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DirectorDEPARTMENT OF HEALTH AND HUMAN SERVICES
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February 8, 2013

Gloria Nagle
Associate Regional Administrator
Division of Medicaid and Children's Health Operations, CMS
90 7th Street, Suite 5-300 (5W)
San Francisco CA 94103

Dear Ms. Nagle:

Enclosed please find Nevada's State Plan Amendment (SPA) #12-009. This SPA amends Nevada's State Plan effective July 1, 2012.

On behalf of the State of Nevada Division of Health Care Financing and Policy, I would like to request an exception to 42 CFR 455.508(b) which requires States to have a minimum 1.0 FTE Contractor Medical Director for Nevada's Medicaid RAC. The Nevada Medicaid RAC contract was awarded to HMS Holdings Corp and continues through December 31, 2016. Due to the nature and level of clinical review work projected to be performed, it is reasonable to consider that a full time Contracted Medical Director is not warranted for this individual state RAC contract. The State proposes to hire a 0.5 FTE CMD and utilize our contractor's contracted physician review panel for specialty peer reviews as required. In addition to this approach, our contractor has a full time (FTE) National Medical Director who is licensed in another state that brings national knowledge and experience to our RAC program, while the NV licensed CMD, and NV licensed contract physician review panel brings local state perspective and understanding of state health policy and coverage issues. We believe this approach will work well for the State and minimize cost prohibitive concerns resulting from the requirement of hiring a FTE CMD under this contingency fee based contract. The DHCFP and HMS believe that the spirit and intent of the Medicaid rule for a full time Contract Medical Director is to follow the Medicare RAC guidelines. We are empathetic to the concerns posed by providers regarding the availability of a licensed physician Contracted Medical Director and we intend to ensure that a Contracted Medical Director is available. However, CMS requires *Medicare* RACs to employ *one full time Contract Medical Director to oversee each awarded 7 to 20-state Medicare region, not each state*. Because of this, the DHCFP would like to be granted the ability to determine the appropriate staffing level for our Contracted Medical Director.

Our RAC administrator, HMS, employs Contracted Medical Directors (CMDs) who are currently licensed, have extensive knowledge of state coverage and payment rules, and have appropriate clinical experience. The CMD selected for the RAC will work closely with HMS's

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TN No. 12-009
Supersedes
TN No. NEWApproval Date: MAR 19 2013Effective Date: July 1, 2012

Corporate Medical Officer (CMO), Dr. David Sand. Dr. Sand has extensive RAC experience, including serving as a CMD in the Medicare RAC pilot program, and as a member of HMS's physician panel to oversee clinical activities and determinations. The CMD for the Nevada RAC will oversee the medical review process, assist review staff upon request or as required, oversee quality assurance procedures, and maintain relationships with provider associations.

All of the physicians used by HMS are subjected to rigorous credentialing, including primary verification of licensure and certification by an American Board of Medical Specialties or American Osteopathic Association recognized board, as well as queries of the National Practitioners' Data Bank and the Department of Health and Human Services Office of the Inspector General's List of Excluded Individuals and Entities. No physician with a significant entry or exclusion is permitted to serve on their panel.

As detailed above, we believe that the approach used by HMS exceeds CMS' Final Rule statement that the RAC must employ an FTE CMD. Under the RAC contract, HMS will provide:

1. A Nevada-licensed CMD, whose staffing hours would be correlated with the volume of the RAC contract clinical reviews;
2. A panel of Nevada-licensed physician reviewers as needed; and
3. A resource of 800 physician peer reviewers nationwide.

As demonstrated by HMS's current Program Integrity contracts, due to the deep and ongoing involvement of their Chief Medical Officer, Contracted Medical Directors, and physician panel, we are confident that HMS can achieve the highest levels of quality, accuracy, and objectivity required of the Nevada RAC without employing a separate full time Nevada CMD. This approach ensures that the CMD has adequate knowledge and experience working on RAC programs, rather than having to place individuals in this role that may not have experience serving as a RAC CMD. For these reasons, the State of Nevada DHCFF does not believe employing a FTE CMD is appropriate for our state RAC and would request that we be given the ability to determine the appropriate staffing levels for our CMD.

Thank you for your consideration and should you have any questions regarding this request, please contact Marta Stagliano, Chief, Compliance at (775) 684-3623 or Marta.Stagliano@dhcff.nv.gov.

Sincerely,



Michael J. Willden, Director
Department of Health and Human Services

Enclosures

Cc: Elizabeth Aiello, Deputy Administrator, DHCFF
Leah Lamborn, ASO IV, DHCFF
Marta Stagliano, Chief, Compliance, DHCFF