# OPERATIONAL MEMO

**OPERATIONAL MEMO NUMBER: HCPF OM 18-017**
**TITLE: MANAGED CARE ENTITY NOTIFICATION POLICY**
**SUPERSEDES NUMBER: N/A**
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**DIVISION AND OFFICE: AUDITS & COMPLIANCE, FINANCE**
**PROGRAM AREA: PROGRAM INTEGRITY**
**APPROVED BY: BART ARMSTRONG**
**KEY WORDS: MANAGED CARE ORGANIZATION, MANAGED CARE ENTITY, NOTIFICATION REQUIREMENTS, OVERPAYMENTS, CHANGES IN MEMBER CIRCUMSTANCES, CHANGES IN PROVIDER CIRCUMSTANCES**

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## Purpose and Audience:.

This memo is designed to inform managed care organizations/entities about requirements related to providing notification to the Department for specific events/operations as required by rule.

## Background:

The 2016 Medicaid Managed Care Final Rule (42 C.F.R. §§ 438.608(2) - (4), (7)) requires that certain notification be made by the Managed Care Entities (MCE) to the Department of Health Care Policy and Financing (Department). As a result, all Medicaid and Child Health Plan Plus (CHP+) MCEs must comply with the following requirements.

## Information/Procedure:

Overpayments

The MCE must report within five (5) business days when an overpayment due to fraud, waste or abuse has been identified. This report must be made to the contract manager, and must include the provider's name and identification number, the issue that resulted in an overpayment, the date range of the claims involved and the estimated dollar amount at issue.

Identification of an overpayment may occur when one of the following actions has taken place:

- The MCE notifies a provider in writing of an overpayment due to fraud, waste or abuse.

- The provider notifies the MCE that it has received an overpayment due to fraud, waste or abuse.

The MCE must report monthly when an overpayment due to fraud, waste or abuse has been recovered. This report is due by the tenth (10th) day of each month for the previous month. The report must include the name and identification number of the provider, how the overpayment was identified, the issue that resulted in an overpayment, the date range of the claims involved, the estimated dollar amount at issue, the total amount recovered, and the date of recovery, as indicated in the "Fraud, Waste and Abuse Overpayment Recoveries Notification" template.

Recovery of an overpayment may occur when one of the following actions has taken place:

- The MCE receives full payment from the provider.
- All claims associated with the overpayment have been reversed in the system.
- An accounts receivable has been set up in the claims processing system and the MCE has recovered the full amount owed.
- An offset has been set up in the claims processing system and the MCE has recovered the full amount owed.

Change in Member Circumstances

The MCE must report within (5) business days of becoming aware of a change in a member's circumstances that may affect the member's eligibility in the Colorado Medical Assistance Program. This report must be made to the contract manager, unless otherwise directly reported to the Department, and must include the member's name, Medicaid ID, date of change, and a description of the change. A reporting template is not required for reporting change in member circumstances

A change in a member's circumstance may include:

- A change in address.
- The death of the member.

Change in Provider Circumstances

The MCE must report within (5) business days if it removes a provider from its network for cause. Determining what would be considered for cause can be found under the definition of "good cause" at 10 CCR 2505-10, Section 8.076.1. This report must be made to the contract manager, and must include the provider's name and identification number, date of removal, a description of the reason, the number of members served by the provider and the plan to ensure that members receive continuous services.

A change in a provider's circumstances that may be for cause include:

- A provider is convicted of a crime that could affect eligibility.
- Exclusion of a provider by the OIG.
- Revocation of a provider's Medicare enrollment or billing privileges.

- Any other reasons listed under 10 CCR 2505-10, Section 8.076.1.

The MCE must report monthly all other changes in providers circumstances, including providers who are no longer in the MCE's network but were not removed for cause. This report is due by the tenth (10th) day of each month for the previous month. The report must contain the provider's name and identification number, change in circumstances, a description of any action taken, and the date of that action, as indicated in the "Change in Provider Circumstances Monthly Notification" template.

A change in a provider's circumstance that would not be for cause may include:

- A provider voluntarily withdrawing from the MCE's network.
- The death of a provider.

The Department will amend the MCE contracts to reflect the notification policy prior to the next fiscal year.

If you have questions regarding this policy transmittal, please contact Kyle Gardner in the Program Integrity and Contract Oversight Section at 303-866-3259 or kyle.gardner@state.co.us.

Sincerely,

Bart Armstrong
Manager, Program Integrity and Contract Oversight Section

**Attachment(s):**

Monthly Notification Templates

**Department Contact:**

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