



Susana Martinez, Governor  
Brent Earnest, Secretary  
Nancy Smith-Leslie, Director

August 18, 2016

Bill Brooks, Associate Regional Administrator  
Division of Medicaid and Children's Health  
Centers for Medicare and Medicaid Services  
1301 Young Street, Room 833  
Dallas, TX 75202

RE: Notice of UnitedHealthcare (UHC) Directed Corrective Action Plan (DCAP)

Dear Mr. Brooks:

In 2015, the New Mexico Human Services Department, Medical Assistance Division (HSD/MAD) engaged Myers and Stauffer LLC, Certified Public Accountants to assist with the monitoring and review of the Centennial Care Managed Care Organizations (MCOs) related to the following program areas: claims adjudication, prior authorization, provider credentialing, and provider contract loading. An on-site review conducted by Myers and Stauffer included review of complaints, appeals and grievances; health plan compliance; program integrity; and subcontractor/delegated services monitoring. On February 2, 2016, UHC was provided with the Myers and Stauffer draft audit report and an opportunity to respond to the audit findings and recommendations. UHC's response, received February 29, 2016, was included in the final Myers and Stauffer audit report dated March 10, 2016.

As a result of the deficiencies identified in the Myers and Stauffer audit report, HSD/MAD is implementing a DCAP with UHC. The following outline the areas of non-compliance that are included in the DCAP:

- Subcontractor oversight and delegated services monitoring, and
- Claims payment and claims adjudication process including prior authorization process.

HSD/MAD will notify UHC in writing when individual items in the DCAP have been closed and will notify both UHC and CMS when the entire DCAP has been closed. Should UHC fail to meet any established due dates, an internal referral for possible assessment of monetary penalties will be initiated.

Sincerely,

Nancy Smith-Leslie, Director

Attachment: Directed Corrective Action Plan

cc: Dina Payne, CMS, 1115 Project Officer  
Ford Blunt, CMS, Dallas Regional Office  
Charles Milligan, CEO, UHC

**UnitedHealthcare (UHC)  
Directed Corrective Action Plan (DCAP)**

	Response Due to HSD	Date Response Received	Status Open or Closed
<b>Subcontractor/Delegated Services Monitoring</b>			
1.) UHC should outline a plan to capture complete and accurate credentialing data in its system and provide a timeline to HSD for implementing this change. Such data is needed to effectively calculate and monitor credentialing timeliness. UHC should take the necessary steps to capture the date of provider application and credentialing. UHC should be able to demonstrate compliance with HSD's 45-calendar day requirement related to the timely credentialing of providers. UHC should improve the quality and completeness of credentialing data retained in the UHC system. Complete and accurate data is necessary in order to monitor UHC and delegated vendor compliance with HSD credentialing requirements. (pgs. 38-39, UHC Final Report)	8/5/2016	8/5/2016	OPEN
2.) UHC's main provider reporting system only contains current credentialing cycle information. Therefore, many of the credentialing and recredentialing dates were the same. UHC had an analyst spend a few days assembling as much original credentialing information as possible, but there was information still missing. UHC stated most of the blanks were attributed to providers for which credentialing was delegated. (pg. 10, UHC Final Report)	8/5/2016	8/5/2016	OPEN
<b>Claims Payment and Claims Adjudication Process (Including Prior Authorization Process)</b>			
3.) There were claims manually priced by UHC that Myers and Stauffer identified as overpayments. Myers and Stauffer attempted to obtain methodology and details used to price these claims; however, this information was not provided by UHC. Additional testing should be performed on these claims and the results should be reported to the Department for review. (pg. 11, UHC Final Report) Pricing details or other supporting documentation was not provided by UHC; therefore, 11 issues were not resolved thus identified as mispayments. Myers and Stauffer did not identify any underpayments by UHC during the testing periods. As shown in Table 6, <u>mispayments totaled \$86,614.42. UHC failed to provide pricing methodology on 10 claims; therefore these claims were determined to be overpayment of \$85,414.42.</u> (pg. 29, UHC Final Report) Additional testing should be performed on these claims and the results should be reported to the Department for review. (pg. 11, UHC Final Report)	8/5/2016	8/5/2016	OPEN
4.) Prior Authorization issues accounted for 21% of the hospital claim denials for UHC. Based on the high volume of claim denials for "Requires Notification/Plan not Notified," Myers and Stauffer recommend UHC review their policies and procedures on notification/prior authorization requests, submissions, and processing. UHC should also conduct provider training and education on how to properly request and submit prior authorizations on inpatient hospital claims. (pg. 30, UHC Final Report)	8/5/2016	8/5/2016	OPEN
5.) The average daily claims volume received is three thousand (3,000) for hospital claims and six thousand (6,000) for physician's claims. The average auto-adjudication rate is 40%. Sixty percent of claims are touched by processors. <u>Inpatient claims review is a highly manual process which can result in delays in payment. Ninety percent of clean claims are processed within thirty (30) calendar days. Ninety percent of clean claims are processed within 90 calendar days.</u> (pg. 16, UHC Final Report)	8/5/2016	8/5/2016	OPEN

**UnitedHealthcare (UHC)**

**Directed Corrective Action Plan (DCAP)**

	Response Due to HSD	Date Response Received	Status Open or Closed
6.) Myers and Stauffer noted that UHC had approximately 53% of denied claims in the claims universe during the three sample periods. UHC should continue to monitor and submit their denials and reports on claims adjudication to HSD. (pg. 40, UHC Final Report)	8/5/2016	8/5/2016	OPEN

7.3.2.1 - If HSD determines that the CONTRACTOR is not in compliance with one or more requirements in this Agreement, HSD may issue a notice of deficiency, identifying the deficiency(ies) and follow-up recommendations/requirements (either in the form of a Corrective Action Plan (CAP) or an HSD Directed Corrective Action Plan (DCAP)). A notice from HSD of noncompliance directing a CAP or DCAP will also serve as notice for sanction in the event HSD determines that sanctions are also necessary.

7.3.4, #4 - Failure to complete or comply with CAPs/DCAPs - .12% of the monthly capitation payment per Calendar Day for each day the CAP/DCAP is not completed or complied with as required.

\* 7.3.2.6 - If HSD staff is required to spend more than 10 hours or more per week monitoring a CAP(s) or DCAP(s), HSD will provide notice to the CONTRACTOR that the CONTRACTOR must contract with a third party either designated by HSD or approved by HSD to oversee the CONTRACTOR's compliance with the CAP(s) or DCAP(s).

UHC shall reimburse HSD for the Myers and Stauffer expenditures related to this DCAP.