Iowa Medicaid
Iowa HHS

Policy Clarification # PC000288

RECOVERY OF IMPROPER PAYMENTS AND AGENCY IDENTIFIED OVERPAYMENTS

December 18, 2024

To: Iowa Medicaid Managed Care Plans

This letter is a formal notification of the state's expectations related to the operations and implementation of Iowa Medicaid under the managed care program. This purpose of this letter is to do following:

☒ Provide formal guidance
☒ Clarification of existing Iowa Medicaid policy
☒ Guidance on new process or policy
☐ Request for information

The purpose of this letter is to provide formal guidance and clarification related to current Managed Care Plan contracts for the recovery of improper payments and agency identified payments.

Current Managed Care Plan contracts provide the following guidance and expectation related to improper overpayments and agency identified payments:

I.8.02. Recovery of Improper Payments. Except as otherwise provided in this Section and Sections I1 .7 and I1 .9, the Contractor shall recover improper payments and Overpayments attributable to Claims paid by the Contractor, whether identified by the Contractor or the Agency, for five (5) years following the date the Claim was paid.

I.9.08. Contact Before Proceeding. If the Agency identifies an Overpayment within two (2) years of the date the Claim was paid, the Agency will contact the Contractor before proceeding with the procedures outlined in this Section.

Effective immediately, the following guidance and clarification is being provided:

1. All Managed Care Plans shall stop any retroactive recoupments going back five (5) years following the date the claim was paid.

By January 1, 2025, all Managed Care Plans must be fully compliant with the items below:

1. Managed Care Plans shall initiate administrative action and recover improper payments or overpayments related to claims paid by the Contractor within twenty-four (24) months from the date the claim was paid or from the date of any applicable reconciliation, whichever is later. Except for Overpayments identified under a Credible Allegation of Fraud, the Contractor shall confer with the Agency before pursuing Overpayment recoveries for Claims where more than twenty-four (24) months have passed since the claims were paid or adjudicated. The Contractor shall not subject these claims to repayment or offset against future claim reimbursements without prior consent from the Agency.

    a) Payment Disputes- Request for Agency Review and Mediation:
    The Contractor shall facilitate a provider's request for Agency review and mediation to resolve remaining disputes after first exhausting the Contractor's dispute or grievance process and a final notice of decision has been issued to the Provider. The Contractor shall escalate a provider's written request for review and remediation to the Agency for review. The Contractor shall direct the provider to submit a written request to the Agency within ten (10) business days of the date of the final notice of decision from the Contractor. At any time during this review, the Agency may require the Contractor to reconsider its decision and permit the Provider to submit additional information as a rebuttal to the Contractor's final notice of decision. If the evidence supports erroneous findings by the Contractor, the Agency has sole discretion to uphold, overturn, or amend the Contractor's notice of decision. If the Contractor's decision is amended or overturned, the Agency may require the Contractor to waive timely filing requirements and allow the Provider to reprocess claims for payment.

2. If the Agency discovers and identifies an improper payment or overpayment after twenty-four (24) months from the date the claim was paid, the Agency will recover the identified Overpayment from the Contractor. The Contractor shall not recover Overpayments for which it did not discover or issue a, overpayment finding to the Provider. The Contractor may dispute the Agency's notice of findings in accordance with the Payment Integrity Audit process.

Related Policy Clarifications:

This policy clarification should be used in correlation with the following policy clarifications:

This formal guidance impacts capitation rates in the following manner:

☐ This [is was] an Iowa Medicaid practice prior to April 1, 2016 and was included in the experience used to develop the capitation rates.
☐ This is a new process or policy that does not have a fiscal impact.
☒ This is a new process or policy that will be reflected in revised capitation rates and implemented January 1, 2025.

Iowa Medicaid
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Attestation:

I hereby attest to receipt and understanding of this communication including all requirements and due dates.

Name_____ Date_____.
The department will monitor progress towards implementation and may impose remedies for failure to implement.

Sincerely,

Contract Manager
Managed Care Account Manager