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DEPT. OF HEALTH AND HUMAN SERVICES

Health and Human Services Committee
LB 867
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Nebraska Department of Health and Human Services

Good afternoon, Chairman Riepe, and members of the Health and Human Services Committee. My name is Thomas Rocky Thompson (T-H-O-M-A-S R-O-C-K-Y T-H-O-M-P-S-O-N) and I am the Interim Director of the Division of Medicaid and Long Term Care (MLTC) in the Department of Health and Human Services (DHHS). I am here to testify in opposition to LB 867, which would require additional reporting for managed care contract violations, and would also require managed care contracts to contain additional requirements for so-called "clean claims."

First of all, LB 867 would require the department to report to the Legislature the number and type of contract violations by the managed care organizations (MCO). These violations are subject to sanction every fiscal year. If no sanctions are imposed, that decision must be explained, and a plan for improvement initiated. Since I took my position in May 2017, the program has posted on the Heritage Health website a description of violations and actions taken against the health plans. The bill's requirement would essentially be duplicative of what the program is already doing. The transparency of this program with the Legislature has been a priority since inception and continues to be such Indeed, we currently provide a number of reports and data sets on our Heritage Health website. We ensure that you, stakeholders, providers, advocates, and the residents we serve are all informed. Our website includes actions taken by the Department. In addition, the contracts with the MCOs already have a number of reporting requirements that are more comprehensive than those this legislation would call for.

Second, LB 867 would require at least a ninety-five (95%) percent clean-claims rate, with sanctions if this were not achieved. There has been a lot of discussion regarding so-called "clean claims" over the past year. It is important to remember that a "clean claim" is a claim that enters into a plan's system. Simply put, a clean claim is a claim that a provider has correctly filled out and submitted within the appropriate parameters and timeframes. Clean claims are either paid or denied, as appropriate. In other words, just because a claim is a clean claim does not mean that it is a valid claim that can be paid.

Requiring a certain "clean claims" rate and changing the definition of a "clean claim," as this bill proposes, would require one of the following to happen:

(1) Require the MCOs to take over the providers' responsibility to submit the providers' claims, and require you to provide additional money to the MCOs for this shift in responsibility. The department estimates this would increase the administrative load of the rate from approximately 10% to 11%, increasing the overall capitation rates to the MCOs by roughly 1%, which would be upwards of $5.4 million in state general funds annually; or

(2) Require the MCOs to compromise the integrity of their payment systems, and allow claims to be paid that should not be paid. Federal law requires the MCOs' claim processing systems to be in compliance with HIPAA data transaction requirements. This bill would put the MCOs' systems out of compliance, and it would allow fraud, waste, and abuse to slip through the system.

For all these reasons, I oppose LB867.

Thank you for the opportunity to testify before you today. I'm happy to answer any questions you may have.