduling the onsite visit. An entrance conference is conducted on the first day of the onsite visit. The MIG staff interview the State Medicaid director, State staff, contractors (e.g., MCO staff, fiscal agent) and the MFCU director during the review. An exit conference is held via conference call within 30 days from the last day of the onsite review. During the exit conference, the team discusses concerns identified during the review. The State then has the opportunity to review and provide informal comments on the team's draft review report. The review report includes effective practices, areas of vulnerability and regulatory findings. The final report and the State's official response along with its corrective action plan are posted on the CMS website.

6005 – IDENTIFYING POTENTIAL PROGRAM INTEGRITY ISSUES/SELECTION OF STATES FOR REVIEW

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

A. State PI Review Guide

The Review Guide is the primary tool used to gather information about the State Agency's program integrity program. The Review Guide consists of:

1. State Documents

- Program Integrity Module;
- Provider Enrollment & Disclosures Module;

- Managed Care Module;
- Charts for Review Guide – All Modules;
- Summary of Document Requests – State Agency (optional); and
- Summary of Sample Requests – State Agency (optional)

2. Managed Care Entity Documents

- Managed Care Entity Questionnaire;
- Managed Care Entity Module; and
- Summary of MCE Document Requests and Sample Requests (optional)

3. MFCU Documents

- MFCU Module and
- Summary of MFCU Document Requests and Sample Requests

B. Notification to State of the Review and Selection

1. Selection of States for Review

States are reviewed on a triennial basis. The MIG maintains a master schedule identifying the States to be reviewed each Federal fiscal year (FFY). The original schedule was designed to prevent comprehensive program integrity reviews from being conducted in the first year of a State's PERM cycle.

2. Notification to State of the Review

In the third quarter of each FFY, the MIG notifies scheduled State Medicaid Agencies that they have been selected for a comprehensive program integrity review in the next FFY. The communication includes information about the purpose of the review and potential dates for the reviews.

The selected States receive a formal notice of the planned review 16 weeks prior to the onsite review. The formal notice is sent to the State Medicaid director and the State Program Integrity director. The notice includes an introductory letter, which describes the conduct of the review, the Review Guide Modules, and a copy of the report from the State's last program integrity review.

A notice is also sent to the State MFCU 16 weeks prior to the onsite review. The notice includes an introductory letter, MFCU Review Guide documents, and a copy of the report from the State's last program integrity review. The State and MFCU provide the completed Review Guide Modules to the MIG six weeks prior to the onsite review.

C. Documentation Specifications for Areas Selected for State PI Review

1. Requests

The Review Guide contains requests for documents in each of the modules. The documents vary from internet links or electronic copies of statutes or regulations or policies or procedures to copies of contracts or other documents like notices or explanations of medical benefits. In the PI module, we request 62 documents; in the Provider enrollment and Disclosures (PED) module, 54 documents; in the MC module, 38 documents. We request similar documents from the MFCU and from the MCE. In those modules, respectively, we request seven and 12 documents.

2. Sample Requests

In the course of the program integrity reviews, we select samples of files from lists of records we have requested in the Review Guide. We determine from the sample files whether the State's responses in the Review Guide accurately portray its procedures. Each module contains sample requests, including the MFCU and MCE modules.

6010 – INTERNAL STATE PI REVIEW GUIDELINES

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

A. Gathering Information Prior to Onsite Review

The MIG Review Team Leader (RTL) is available to the State throughout the review process. Frequent communication with the State prior to the onsite review allows the State to ask questions and allows for development of an agenda for the onsite review.

In an effort to reduce the burden on the State, the MIG Review Team collects as much information as possible from other sources. Sources include, but are not limited to, the CMS ROs, State websites, the CMS website, the OIG and GAO websites, and internal CMS information.

B. The Onsite Review

The MIG Review Team is onsite in State offices for approximately one week. An entrance conference is conducted on the first day of the review.

Using the State and MFCU responses to the Review Guide Modules, the MIG Review Team interviews various State and MFCU staff, including contractors. The team reviews additional documents provided by the State or its contractors and conducts sampling of provider enrollment applications, case files, and other primary data to validate the State's

program integrity practices. The MIG Review Team also conducts walkthroughs of business processes, such as the State's provider enrollment process.

C. The Exit Conference

An exit conference is held via conference call within 30 days from the last day of the onsite review.

6015 – NOTIFICATION TO STATE OF THE DRAFT REVIEW

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

The MIG Review Team prepares a written review report, which includes areas of non-compliance, vulnerabilities in the State's practices and processes, and effective practices utilized by the State. The CMS RO has the opportunity to offer comments on the draft review report before the report goes to the State. The MIG provides a draft review report to the State and to the MFCU. The State and MFCU then have the opportunity to provide informal comments on the draft report within 30 days of receipt of the report.

6020 – NOTIFICATION TO STATE OF THE PI REVIEW RESULTS

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

After reviewing the State's comments on the draft report, the report is finalized and sent to the State. A letter, summarizing the review findings and requesting a corrective action plan (CAP) and formal comments on the final review report, accompanies the final comprehensive review report. The State has 30 days in which to provide the CAP and formal comments on the final report.

6025 – CORRECTIVE ACTION PLAN (CAP)

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

States are required to submit a CAP, which addresses each area of regulatory non-compliance discovered during State Medicaid program integrity reviews. States are also asked to address the vulnerabilities identified. States have 30 days from the date of the final report to submit a CAP, ideally achieving compliance within 90 days. The MIG asks for explanations on any corrective actions that require more than 90 days to implement. The DFO State liaisons will provide technical assistance as requested and will provide oversight to monitor implementation of the CAP.

6030 – ANNUAL PI REVIEW SUMMARIES (NOTEWORTHY PRACTICES, FINDINGS & VULNERABILITIES)

(Rev. 1, Issued: 09-23-11, Effective: 09-23-11, Implementation: 09-23-11)

The Program Integrity Review Annual Summary reports include a compendium of data collected from comprehensive integrity reviews for which final reports have been issued during the calendar year. The report includes information about effective practices, areas of vulnerability and areas of regulatory non-compliance. The MIG publishes this report annually as part its statutory obligation to provide effective support and assistance to the States.

Transmittals Issued for this Chapter

Rev #	Issue Date	Subject	Impl Date	CR#
R1MPI	09/23/2011	Initial Publication of Manual	09/23/2011	NA

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