Fifth Amendment to the IME Professional Services – Provider Cost Audits and Rate Setting Contract

This Amendment to Contract Number MED-10-001-E is effective May 1, 2015, between the Iowa Department of Human Services (Agency) and Myers and Stauffer LC (Contractor).

Section 1: Background
The purpose of this Amendment is to account for replacement of reduced volume of cost reports requiring a desk review by Provider Cost Audit (PCA) to determine final rates. These desk reviews were built into the original contract amounts when the Request for Proposal (RFP) MED-10-001 was awarded. Replacement work includes an audit of the 340B program administration for compliance with 340B billing policy and aiding the IME in developing a workplan to provide managed care oversight for the current managed care environment, as outlined in Attachment 8.

Section 2: Amendment to Contract Language
The Contract is amended as follows:

Revision 1. Attached to this Amendment is a document entitled Attachment 8. This document is incorporated into the Contract by reference.

Section 3: Ratification and Authorization
Except as expressly amended and supplemented herein, the Contract shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof. Each party to this Amendment represents and warrants to the other that it has the right, power, and authority to enter into and perform its obligations under this Amendment, and it has taken all requisite actions (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Amendment, and this Amendment constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

Section 4: Execution
IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Amendment and have caused their duly authorized representatives to execute this Amendment.

Contractor, Myers and Stauffer LC	**Agency, Iowa Department of Human Services**
Signature of Authorized Representative: Amy Perry	Signature of Authorized Representative: C M Palmer
Printed Name: Amy Perry	Printed Name: Charles M. Palmer
Title: Member	Title: Director
Date: 7/24/15	Date: 8-3-15

Attachment 8

Scope of Work

Key Activity: 340B Monitoring

Contractor Responsibilities:

I. **Review Iowa Medicaid Policies for 340B and offer recommendations for modifications or clarifications**
   a. *Issues Addressed: 340B policy review and updates*
   b. In particular, review for clarity on the MCO 340B policy
   c. Deliverable: Recommendations for 340B policy, including ongoing updates on federal 340B policy changes or ideas from other Medicaid programs

II. **Perform Quarterly FFS Point-Of-Sale (POS) and Professional Claims compliance audit**
   a. *Issues Addressed: Potential non-compliance with policy to identify 340B claims (e.g. prevent duplicate discounts)*
   b. Claims representing FFS Pharmacy and FFS Professional (includes UB04 and CMS 1500 claims)
   c. Sample of claims to be selected as follows:
      i. 200 Pharmacy claims
      ii. 200 UB04 and CMS 1500 claims – proportion to be determined based on review of utilization and expenditure data
   d. Develop a risk assessment which will incorporate comparison of providers registered with the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) website against IME providers to assist in identifying claims submitted without the appropriate modifier or indicator but potentially obtained via the 340B program.
   e. Evaluate whether claims are being submitted in compliance with IME guidelines for billing Carve-In and Carve-Out 340B services.
   f. Review claims for compliance with required use of claim modifiers or indicators.
      i. Consideration to be given to include both claims that were submitted with the required modifier/indicator as well as those where the modifier/indicator may have been omitted (as identified via risk assessment).
   g. Review claims for reasonableness of submitted charges compared to proxy amounts.
      i. Review will evaluate whether providers accurately submitted actual acquisition cost for drugs obtained through the 340B program (340B AAC).
      ii. Review will also evaluate if providers accurately adjusted 340B claims submitted to Medicaid to reflect any price reductions received through the manufacturer's periodic recalculation process.
   h. Deliverable: Report of findings

III. **Perform Semi-Annual MCO Professional Claims compliance audit**

a. *Issues Addressed: Potential non-compliance with policy to identify 340B claims (e.g. prevent duplicate discounts)*
b. Claims representing MCO Professional
c. Sample of claims to be selected as follows:
    i. 200 UB-04 and CMS 1500 claims– proportion to be determined based on review of utilization and expenditure data.
d. Develop a risk assessment which will incorporate comparison of providers registered on the HRSA website against IME providers to assist in identifying claims submitted without the appropriate modifier but potentially obtained via the 340B program.
e. Evaluate whether claims are being submitted in compliance with IME guidelines for billing Carve-In and Carve-Out 340B services .
f. Review claims for compliance with required use of claim modifiers or indicators.
g. Consideration to be given to include both claims that were submitted with the required modifier/indicator as well as those where the modifier/indicator may have been omitted (as identified via risk assessment).Evaluate whether claims are billed at appropriate rate as defined by IME 340B policy.
h. Evaluate what controls MCOs have in place to ensure that contract pharmacies are not billing 340B product.
i. Deliverable: Report of findings
j. Note: These semi-annual reviews will alternate with the semi-annual invoice collections

IV. **Perform Semi-Annual collection of 340B invoices and review against submitted charges for covered entities**
    a. *Issues Addressed: Compliance with policy to submit 340B actual acquisition cost on 340B claims (prevent inappropriate payment)*
    b. Collect a sample of 340B invoices from a selection of 5 to 10 340B-participating covered entities (CE). Sample selection to be agreed upon with IME.
    c. Select a sample of claims from CEs to audit which coincides with the drug invoice reporting period.
    d. Compare 340B invoice costs to submitted charges on an agreed upon number of 340B claims to determine if CE is billing Medicaid at 340B actual acquisition cost as required by IME 340B program policy.
    e. Review claims for compliance with required use of claim modifiers or indicators
        i. Consideration to be given to include both claims that were submitted with the required modifier/indicator as well as those where the modifier/indicator may have been omitted (as identified via risk assessment).
    f. Deliverable: Report on findings
    g. Note: These semi-annual reviews will alternate with the semi-annual MCO claims reviews.

V. Administer annual 340B attestation form and comparison to HRSA exclusion file

a. *Issues Addressed: Compliance with policy to ensure accuracy of status on HRSA OPA Exclusion File (e.g. prevent duplicate discounts)*
b. Develop an IME Annual Attestation Form for submission (based on criteria as outlined in IME ILs)
c. Develop the process for maintaining/monitoring provider compliance.
d. Administer the IME Annual Attestation Form, including Medicaid and MCO 340B carve-in or carve-out status.
e. Compare results to the HRSA OPA exclusion file for consistency.
f. Deliverable: Annual report on consistency between IME 340B Attestation Form and HRSA Covered Entities file and Medicaid Exclusion File

VI. Research manufacturer revisions of 340B prices and provide IME with feedback and suggestions

a. *Issues Addressed: Opportunity for refund of payment made for 340B claims when manufacturers retroactively change the 340B acquisition cost (prevent inappropriate payment)*
b. Review the manufacturer notices on the HRSA website
c. Determine whether there is a strategy to request a portion of the refund to the covered entity to be returned to the IME. Will need to determine how to quantify the refund for IME.
d. Deliverable: Provide feedback from research

Key performance measures:

Contractor shall:

- Attend 100% of requested meetings
- Submit 340B work plan to the Agency for approval no later than July 22, 2015
- Submit recommendations for 340B policy, ongoing updates on federal 340B policy changes or ideas from other Medicaid programs to the Agency no later than September 30, 2015
- Submit quarterly results of the FFS Point of Sale (POS) and professional claims compliance audit to the Agency no later than November 18, 2015, and quarterly thereafter.
- Submit semi-annual report on 340B MCO professional claims processing accuracy compared to 340B policy to the Agency no later than May 31, 2016, and November 30, 2016.
- Submit semi-annual report on 340B FFS covered entities and their adherence to billing 340B actual acquisition cost to the Agency no later than May 31, 2016, and November 30, 2016
- Submit annual report on consistency between IME 340B attestation form and HRSA Covered Entities file and Medicaid Exclusion File to the Agency no later than April 27, 2016.

Key Activity: Managed Care Program Monitoring

Contractor Responsibilities:

I. **Develop Project Plan**
   a. *Within 30 days of corrective action plan (CAP) submission, IME will meet with Myers and Stauffer.*
   b. Action: Meet with IME staff to discuss the proposed scope of work and a tentative timeline.
   c. Deliverable: Project Plan and Time Line for Managed Care Compliance Oversight beginning July 1, 2015.

II. **Review current Iowa Medicaid contracts, policies and procedures for MCO compliance and offer recommendations for modifications or clarifications**
   a. *Issues Addressed: MCO compliance with: Ownership and Control Disclosure requirements, Business Transaction Disclosure requirements, Exclusion Search requirements, Adverse Action Notification requirements, and contract performance provisions.*
   b. Action: Review of all existing contracts, policies and procedures as well as identification of best practices and other available benchmarks.
   c. Deliverable: Recommendations for contract updates and compliance policy and procedures.

III. **Assist in Development of Policies and Procedures**
   a. *Issues Addressed: MCO compliance with: Ownership and Control Disclosure requirements, Business Transaction Disclosure requirements, Exclusion Search requirements, Adverse Action Notification requirements, and contract performance provisions.*
   b. Deliverable: Proposed compliance policy and procedures documentation.

IV. **Perform Quarterly Compliance Reviews**
   a. *Issues Addressed: MCO compliance with: Ownership and Control Disclosure requirements, Business Transaction Disclosure requirements, Exclusion Search requirements, Adverse Action Notification requirements, and contract performance provisions.*
   b. Action: Development of quarterly review plan for IME staff approval. Perform quarterly reviews and identify potentials areas of concern or noncompliance.
   c. Deliverable: Quarterly report of findings and recommendations.

Key performance measures:

Contractor shall:

- Attend 100% of requested meetings
- Submit MCO compliance project plan and timeline to the Agency for approval no later than August 7, 2016.
- Submit recommendations for MCO compliance contract updates, policy, and procedures to the Agency no later than August 28, 2015.
- Submit proposed compliance policy and procedures to the Agency no later than October 23, 2015.
- Submit quarterly report of findings and recommendations for each MCO to the Agency no later than December 16, 2015, for Quarter 1 and March 15, 2016, for Quarter 2.