

May 16, 2000

Dear State Medicaid Director:

This is to follow up on the [enclosed letter sent to you on March 17, 1999](#), regarding the States' obligation to notify the Department of Health and Human Services's Office of Inspector General (OIG) when an administrative sanction is imposed against a Medicaid program participant.

By way of background, each State Medicaid Plan provides that "whenever a provider of services or any other person is terminated, suspended, or otherwise sanctioned or prohibited from participating under the State plan, the State agency shall promptly notify the Secretary ... of such action," Section 1902(a)(41) of the Social Security Act ("the Act"), 42 U.S.C. §1396a(a)(41). The above-referenced letter advised you about new Departmental regulations, published on September 2, 1998, which codified the statutory requirement as follows:

The {State Medicaid} agency must ... promptly notify the Inspector General of any action it takes to limit the ability of an individual or entity to participate in its program, regardless of what such an action is called. This includes, but is not limited to suspension actions, settlement agreements and situations where an individual, or entity voluntarily withdraws from the program to avoid a formal sanction. (42 C.F.R. § 1002.3(b)(3)).

Based on information submitted by a State Medicaid Agency, the OIG will determine whether the subject should be excluded from participation in Medicare, Medicaid, and other Federal health programs pursuant to section 1128(b)(5) of the Act, 42 U.S.C. §1320a-7(b)(5). Section 1128(b)(5) of the Act authorizes the exclusion from participation in Federal health care programs for:

Any individual or entity which has been suspended or excluded from participation, or otherwise sanctioned, under ... a State health care program, for reasons bearing on the individual's or entity's professional competence, professional performance, or financial integrity.

It is critical that State Medicaid agencies send timely and complete information to OIG regarding the termination of a provider's participation status. To make a proper evaluation of a case, OIG requests that State agencies submit the following documentation:

The State agency's final decision to suspend, exclude, or otherwise sanction an individual or entity;

Background information if not contained in the final decision, e.g., a statement of the charges and evidence, upon which the agency based its decision; and

Current name, address, date of birth (if applicable), social security number, and license number (if known) of the sanctioned health care provider.

Please send this documentation to the appropriate Field Office of the OIG Office of Investigations (OI) for review and processing. We enclose these Field Office addresses and phone numbers and their geographic jurisdictions.

I appreciate your cooperation in implementing this reporting process. If you have any questions, please call the appropriate OIG/OI Field Office responsible for processing OIG exclusions.

Sincerely,

/s/

Timothy M.  
Westmoreland  
Director

cc: All HCFA Regional Administrators All HCFA Associate Regional Administrators for Medicaid and State Operations Lee Partridge - Director, Health Policy Unit, American Public Human Services Association Joy Wilson - Director, Health Committee, National Conference of State Legislatures Matt Salo - Director of Health Legislation, National Governors' Association

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