TEXAS
Department of Aging
and Disability Services

COMMISSIONER
Chris Traylor

July 26, 2012

To: Community Based Alternatives providers
Community Living Assistance and Support Services providers
Deaf Blind with Multiple Disabilities providers
Medically Dependent Children providers
Home and Community Based Services providers
Texas Home Living Waiver providers
Primary Home Care providers
Day Activity and Health Services providers
Nursing Facility providers
Intermediate Care Facility for Individuals with Intellectual Disabilities
Program of All-inclusive Care for the Elderly providers

Subject: Information Letter No. 12-65
Notice of Activities to be Conducted Under the Authority of the Centers for Medicare & Medicaid Services by Medicaid Integrity Contractors

This letter replaces Information Letter 2009-59, Notice of Activities to be Conducted Under the Authority of the Centers for Medicare and Medicaid Services (CMS) by Medicaid Integrity Contractors (MICs), published May 7, 2009.

Through the Deficit Reduction Act (DRA) of 2005, CMS established the Medicaid Integrity Program, a comprehensive federal strategy to prevent and reduce fraud and abuse in the Medicaid program and to provide effective support and assistance to states to combat Medicaid fraud and abuse.

The DRA requires CMS to hire contractors, collectively known as Medicaid Integrity Contractors (MICs). Pursuant to their contract with the CMS Medicaid Integrity Group, MICs will perform reviews of providers furnishing items and/or services through Medicaid in order to identify potential inappropriate or unnecessary Medicaid expenditures and potential fraud, waste and abuse.

To meet these objectives, the MICs will:

- perform data analysis and risk assessments;
- review Medicaid providers actions to determine if fraud or abuse has occurred;
- audit claims for services;
- identify overpayments; and
- educate providers, beneficiaries, and others with respect to payment integrity and quality of care issues.

CMS MICs in Texas are:

(a) AdvanceMed – the data contractor
(b) Health Integrity, LLC – the audit contractor
(c) Strategic Health Solutions – the education contractor

CMS initially contracted with Health Management Systems, and their wholly-owned subsidiary IntegriGuard, LLC, to conduct audit activities in Texas. Health Integrity, LLC has assumed the audit responsibilities from CMS to conduct desk and field audits of Medicaid providers to identify overpayments and initiate fraud referrals, as appropriate. Audits are performed to determine whether Medicaid payments are appropriately supported, medically necessary, and in accordance with applicable state and federal policies, rules or regulations.

Health Integrity, LLC, is required, if it identifies conduct that it believes constitutes a violation of state or federal law concerning healthcare fraud, to submit a fraud referral to appropriate federal authorities.

CMS has the authority to designate responsibilities to a contractor. MICs have the authority to collect information from providers under section *1902(a)(27)* of the Social Security Act, which requires providers to retain records necessary to disclose the extent of services provided to individuals receiving assistance and furnish CMS with information regarding any payments claimed by the providers for such services. Section *2107(b)(1)* of the Act requires each state's Medicaid and State Children's Health Insurance Program State Plan to provide assurances to the Secretary of Health and Human Services in which the state will collect and provide any information required to enable the Secretary to monitor program administration, compliance and evaluate the effectiveness of states' plans. The collection and review of protected health information contained in individual-level records for payment review purposes, as required under this effort, complies with the Health Insurance Portability and Accountability Act of 1996 and Privacy Rule regulations at 45 *Code of Federal Regulations, Parts 160* and *164*.

If you have questions about information provided in this letter, please contact Sivan Silver, Health and Human Services Commission, External Audit Coordinator at (512) 424-6624 or by e-mail at sivan.silver@hhsc.state.tx.us. If a provider is contacted regarding an audit or an audit is being conducted, please direct questions to the appropriate MIC.

Sincerely,

[signature on file]

Jon Weizenbaum
Deputy Commissioner