

## Legislative Guide for Efforts Related to the Maine Claims Management System

In conjunction with a review of stabilization efforts for the Maine Claims Management System, OPEGA identified a number of areas presenting significant challenges or risks in connection with MECMS and related efforts. Summarized here are those areas that appear to warrant the Legislature's continued attention. The discussion should help legislators better understand the challenges and risks in each area. There is also some information on management actions OPEGA learned of that relate to those challenges and risks. Key questions for legislative oversight are also provided for each area.

While legislators have been asking many of these questions, the situation changes frequently and asking the same questions at different points in time may be appropriate. The discussion does not include all the information available on any particular topic area, but should be enough to assist legislators in understanding the potential concerns.

### Human Resources

#### Discussion

- Stabilization has been heavily impacted by a lack of people with adequate knowledge of MECMS and the federal regulations. In particular, there are very few individuals in the Office of MaineCare Services who have the policy knowledge needed for testing and approving system changes.
- Having enough people with the right set of knowledge and skills at the State and CNSI continues to be critical to reaching stabilization.
- Transfer of MECMS operations and support from CNSI to OIT will require OIT to acquire new knowledge and skills.
- Human resources assigned to the MECMS project are strained. Multiple simultaneous efforts require the involvement of many of the same individuals and all are high priority.
- Organizational transformations in OIT and OMS will partially address the human resources issues. In addition, continuing human resource challenges are being dealt with by hiring additional consultants and temporarily reassigning resources within DHHS.
- CNSI has been contracted to develop a system similar to MECMS for the State of Washington. There is a risk that CNSI will reassign its most experienced resources to that new project.

#### Key Questions

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| <ul style="list-style-type: none"> <li>? How are we assuring that we have enough resources with the knowledge and skills needed for each effort? What problems, if any, are we having in getting the right resources?</li> <li>? What is being done to assure we retain the State employees that are key to these efforts?</li> <li>? What work is being done by consultants? Does the State need to be able to perform these functions/tasks on its own? If so, when? How are we preparing to do that?</li> </ul> | <ul style="list-style-type: none"> <li>? How are we assuring that the most knowledgeable CNSI employees are being retained and committed to the MECMS project?</li> <li>? Where are the State employees who have been reassigned to MECMS coming from? What is happening to their normal work? Is there a backlog of work? How is it being managed?</li> <li>? How has delivery of service in other functions of the State been affected by reassignments to MECMS?</li> <li>? Do we have the human resources we need to operate and support MECMS? If not, why not and what are we doing about it?</li> </ul> |
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# Legislative Guide for Maine Claims Management System

## Project Management

### Discussion

- Effective project management is critical to stabilization and other MECMS-related efforts. It was an area of weakness for both the State and CNSI. For a long term solution, both OMS and OIT are building project management capabilities into their organizations. In the short term, the situation has been greatly improved by hiring XWave and making some management changes in OIT and OMS. The comprehensive cultural shift to a project management discipline, however, is not yet complete.
- XWave has developed detailed plans and time schedules in conjunction with the State and CNSI. Progress toward milestones is being tracked. For a variety of reasons, however, the State and CNSI have been unable to consistently accomplish tasks by the established deadlines.
- Progress could be partly affected by continually changing priorities. Priorities are currently being set through the MECMS Steering Committee and the Change Control Board.
- Assuming that priorities were originally established with the goal of reducing the number and magnitude of problems as quickly as possible, then shifts in priorities should only be made if:
  - the shift is expected to result in quicker resolution of the overall situation; or
  - not shifting priorities presents significant risk.

Both the Steering Committee and the Change Control Board should be working to assure that priorities do not keep shifting due to political pressures.

### Key Questions

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| <p>? What is the status of progress toward the established milestones? What are the major challenges in achieving those milestones?</p> <p>? What is the likelihood those milestones will be achieved? If progress is not as expected, what are the reasons why? What are the potential consequences if milestones are not met?</p> <p>? What processes and procedures are being used to assure that changes to the system are properly tested before being implemented?</p> | <p>? How are we assuring that there is adequate coordination and cooperation between OIT and OMS? Are there any concerns?</p> <p>? How are priorities being set and by whom? Are there political pressures that are affecting priorities? What are they?</p> <p>? What are the current priorities and how often do they change? What affect is changing priorities having on timely resolution of the MECMS problem?</p> |
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# Legislative Guide for Maine Claims Management System

## Technology

### Discussion

- Lack of adequate technological resources (i.e. hardware and related operating systems) has affected:
  - claims processing capacity;
  - adequate testing of system changes before implementation; and
  - existence of a viable back up system if the hardware components supporting MECMS should fail.
- More powerful servers have been purchased and installed. The MECMS application has been transferred to the new servers thus increasing processing capacity.
- The old hardware and related components are being used to create a separate computing environment for testing system changes before they are implemented. It will also serve as a back up system. The full assembly of that environment is not yet complete.
- OIT is preparing to take over the technical operations and support of MECMS from CNSI as required by the federal CMS. Coordinating this transfer will require the cooperation of CNSI.
- OIT's ability to successfully operate and support MECMS after the transfer will depend on the quality of system documentation provided by CNSI. System documentation includes:
  - descriptions of the programming logic;
  - data dictionaries that describe the fields in each table or database and define codes being used; and
  - schematics of the relationships between databases and the key data fields that link them.

### Key Questions

<p>? When will the separate computing environment be operational? Are there any challenges delaying this effort?</p> <p>? What benefits will be realized from this separate environment?</p> <p>? What impact can we expect the operation of this separate environment to have on stabilization progress?</p> <p>? What does this environment require for security? Is adequate security being established?</p> <p>? If we need to use this environment as a back up, how long would it take to transition?</p>	<p>? What is involved in transferring operations and support from CNSI to the State? What is the status of that transfer? Is CNSI cooperating?</p> <p>? What will we need to be able to operate and support the system? What are we doing to assure we have what we need?</p> <p>? What is the current condition of the system documentation? Does it have all the necessary elements?</p> <p>? Is the system documentation being kept current with all the changes being made to the system? How and by whom? How will we assure it is adequate before finally accepting it from CNSI? Who is responsible for making sure it is adequate?</p>
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# Legislative Guide for Maine Claims Management System

## Contract Management

### Discussion

- The State currently has contracts with CNSI, Deloitte & Touche, XWave, and PCG (operating a help desk and phone bank to respond to providers) related to MECMS. The State will also be contracting with a consultant to perform the Independent Verification and Review function required by CMS (federal Centers for Medicare and Medicaid Services).
- Proper contract management involves:
  - specifying the scope of work to be performed and the deliverables expected;
  - monitoring to assure deliverables and expectations are met; and
  - assuring that services being billed are within the defined scope and at expected rates.
- Management identified weaknesses in prior management of the contract with CNSI and has been taking action to address them.
- Since implementation of Phase I, CNSI has been involved in three types of activities:
  - fixes to MECMS Phase I because it did not meet the specifications required by the contract;
  - modifications to MECMS Phase I that are now necessary but were not part of the original contracted deliverable; and
  - development of the contracted MECMS Phase II deliverables
- The State should expect to pay for the work on modifications to Phase I as well as and the Phase II deliverables, but it may not be obligated to pay for system fixes.
- Disagreements on specifications for the original contract deliverables, or on what constitutes a fix versus a modification, could result in contract disputes between CNSI and the State. Clear written definition of, and agreement on, deliverables and expectations is extremely important.
- The role of a consultant and the services required may evolve and expand over the course of a project. This has occurred to a great degree with Deloitte & Touche on this project and to a lesser degree with XWave. The contracted scope(s) of work should reflect these changes.

### Key Questions

<p>? Do we have contracts that cover the scope of services that each consultant is currently performing? What are the deliverables and are the contractors providing them as expected?</p> <p>? Who is responsible for managing these contracts? How are the contracts being managed?</p> <p>? Are there any contract disputes between the State and any contractor? How are those disputes being handled and by whom?</p>	<p>? Who is reviewing and approving the invoices from these contractors? How are we assuring the billing is at expected rates and the services are within the defined scopes of work?</p> <p>? How are changes to the scopes of work being handled? Who is approving changes to the scopes? Is there a formal contract change order process in place?</p> <p>? Are there any issues related to these contracts or the scope of work involved?</p>
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# Legislative Guide for Maine Claims Management System

## Suspended Claims

### Discussion

- Resolving suspended claims that have accumulated since the MECMS implementation continues to be an area of significant focus for Management.
- The fact that new claims are also suspending at a rate that exceeds OMS capabilities for manually resolving them in a timely matter is also problematic. Fortunately, recycling suspended claims after making programming changes are helping to resolve some of the newer suspended claims and keeping the Suspended Claims inventory from growing.
- A recently completed root cause analysis of the Suspended Claims inventory should also help identify how best to resolve them.
- There are two ways to attempt to solve the Suspended Claims issues:
  - Using technological solutions, i.e. programming different logic into the computer so that fewer claims suspend and/or old claims can be recycled without suspending again; or
  - Hiring additional resources to deal with the claims manually.

Hiring additional resources will be costly and resolution will likely take more time than technological solutions. Technological solutions also have their limitations but can be used to resolve suspended claims quicker.

- Technological solutions tend to have a more direct impact on providers. For example, if allowable within MaineCare policy, Management may start denying claims with certain error codes that are now suspending instead. This could be a help to providers, as well as the State, since providers would get a quicker response on the status of their claims. They may be able to take action to correct denied claims and resubmit them. The key, however, will be to assure that providers have adequate information on why these claims are being denied.
- OPEGA's conversations with providers indicate that providers have been having trouble understanding why their claims are being denied. They said remittance advices and other communications often do not contain enough information explaining the error causing the denial. Providers are also confused because some claims are getting denied when other claims with exactly the same characteristics had been paid.

### Key Questions

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| <ul style="list-style-type: none"> <li>? What solutions are being implemented to resolve suspended claims?</li> <li>? What impact will these solutions have on the inventory of Suspended Claims?</li> <li>? What impact will these solutions have on providers? Which providers? How much of an impact?</li> </ul> | <ul style="list-style-type: none"> <li>? What are we doing to assure that providers are well-informed of any changes that will affect them?</li> <li>? What information are providers getting that will help them understand what errors they need to correct to assure claims will successfully process when resubmitted?</li> </ul> |
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# Legislative Guide for Maine Claims Management System

## Provider Payments

### Discussion

- MaineCare providers experiencing financial problems may cease taking new MaineCare patients, drop from the program, or go out of business. They could potentially seek legal recourse. Interim Payments have been meant to reduce the financial hardships for providers.
- How well Interim Payments are easing the cash flow concerns of providers depends in large part on the reliability, predictability and timing of payments. Providers may benefit from understanding the Interim and Claims payment processes and need to know what to expect regarding Interim Payment reconciliation efforts.
- Only one of the 15 providers contacted by OPEGA had stopped taking new MaineCare patients. The rest of them had made no changes to their policies on MaineCare patients as a result of MECMS.
- The majority of providers contacted by OPEGA seemed understanding of the situation and appreciated the Interim Payments. However, they had several financial concerns:
  1. Inconsistency and unpredictability in timing and amounts of payments received, either from Interim Payments or regular claims payments. This makes it difficult to plan for their business
  2. Inability to reconcile claims payments and denials to their accounts. The remittance advices are not always helpful. In addition, claims are getting paid in random order and sometimes only parts of each claim are getting paid or denied.
  3. Uncertainty about what will happen with old claims they had not yet submitted. Some providers had been withholding claims at the direction of the State. Some providers still had not submitted claims from the end of 2004. Some had been told their claims were now too old to submit.
  4. Uncertainty about when and how the reconciliation of Interim Payments would occur. Providers did not know what the State would expect of them. They worried they would not have enough information or time to reconcile their own accounts before having to reconcile with the State.

### Key Questions

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| <ul style="list-style-type: none"> <li>? How do we know if providers are going out of business or changing their policies on taking MaineCare patients because of MECMS? What are we doing to retain providers?</li> <li>? Have any providers threatened to sue the State? If so, how is this being dealt with? What is being done to protect the State against possible lawsuits?</li> <li>? Can we improve the reliability and predictability of provider payments? Can we provide additional information that would assist them with their cash flow planning?</li> </ul> | <ul style="list-style-type: none"> <li>? What is on the remittance advice that providers receive? Do they receive other information about the status of claims they have submitted?</li> <li>? How do we know if providers have sufficient information to easily understand their claims status? To reconcile their accounts? To correct errors on denied claims?</li> <li>? Some providers have been told their claims are too old to submit now? If this is true, what do we intend to do about old claims that could not be submitted? If it is not true, how are we correcting the misinformation?</li> </ul> |
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# Legislative Guide for Maine Claims Management System

## Provider Relations

### Discussion

- MaineCare providers experiencing significant frustrations with MECMS may drop from the program or cease taking new MaineCare patients. Management is attempting to reduce this risk through:
  - regular meetings with groups of providers;
  - training for providers;
  - responding to provider calls;
  - working with individual providers;
  - establishing a web portal allowing providers to determine status of their claims; and
  - communicating with providers through a website and periodic mailings.
- The effectiveness of these measures depends in large part on the:
  1. consistency, clarity, accuracy and adequacy of information disseminated;
  2. percentage of providers receiving information;
  3. timeliness of response to provider questions/concerns; and
  4. attitude of the State representatives interacting with providers.
- The 15 providers contacted by OPEGA had received varying amounts of information on the MECMS situation via several different avenues. Those providers who were part of the provider advisory groups generally felt more informed than those who were not. Some providers indicated the information they received was not detailed enough. Others were relying on consultants or software vendors they had hired to stay abreast of what was happening.
- The majority of providers contacted, however, consistently mentioned two things.
  1. The State representatives they dealt with were generally pleasant and attempting to be helpful.
  2. Getting answers to their questions or help with specific problems was frustrating. They cited:
    - not knowing who to call;
    - phones not being answered;
    - no one returning calls;
    - lack of knowledge by persons they did manage to speak with unless they could speak with a supervisor;
    - getting conflicting or inconsistent information from different individuals in response to the same question; and
    - generally not knowing whether they were getting accurate information or not.

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## Provider Relations (cont.)

### Discussion (cont.)

- OMS is aware of providers' frustrations and is working on several solutions:
  - a web portal allowing providers to see the status of their claims online is being rolled out to all providers;
  - recent changes to MECMS allow OMS Provider Relations representatives the ability to access more detailed online information on claims and their status; and
  - specific responsibility for communications has been assigned to an individual within OMS as a result of the OMS transformation.
  
- In addition, a survey of all providers was recently conducted regarding communications. The survey had a 50% response rate. Results have been compiled and recommendations for communications improvements, both internal and external, have been developed. Responsibility for implementing recommendations has been assigned to the individual with responsibility for communications.

### Key Questions

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| <p>? How are we monitoring whether providers are dropping from the program or not taking new MaineCare patients? What is being done to retain providers who may be considering taking such action?</p> <p>? How do we know whether communications to providers are effective? What are we doing to make sure communications are clear and accurate? Are we getting information to a large enough percentage of providers?</p> <p>? How are we assuring providers' questions get answered? How are we assuring that providers get consistent and accurate answers no matter whom they talk to?</p> | <p>? Are providers able to get questions answered in a timely fashion? How are we monitoring timeliness of response? How quickly are we connecting providers with the person who can best answer their question?</p> <p>? Do the State representatives dealing with providers have the information they need to help resolve providers' concerns? How do we know this?</p> <p>? What were the results and recommendations from the survey of providers? Are the recommendations being implemented? If so, how and by whom? If not, why not?</p> |
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# Legislative Guide for Maine Claims Management System

## Interim Payment Reconciliation and Recovery

### Discussion

- The Interim Payment Reconciliation and Recovery project is underway through a team effort being led by the DHHS Director of Internal Audit. The team is proceeding cautiously by piloting the process with providers whose claims are regularly processing and who have relatively few claims still in suspension. Once the pilot has shown the process to be sound, the State will begin reconciliation with other groups of providers whose claims are processing normally.
- The Reconciliation and Recovery Team is trying to anticipate providers' needs and concerns in this process so they can be prepared to address them. Letters to all providers are being drafted to give them notice of what to expect. A special phone number will be given to providers and a group of employees is being specially trained to answer anticipated questions. A web portal allowing providers to see the status of particular claims online is being rolled out to providers as well.
- Additionally, Management should be prepared to deal with providers questions about how special circumstances, like interest earned on overpayments or interest paid on loans they took, are being factored into the reconciliation. The State should establish formal policies on the handling of these special circumstances to assure that all providers are treated the same.
- The Interim Payment Reconciliation and Recovery effort has cash flow implications for the State. The State needs to recover overpayments made to providers and refund the federal government for its portion of those overpayments. The State also needs to make additional payments to providers who have been underpaid. The flow of recovered overpayments into the State will affect whether there are sufficient funds available to make the required payments out.
- Providers who have been overpaid are basically being given two repayment options to choose from:
  1. repay the entire amount at once by sending a check to the State; or
  2. repay over time by allowing the State to withhold a percentage of future claims payments – providers can select from several percentage levels, i.e. 50%, 75%.
- Under federal regulations, once an overpayment has been “recognized”, the State has 30 days to refund the federal government its portion. The overpayments to providers will be considered “recognized” at the point the State and the provider agree on the amount of overpayment that needs to be returned. However, some of the repayment options allow the provider more than 30 days to return the overpayment.
- Management is attempting to address this potential cash flow problem by:
  1. reconciling earlier with providers who likely have been overpaid, whose claims are processing cleanly and who may be in a position to repay the State quicker; and
  2. working with federal CMS to determine whether there are any opportunities for more closely matching refunds to the federal government with the actual collection of the overpayments.

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## Interim Payment Reconciliation and Recovery (cont.)

### Key Questions

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| <ul style="list-style-type: none"> <li>? What are providers being told about the Interim Payment reconciliation process and how? How are we assuring that those communications are clear? Do the communications include answers to anticipated provider questions or do we expect them to call with questions instead?</li> <li>? How will providers get their individual questions answered? Have we properly estimated the volume of calls that might be received? Are we properly staffed to respond to calls and questions in a timely manner?</li> <li>? How are we assuring that OMS representatives have what they need to assist providers?</li> <li>? How are we assuring that providers will receive accurate, current and consistent information when they call?</li> <li>? Have we been able to come to any agreement with CMS on refunding overpayments? If so, what is the agreement?</li> </ul> | <ul style="list-style-type: none"> <li>? Do we have a standard policy on dealing with interest earned and interest paid by providers? If so, what is it and how is it being communicated to providers? If there is no formal policy, how are we assuring consistent treatment of providers?</li> <li>? Do we have a standard policy on dealing with providers' other additional expenses related to the MECMS situation? If so, what is it and how is it being communicated to providers? If there is no formal policy, how are we assuring consistent treatment of providers?</li> <li>? How much are we potentially expecting to recover from overpayments? How much will we need to return to the federal government? How much do we expect to pay out in underpayments?</li> <li>? How significant are the potential cash flow problems and how are we planning to manage them?</li> <li>? Are we doing anything to encourage providers to repay as quickly as they are able?</li> </ul> |
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### Compliance

#### Discussion

- The degree of compliance risk depends on whether regulatory requirements have been properly incorporated into the system and related processes. Requirements can relate to:
  - proper accounting;
  - proper determination of eligible claims;
  - payment at proper rates;
  - proper data formats; and
  - adequate information for government reporting.
- The compliance risks should be mitigated by having adequate and effective controls built into the system and related processes. Non-compliance ultimately presents related financial risks.

### Key Questions

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| <ul style="list-style-type: none"> <li>? Are all regulatory requirements being met by the system and related processes? If yes, how are we sure of this? If no, what are we doing about it?</li> </ul> | <ul style="list-style-type: none"> <li>? If we are not in compliance, what are the consequences? What would be the magnitude of the potential financial impact?</li> </ul> |
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# Legislative Guide for Maine Claims Management System

## Fraud and Abuse

### Discussion

- Management has not adequately assessed the risk of potential fraud, from internal or external sources, related to provider payments. Risk of potential fraud is higher when there are significant changes, strained resources, exception processes and significant amounts of money involved. Fraud may not actually be occurring, but the potential for fraud to occur is elevated.
- The MECMS Steering Committee is actively attempting to manage a number of the risk areas. Some of these are difficult to assess and mitigate. The risk of potential fraud, however, is one that Management can greatly influence by assuring that adequate internal controls are in place.
- The Surveillance and Utilization Review (SURS) unit at OMS has continued with its normal activities to identify potential provider fraud and abuse. However, the operation of this unit is only one control in what should be a system of different controls designed to prevent and detect fraud, from any potential source, within the MaineCare program.
- Other adequate and effective controls may also be in place. However, to date, Management has not performed any formal audit of the controls over Interim Payments or Claims payments to assure they are sufficient to keep fraud exposure at an acceptable level. Serious consequences could result should any actual fraud related to the MECMS situation be discovered and reported.
- The DHHS Acting Director of the Office of MaineCare Services had asked the DHHS Director of Internal Audit to perform an audit of controls in the Interim Payment process. This audit may be delayed since the DHHS Director of Internal Audit has now been tasked with leading the Interim Payment Reconciliation and Recovery effort. The reconciliation effort itself, however, is a control and has the potential to identify other control weaknesses.
- The State Controller has plans to hire an independent firm to audit the internal controls in the MECMS claims payment process. This audit has been planned since earlier this year but was delayed since MECMS stabilization efforts were resulting in constant changes to the internal control environment. The Controller expects this audit to be performed before MECMS is certified by CMS.

### Key Questions

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| <p>? What measures are we taking to prevent or detect fraud in the Interim Payment process? Have we considered all sources of potential fraud, i.e. internal and external?</p> <p>? What measures are we taking to prevent or detect fraud in the MECMS claims payment process? Have we considered all sources of potential fraud, i.e. internal and external?</p> <p>? What has the SURS unit been finding? Has there been any increase in the potential provider fraud or abuse cases they are investigating since MECMS went live?</p> | <p>? How are we assuring that the controls in place to prevent and detect fraud are adequate and effective?</p> <p>? When do we expect to have an audit of the controls within the MECMS system? Will this audit include an examination of controls in processes supporting MECMS that are not contained within the system?</p> <p>? Will there be an audit of the controls in the Interim Payment process? If so, when?</p> |
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# Legislative Guide for Maine Claims Management System

## Funding

### Discussion

- The MECMS project has been, and continues to be, 90% funded by federal CMS. The remaining 10% comes from the State's General Fund. The extensive efforts needed to stabilize MECMS Phase I has increased the overall cost of the project.
- Management filed an Amended Plan Document (APD) with CMS earlier this year to secure continued federal funding for the project. The estimated remaining costs given in the APD included additional expenses for stabilization efforts like payments for the various consultants that have been hired. CMS conducted a review of MECMS status in July 2005 and approved continued funding based on the APD. Management continues to provide CMS with regular updates on progress in addressing concerns from its review.
- Federal funding, however, only covers 90% of the project expenditures. The State's 10% portion of the increased expenditures from stabilization efforts may be putting pressure on the budget.
- The State also faces financial risk if MECMS has been incorrectly determining the eligibility of claims or has been making inaccurate payments. Payments for MaineCare claims (Medicaid) are partially funded by the federal government at a particular match rate.
- If MECMS has been paying claims that are ineligible under the MaineCare program, then the federal government may ultimately seek reimbursement of its funding for those claims. Paying ineligible claims would also mean that the State had incurred unnecessary expenses against the General Fund.
- Similar financial risks exist if MECMS has been paying claims inaccurately, i.e. at the wrong rate or based on an incorrect calculation.

### Key Questions

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| <ul style="list-style-type: none"> <li>? What has been the nature of our discussions with CMS? Is CMS still supportive of Maine's efforts? Did they indicate there was any risk to our funding?</li> <li>? Have there been any deviations from the plan laid out in the Amended Plan Document submitted to CMS? Are the estimated costs to complete the project still realistic? What is the potential that we will need to file another APD with CMS?</li> <li>? How much is the State's 10% share of additional expenses due to the MECMS situation? Is there a projection as to where it will end up?</li> <li>? How are the additional expenditures for MECMS stabilization and related efforts affecting the budget? Where is the additional money coming from if it was not the budget?</li> </ul> | <ul style="list-style-type: none"> <li>? Do we know whether MECMS is accurately determining claims eligibility? If so, how do we know? If not, how are we planning to find out?</li> <li>? If MECMS is not properly determining eligibility, what actions are we taking? What are the expected financial consequences? Are there other potential consequences?</li> <li>? Do we know whether MECMS is paying claims accurately (i.e. at correct rates with correct calculations)? If so, how do we know? If not, how are we planning to find out?</li> <li>? If MECMS is not accurately paying claims, what actions are being taken? What are the expected financial consequences? Are there other potential consequences?</li> </ul> |
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