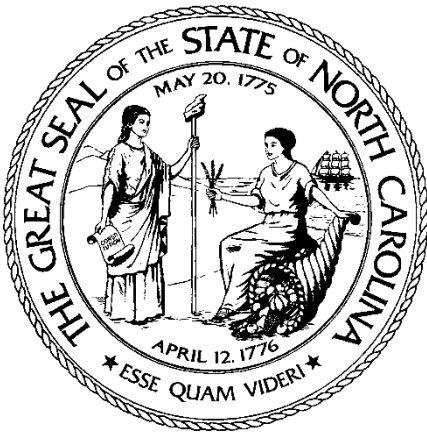


**JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON MEDICAID AND NC HEALTH CHOICE**



DHHS Updates

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Background on Medicare Cost-Sharing Payments

- For most dual eligible beneficiaries, Medicare pays the majority of a claim, while Medicaid pays the portion that would otherwise be enrollee cost-sharing. In 2002, new state legislation changed methodology for calculating how much Medicaid would pay on each of these claims.
- Instead of basing the payment only on what Medicare paid for the service, DHHS's payment would also consider what Medicaid would have paid if the claim had originated as a Medicaid claim. Specifically, the Medicaid payment would be capped so that the total amount the provider received was no greater than the amount they would receive in Medicaid.
- This new legislation required providers to file special Medicaid secondary claims since Medicare did not provide all the necessary information (whereas before they had only needed to submit their Medicare claims to Medicaid).
- To minimize administrative burden, DHHS developed a "percentage table" to simplify the process and allow payment of the Medicaid payment to be calculated based on the Medicare claims. Initial table developed in 2004 and used through June 30, 2013.
- On July 1, 2013, NCTracks was programmed to make the calculation based upon the received Medicare claim, which now includes all the necessary information to make the calculation.

OIG Audit of Cost-Sharing Payments

- **OIG began an audit of this payment process in 2016 and looked at claims from period prior to implementation of the new table in 2013**
- **In 2017 OIG concluded that any claim not paid based on the full Medicare claim was paid incorrectly, resulting in OIG finding an overpayment of \$41 million.**
- **DHHS disagrees that these are overpayments and believes our methodology was appropriate**
- **CMS is still reviewing the OIG finding, and has not issued a demand letter; if a demand letter is issued DHHS will appeal**
- **DHHS has carried forward some funding to respond to any federal audit issues**