

CASE IN POINT:

TURNING “LOST” REVENUE INTO A \$2 MILLION OPPORTUNITY

Dual Eligibility Documentation and Adjustment Service for Medicare Advantage Health Plans

Problem Definition: This mid-sized Medicare Advantage health plan has over 21,000 members. Plan management believed that the plan was being underpaid by CMS. The specific concern was that the plan was not receiving the increased capitation amount for *all* of its members who have dual eligible status. Identification of all low income members had become especially important in order to comply with Medicare Part D requirements for these members. Management learned from Human Arc that often there are processing differences between state Medicaid agencies and the Centers for Medicare and Medicaid Services (CMS); these commonly cause disconnects between actual member status and capitation payments to plans. In fact, 0.25 to 0.50 percent, and often more, of a Medicare Advantage plan’s membership can be defined as under-capitated dual eligible. Since the monthly per-member capitation increase for Medicaid eligibility in this market averaged over \$230 between 2001 and 2006, this suggested appreciable lost revenue.

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Actions Taken: Human Arc initiated a major retrospective reconciliation project for the plan, with quarterly reconciliations thereafter. Human Arc first compared the plan’s membership against historical state Medicaid enrollment records for an initial 36-month retrospective period, with regular quarterly reviews since then.

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The reconciliation showed that this particular plan was receiving net under-capitation on 0.6 percent of its member months. Through its retrospective reviews of records from January 2001 through November 2005, Human Arc discovered that over 8,000 additional member months required adjustment due to existing

dual eligibility NOT recognized or appropriately capitated by CMS. Human Arc provided plan management with all documentation and data files needed to request special status adjustment through CMS’ designated vendor, IntegriGuard.

Results:

Human Arc continues to provide this plan with ongoing, quarterly retrospective documentation efforts. These will translate into retrospective **revenue enhancement to this plan of about \$2 million** based on the aggregate of adjustment applications submitted as of early 2006 . . . and due solely to corrections to the CMS Medicaid special status identifier.

Also important to plan management, all major research, verification, documentation and submission packaging work is performed by Human Arc, thus optimizing fiscal outcome **without** significant staff time or other resource investment from the plan. ■

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