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Collaborating with key functional areas to improve managed Medicaid compliance

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Medicaid is highly regulated. Federal and state regulations and requirements stipulate that Medicaid Managed Care Organizations (MCOs) maintain a program to ensure compliance. Although the responsibility for compliance rests with the compliance officer, fidelity with federal and state regulations and requirements cannot be achieved without the active collaboration of key functional areas that are subject to oversight.

This article explores the basis for collaboration with a key functional area, using operations as an example. The article goes on to provide actionable strategies and tactics for creating a collaboration and improving compliance using Kotter's eight-stage change management model[1] as the method.

The role of MCOs in delivering Medicaid services

According to the Centers for Medicare & Medicaid Services (CMS), almost 66 million individuals receive insurance benefits via Medicaid.[2] Medicaid services are delivered under a state-administered fee-for-service model, or a managed care model administered by an MCO. The Congressional Budget Office[3] reports that between 1999 and 2012 (the most recent year for available data on enrollees), enrollment in managed Medicaid programs grew from 63% to 89%, making MCOs predominant in delivering Medicaid services.

Managed Medicaid compliance

The Code of Federal Regulations (CFR) and CMS guidance provide a framework for state regulations and requirements, as well as a skeleton for managed Medicaid programs. It is not unusual for states to offer multiple, managed Medicaid programs targeting different populations; offering different benefits; and operating under different administrative, service delivery, and financial management requirements. Regulations, requirements, and program designs are likely to vary between states, thus adding to the complexity, even when programs target similar populations.

Managed Medicaid compliance standards are defined in federal and state regulations and requirements, and are also codified in the MCO's contract. Fidelity is evaluated through audits, reports, and other oversight activities. Noncompliance is addressed with a range of actions commensurate with the type, severity, and persistence of deficiency. Actions include requiring a corrective action plan, levying intermediate sanctions (e.g., civil money penalties), and terminating an MCO's contract. In addition to these direct impacts, noncompliance also raises the risk that an MCO's services will be less marketable, especially when there is a pattern of deficiency or the deficiencies are serious.

The roles of compliance and operations

Section §438.608 of the Code of Federal Regulations[4] provides that there be effective lines of communication between the MCO's compliance officer and its employees, such as those in operations.

The compliance program, under the direction of the compliance officer, is ultimately responsible for ensuring fidelity with regulations and requirements. Operations is ultimately responsible for efficiently and effectively delivering services in accordance with regulations and requirements, as well as accreditation and professional standards, internal business objectives, and market demands. And operations must do this within budgetary constraints, and in a fashion that allows the MCO to grow its business.

Although these roles overlap, the additional responsibilities borne by operations may make for difficult choices about balancing compliance and operational risk, allocating available time and resources, achieving value at a reasonable cost, and maintaining marketability.

Creating an effective collaboration with operations—and by extension, facilitating the MCO's success—is made more difficult when functions are siloed, compliance is not seen as central or value-added, or functional areas are working at cross-purposes. A solution is found in Kotter's change management model.