



Iowa Department of Human Services

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Director

December 31, 2014

Iowa Medicaid Saves \$49.5 Million Last Year Through Program Integrity Initiative Four-Year Savings Total About \$129 Million

(Des Moines, Iowa) - Iowa Medicaid's initiative focused on payment accuracy has saved taxpayers an estimated \$49 million in fiscal year 2014, bringing the four-year savings of the program integrity effort to nearly \$129 million.

The program integrity savings are \$30 million above the estimated targets, and about seven times greater than the cost of the contract awarded to Optum of Eden Prairie, Minn.

"This is good news for the Medicaid program as we continue to work to contain costs and improve the delivery of quality care," said Iowa Department of Human Services Director Charles M. Palmer, whose agency administers the Medicaid program.

He noted that the majority of Iowa's Medicaid providers bill appropriately and understand how the program works, but the few who are fraudulent "have been put on notice that we're using sophisticated techniques to thwart their efforts and ensure accurate payments."

Optum, which manages most of the program integrity work for the Iowa Medicaid Enterprise (IME), was awarded an initial three-year contract in fiscal year 2011 worth \$14 million, and then an optional year worth \$4 million for fiscal year 2014.

In addition, the company assumed duties in 2012 as Iowa's Medicaid Recovery Audit Contractor (RAC), a function required by the Affordable Care Act. Optum will continue its program integrity efforts for fiscal year 2015 in the second of two performance-based option years under the contract.

About 40 percent of the savings under the program integrity contract include "cost avoidance," which is money not spent because claims errors or fraudulent activities are caught in advance. The other portion is "recoveries," which refers to funds inappropriately billed to Medicaid that providers must pay back to the program.

Steve Larsen, executive vice president of Optum Government Solutions, said Iowa's Medicaid program has become a national model in program integrity.

"The state shares our philosophy about payment accuracy – every taxpayer dollar must be properly spent and every provider must be properly paid for the critical work they do," Larsen said. "We're pleased to work with Iowa to help achieve these goals."

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