

S.B. 2458 – Add Guardrails to Prevent Duplicative Audits

Ensuring Effective Oversight in Medicaid Managed Care

S.B. 2458 Extends Fee-For-Service Recovery Audit Contractor (RAC) to Managed Care

- **Allows the state's FFS RAC (Gainwell) to recoup overpayments from either the MCO or the provider:** This change introduces a second layer of oversight on claims already subject to MCO reviews.
- **Creates confusion and redundancy:** Providers could face two separate audits—one by the MCO during its two-year contract window, and another by the RAC—on the very same claims.

MCOs Already Provide Rigorous Oversight:

- **Robust pre- and post-payment strategies:** MCOs use front-end edits, data analytics, and Special Investigative Units (SIUs) to detect and prevent fraud, waste, and abuse in the Medicaid system.
- **Significant cost avoidance:** By focusing on prevention, MCOs have saved over \$5 billion, kept Medicaid cost growth 35% below the national average, and returned billions in shared-savings experience rebate to the state.

Contingency Fees Incentivize Aggressive Audits:

- **Profit-driven “fishing expeditions”:** Because RACs are typically paid a percentage of recovered overpayments, they have a strong incentive to launch broad audits—even when MCOs are already reviewing the claim.
- **Provider abrasion and appeals:** Overly aggressive audits lead to excessive appeals, delayed payments, and greater administrative burdens—potentially discouraging providers from participating in Medicaid networks.

Common-Sense Guardrails Needed:

- **Preserve the two-year MCO review window:** Prohibit the RAC from auditing managed care claims during this period unless there is credible evidence of fraud, waste, or abuse.
- **Require OIG authorization:** Mandate that the Office of Inspector General must approve or direct any RAC audits in managed care, ensuring they are justified and cost-effective.
- **Coordinate and share data:** Emphasize a targeted approach based on credible leads, preventing redundant or conflicting audits for the same claims.

Bottom Line:

- **S.B. 2458, if amended to include these guardrails, can strengthen oversight without duplicating efforts:** MCOs are already contractually and financially committed to preventing improper payments.
- Protecting providers from “double audits” and curbing “profit-driven” contingency-fee-driven investigations **ensure Medicaid dollars are spent effectively without creating provider abrasion.**