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9.1 First Party Liability and Third Party Liability Recovery Programs

RFP Reference: 5.

The sources of potential recovery that the Contractor shall pursue include, but are not limited to: Casualty and Tortfeasor, Restitution, Estate Recovery, TEFRA Liens, Trusts, Annuities, Commercial Insurance, and Credit Balance recoveries. Each of these is briefly described below. In addition, Attachment A, "Periodic Report Requirements," contains a list of the financial and statistical reports that the Contractor must prepare and submit on a weekly, monthly or quarterly basis, as required by AHCCCS. Attachment B, "AHCCCS TPL Program Recoveries," lists examples of specific activities the Contractor must do, at a minimum, to adequately perform this contract.

As the pioneer of Third Party Liability (TPL) and cost containment services for Medicaid, Health Management Systems, Inc. (HMS) is in an ideal position to apply our comprehensive, specialized resources to support AHCCCS's current and future TPL needs. As the leader and incumbent in TPL, we are the only vendor able to leverage scope-specific experience acquired through our delivery of TPL identification, verification, and recovery services for over 40 Medicaid and state agencies.

Our capabilities include the expertise of more than 2,300 Medicaid cost containment specialists who design, build, administer, and enhance the industry-best processes and tools that enable our TPL success. We have more experience, better data matching technology, and access to more member and insurer data than any competitor does. **Our experience and resources offer AHCCCS the lowest-risk approach to fulfill its TPL goals.**

[redacted]

[redacted]

[redacted]

Financial Risk of Choosing an Unproven Vendor

[redacted]

[redacted]

ADMINISTRATIVE RISKS OF CHOOSING AN UNPROVEN VENDOR

[redacted]

[redacted]

CASUALTY AND TORTFEASOR

[redacted]

RESTITUTION

[redacted]

ESTATE RECOVERY, TEFRA LIENS, TRUSTS, AND ANNUITIES

[redacted]

[redacted]

CREDIT BALANCE

[redacted]

COMMERCIAL INSURANCE BILLING

[redacted]

[redacted]

[redacted]

The following sections present our responses to your specific TPL Scope of Work requirements.

PERIODIC REPORT REQUIREMENTS

RFP Reference: Attachment A, Periodic Report Requirements

HMS understands AHCCCS's requirements regarding financial and statistical report format, content, and frequency of submission. HMS will comply with all changes specified by AHCCCS and will be responsible for continued reporting beyond the term of the contract for the finalization of retained cases, if any, beyond the transition to a new contractor. For additional detailed information, please see our detailed response to **Section 9.15 Period Report Requirements**.

TPL PROGRAM RECOVERIES CONTRACTOR ACTIVITIES

RFP Reference: Attachment B, AHCCCS TPL Program Recoveries

[redacted]

[redacted]

9.1.1 Casualty and Tortfeasor

RFP Reference: 5.1

Medicaid Casualty Recovery programs seek to recover funds paid by the program on behalf of injured recipients from those pursuing financial damages from liable first and third parties. These parties include insurance companies, corporations, individuals, or any person or entity. ARS § 12-962 and federal law address Medicaid's right to recovery of these funds.

HMS has the most extensive process to develop trauma lead sources, including established matches with the Industrial Commission and Department of Transportation. These proactive strategies contributed to the increase in casualty recoveries of 6% over the last state fiscal year.

In the upcoming contract, we propose to continue offering AHCCCS a comprehensive casualty/tortfeasor program that incorporates leads from the Arizona Industrial Commission, Arizona Department of Transportation (ADOT), and Trauma Diagnosis Code matches.

In the following section, we provide our cross-walk to the requirements from AHCCCS's scope of work. In addition, response **Section 9.0.01** details our method of approach to meeting the casualty and tortfeasor requirements.

Lien and Subrogation Rights

RFP Reference: 5.1

Casualty and Tortfeasor recoveries are obtained from settlements or awards to FFS Members and Joint Liability and Mass Tort Cases for injuries or illness resulting from automobile accidents, malpractice suits, workers' compensation cases, etc. AHCCCS has 60 days from the date of notification of hospital discharge or medical care and treatment to file a lien. If this 60-day period has expired, AHCCCS relies on its assignment and subrogation rights as set forth in State law to enforce its claim.

Per ARS § 36-2915, AHCCCS only has 60 days from the date of notification of hospital discharge or medical care and treatment to assert its lien. HMS, as the incumbent, is aware of this and has designed our current process to notify first and third parties quickly of the potential of a lien, effectively extending this 60-day period.

The Initial letter contains language alerting the attorney and insurance carrier of AHCCCS's right of reimbursement and assignment through its statutes ARS §§12-962 and 36-2915.

IDENTIFICATION OF TRAUMA CODE CLAIMS

RFP Reference: 5.1

The Contractor is responsible for identifying FFS Members who have claims with specific trauma codes that are consistent with injuries that may be covered by Liable Parties. In accordance with 42 CFR 433.138(e) the Contractor is required to identify FFS claims that contain trauma codes utilizing claim information provided by AHCCCS. The Contractor will treat all claims identified through this trauma code match process as a new Casualty referral.

Pursuant to the Mega Rule amendment of 42 CFR 433.138(e), HMS performs analyses of AHCCCS's paid FFS claims file to identify casualty recovery opportunities through examining trauma codes. Our analyses include a review of accident-related ICD-10 diagnosis codes that yields greater recovery opportunities and minimizes member abrasion.

HMS has already established clearly-written, AHCCCS-approved questionnaires in order to increase response rates. In 2017, we sent out over 15,000 questionnaires on behalf of AHCCCS

MAXIMIZING TCM LEADS

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

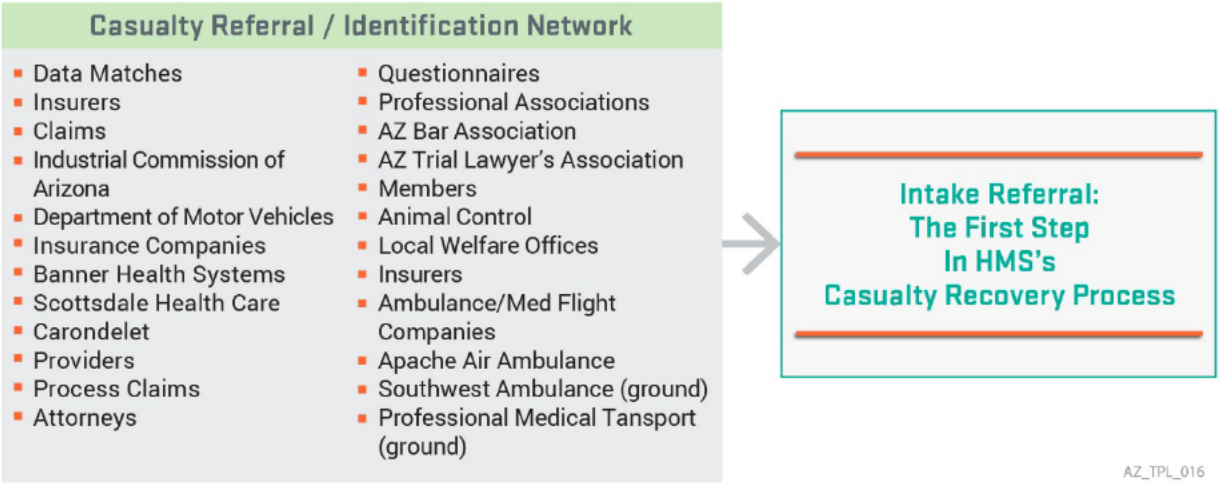
PROCESSING AND DETERMINATION OF REFERRALS

RFP Reference: 5.1

In addition to the referrals generated by the trauma code match process, other referrals come from a variety of sources including: the Acute Care Contractors or Long Term Care Contractors, attorneys, insurance companies, Providers, Members, etc. The Contractor is responsible for processing all referrals and determining whether the case is a Mass Tort Case, Joint Liability Case, or Total Plan Case.

Referrals come from Acute Care contractors, LTC contractors, attorneys, insurance companies, providers, members, and many other interested parties. All referrals are required to be submitted to HMS (the AHCCCS-authorized representative) for review and approval to process. Acute Care and LTC contractors may not pursue recovery on casualty claims until they receive written authorization from HMS that the case is a Total/Dual Plan. HMS pursues FFS cases, Mass Tort, and those that meet AHCCCS's defined criteria for a Joint Liability Case (**Figure 9.1-2**).

Figure 9.1-2. HMS Casualty Referral and Identification Network



[redacted]

HMS refers Total Plan/Dual Plan Cases to the MCO(s) to pursue and notifies the TPL which contractor(s) will handle the case.

JOINT LIABILITY AND MASS TORT CASE RECOVERIES

RFP Reference: 5.1

Certain factors have a bearing on how Casualty cases are worked for recovery. The Contractor shall recover FFS and AHCCCS Health Plan Contractor expenses on Joint Liability and Mass Tort Cases. All Reinsurance and FFS expenditures are reimbursed to AHCCCS from Joint Liability and Mass Tort Case recoveries before any payment is made to the AHCCCS Health Plan Contractor. The Contractor refers all Total Plan Cases, except Mass Tort Cases, to the AHCCCS Health Plan Contractor for recovery.

[redacted]

[redacted]

HMS has a clear understanding of the casualty landscape in Arizona because of the many years we have partnered with AHCCCS to provide these services. In 2016, we began handling all new Mass Tort cases for the State of Arizona. **Through February 2018, we have recovered approximately $300,000 from Mass Tort cases for AHCCCS.** Deploying national best-practice processes allows us to offer the State the most-viable, robust, and effective program possible.

[redacted]

Mass Tort Activity	
LRG Contacts:	40
Total Open Cases:	2418
Total Close Cases:	403
Total Recovered:	$302,408.90

[redacted]

[redacted]

[redacted]

IMPACT OF ONGOING CHANGES IN LAW

RFP Reference: 5.1

There are ongoing changes in law that may impact the Casualty and tortfeasor recovery process. The Contractor shall take all necessary steps to comply with any changes in law.

HMS provides expert consultation on legislative, regulatory, and operational issues to our Medicaid clients. **We maintain legislative staff in Washington DC and in state capitals to keep abreast of changes in the law and regulatory requirements that may impact our clients.** We also work proactively with our state clients to identify legislative changes that may enhance their program results.

[redacted]

HMS will continue to work with the State to maintain compliance with changes in laws that affect the casualty and tortfeasor recovery process.

9.1.2 RESTITUTION

RFP Reference: 5.2

Restitution recoveries are obtained through a Restitution court order, upon a defendant's conviction for an offense causing economic loss to any person. The court, at its sole discretion, may order that all or any portion of the fine imposed be allocated as Restitution to be paid by the defendant to any person who suffered an economic loss caused by the defendant's conduct. In ordering Restitution for economic loss, the court shall consider all loss caused by the criminal offense or offenses for which the defendant has been convicted.

HMS has a solid understanding of court-ordered restitution programs in Arizona. We have been successful in recovering these payments from the convicted defendant for the medical assistance services provided to crime victims. HMS has identified and worked more than 6,000 restitution cases for AHCCCS, and coordinating recovery efforts with contractors when warranted. HMS will deliver to AHCCCS monthly lists of open restitution cases for their review.

In the following sections, we provide our cross-walk to the requirements from AHCCCS's scope of work for restitution services. Also, in response **Section 9.0.02** we present our method of approach to meeting the restitution requirements from AHCCCS's scope of work.

PAYMENT OF RESTITUTION

RFP Reference: 5.2

Federal and State Courts will order a convicted defendant to pay Restitution to AHCCCS in criminal cases where AHCCCS has paid for medical services that are related to the victim's injuries. Requests for paid medical services information for Restitution cases are primarily requested by County Adult Probation Officers. In these cases, the County Adult Probation Officer will submit the AHCCCS claim amount to the court. After the court determines the amount of the Restitution, the court, or a staff member designated by the court, including a probation officer, shall specify the manner in which the Restitution is to be paid.

Virtually all restitution cases involve a payment plan, and the total court-ordered restitution can amount to thousands of dollars. The convicted defendant is typically ordered to pay a portion of the total restitution on a monthly basis until the full amount is paid. HMS receives and posts all monthly payments to Maestro and forwards the payments to AHCCCS as part of the weekly deposit in accordance with AHCCCS banking procedures.

Processing Referrals and Case Determination

RFP Reference: 5.2

Restitution recovery is similar to the Casualty and tortfeasor recovery process in that recovery can be a FFS, Joint Liability or a Total Plan Case. The Contractor shall be responsible for processing all referrals and determining whether the case is a FFS case, a Joint Liability Case or a Total Plan Case. If needed, the Contractor will contact the applicable court to collect sufficient information to process a referral. The Contractor shall recover FFS and Acute Care Contractor and Long Term Care Contractor expenses on a Joint Liability Case. All Reinsurance and FFS expenditures are reimbursed to AHCCCS from a Joint Liability Case recovery before any payment is made to the Acute Care Contractors or Long Term Care Contractors.

MONTHLY AHCCCS OPEN CASE BALANCE DUE REPORT

RFP Reference: 5.2

The Contractor shall provide a monthly report that identifies the current balance due to AHCCCS on open cases. The report format and content shall be as prescribed by AHCCCS.

- Open case inventory for all casualty, mass tort, estates, TEFRA, restitution, and trust cases
- The report counts down on cases that will require action within 5 days, this allows our managers to direct work direction weekly to ensure backlogs are not created
- Activity during the week, including summary of total case inventory, total cases worked, total cases closed, and total cases pending action

HMS provides this report weekly but can go to a monthly format as prescribed by AHCCCS. We discuss our reporting further in **Section 9.15 Period Report Requirements.**

ONGOING COMMUNICATION WITH AHCCCS TO MAXIMIZE RECOVERIES

RFP Reference: 5.2

The Contractor shall establish and maintain a line of communication whereby AHCCCS will be informed of court orders pertaining to AHCCCS recovery case so as to maximize recoveries of AHCCCS expenditures.

REFERRAL TO AHCCCS HEALTH PLAN CONTRACTOR

RFP Reference: 5.2

On a Joint Liability Case, when AHCCCS is paid in full, the case will be referred to the concerned AHCCCS Health Plan Contractor for collection of the balance due.

Forwarding of Total Plan Cases

RFP Reference: 5.2

Total Plan Cases are forwarded to the appropriate AHCCCS Health Plan Contractor for recovery.

[redacted]

9.1.3 ESTATE RECOVERY

RFP Reference: 5.3

HMS is the most experienced and qualified Medicaid estate recovery contractor in the industry, assisting states since the early 1990s with their design, implementation, and operation of Medicaid estate recovery programs. Our results speak to our capabilities. Since 1999, we have delivered more than $35 million in post-death recoveries as the Medicaid estate recovery vendor for Arizona. Our national experience, serving demographically-diverse clients, translates into numerous field-tested options for maximizing revenue collections.

Because of implementation timelines, by selecting a different vendor AHCCCS would put at risk more than $263,000 in Medicaid estate recovery dollars during the first year of an Implementation period.

Our work on behalf of clients has allowed us to accumulate extensive knowledge of Medicaid estate recovery laws and guidelines. Our qualified team includes individuals with legal expertise, as well as caseworkers who understand State requirements and apply them appropriately while interacting effectively with stakeholders. As the current contractor for AHCCCS, we have broad program knowledge and a solid understanding of Arizona Medicaid, Arizona's estate recovery program, Probate Code, and Administrative Code.

In a new contract term, as we did in the current contract term, we will continue to provide innovations to maximize recoveries. We will do this by applying our years of specialized Medicaid expertise, knowledge of Arizona laws and program requirements, and tools including our Maestro case management system. We will also ensure that AHCCCS has full transparency in our efforts by providing monthly lists of open estate cases for their review.

The valuable relationships we have developed with a wide range of stakeholders contribute to our ability to identify recovery opportunities and deliver results sooner. These stakeholders include AHCCCS, the Bureau of Vital Statistics (BVS), the Social Security Administration (SSA), attorneys and the Elder Law Bar of the State of Arizona, CMS, Arizona courts; county assessors, recorders, and sheriffs; the Office of the Attorney General (OAG), and others. We regularly expand our stakeholder network through targeted outreach and education, which leads to referrals and expedited case generation protecting the State's interests.

HMS is the expert AHCCCS needs for maximizing estate recovery. We utilize TEFRA liens, date of death matches, trustee, and annuity communication to develop estate leads. We pursue foreclosures and probate when warranted. This proactive approach increased recoveries nearly 40% in the last state fiscal year.

In the following sections, we provide our cross-walk to the requirements from AHCCCS's scope of work for delivering industry leading estate recovery services. Furthermore, in response **Section 9.0.03** we supply our method of approach to meeting the estate recovery requirements from AHCCCS's scope of work.

ALTCS-EPD AND ALTCS-DD

RFP Reference: 5.3

AHCCCS receives federal, state, and county funds to operate the ALTCS-EPD program. The ALTCS-DD program is funded by federal and state funds. The Contractor shall separately account for ALTCS-EPD and ALTCS-DD estate recovery collections. Section 1917 of the Social Security Act required all states to implement an estate recovery program that at a minimum recovers Title XIX payments for nursing facility services, home and community based services, and related hospital and prescription drug services provided to Medicaid individuals age 55 and older. AHCCCS only recovers from the estates of ALTCS Members. AHCCCS was granted the authority under its 1115 demonstration waiver to exempt the recovery from the estates of Acute Care Contractor program enrollees 55 or older who receive long term care services.

As the current vendor of estate recovery services in Arizona, HMS is familiar with and abides by all AHCCCS requirements related to managing this program. Under the new contract term, we will continue to account for and report Arizona Long Term Care System-Elderly and Physically Disabled (ALTCS-EPD) and Arizona Long Term Care System-Elderly and Developmentally Disabled (ALTCS-DD) estate recovery collections separately and initiate recoveries only for the appropriate amounts and included services provided to Medicaid individuals age 55 and older. See **Section 9.0.03** for entire Estate Valuation process. We understand that Acute Care Contractor program members are exempt from recovery.

TITLE XIX (ALTCS) EXPENDITURES

RFP Reference: 5.3

The AHCCCS estate claim that is filed against the Member's estate is the total of the Title XIX (ALTCS) expenditures that were incurred by AHCCCS during the Member's ALTCS enrollment period when the member was age 55 and older, minus the sum of: the Share-of-Cost payments that were paid by the Member during the enrollment period; approved payments made to a Qualified Long-Term Care Insurance Policy; and the Medicare Benefit paid by AHCCCS on, or after January 1, 2010 for dual eligible Members.

WAIVER OR REDUCTION OF ESTATE CLAIM

RFP Reference: 5.3

The Contractor shall be responsible for processing application requests for statutory exemptions under hardship and partial recovery as defined in AHCCCS Rules, A.A.C. R9-28-911 and R9-28-912. The Contractor shall review the application and supporting documentation and make a recommendation to AHCCCS. AHCCCS will waive its estate claim when an heir meets all of the undue hardship waiver criteria. AHCCCS may also reduce the amount of the estate claim when an heir to the estate meets the criteria for a "Partial Recovery (Reduction)" of the estate claim. The Contractor shall review the application and supporting documentation and make a recommendation to AHCCCS when an heir to the estate submits a completed application for a partial recovery (reduction) of the estate claim. The Contractor shall notify the requester of the decision made on any request to waive the claim or reduce the amount of the claim. In the absence of a statutory exemption, or an undue hardship, the Contractor shall pursue recovery of the AHCCCS estate claim from the Member's estate.

AHCCS Opening of Estate and HMS Retainage of Legal Counsel

RFP Reference: 5.3

Under Arizona probate law, if probate is not opened within two (2) years of the Member's death, the Member's property, including the Member's real estate, passes to the survivors free and clear of any claims. In some instances no one is willing to open an estate, so from time-to-time AHCCCS may acquire the powers and undertake the duties and liabilities of a personal representative of a decedent to protect its interest as a creditor of the estate. In these instances, AHCCCS shall be the estate's personal representative, and the Contractor may be asked to retain independent legal counsel, approved by AHCCCS, to provide ongoing legal advice in opening, administering, and closing probate. Prior to opening probate AHCCCS will provide the Contractor with guidance if the reasonable fees and costs of the independent legal counsel will be paid from proceeds of the estate or if the Contractor shall be required to pay the legal costs from the contingency fee related to the recovery.

PRE-APPROVAL OF NEGOTIATED SETTLEMENTS AND PAYMENT OF LEGAL FEES

RFP Reference: 5.3

There may also be situations where a negotiated settlement is in AHCCCS' best interest. These situations may include, but are not limited to, cases involving tax lien foreclosures, judicial foreclosures, and transferred properties. In these cases, AHCCCS will provide the Contractor with guidance if reasonable fees of independent legal counsel will be paid from proceeds of the estate or if the Contractor shall be required to pay the legal costs from the contingency fee related to the recovery. All negotiated settlements need to be pre-approved by AHCCCS.

HMS passionately works to recover dollars for the state and return them to the healthcare system. This focus keeps us innovative and maximizes the dollars back to AHCCCS. During the two most recent contract terms, several new initiatives were implemented in estate/TEFRA recovery, including negotiated settlement situations where the property has been abandoned or the heir has abdicated any responsibilities to the property.

TAX LIEN FORECLOSURES

[redacted]

JUDICIAL FORECLOSURES

PROPERTY IDENTIFICATION

[redacted]

PROPERTY TITLE STATUS

[redacted]

FORECLOSURE LAWSUIT

[redacted]

[redacted]

Service of Process

[redacted]

Answer or Default

[redacted]

Motion for Summary Judgment

[redacted]

Entry of Judgment

[redacted]

Writ of Execution

[redacted]

Sale of Property

[redacted]

In 2017, our Estate Recovery program started 26 foreclosure proceedings, recovering over $220,000 by this method.

Improper Transfers

[redacted]

In 2017, HMS recovered over $60,000 on one property from the title insurance.

[redacted]

9.1.4 TEFRA LIENS

RFP Reference: 5.4

Tax Equity and Fiscal Responsibility Act (TEFRA) liens prevent the transfer of real property made prior to the Medicaid member's death for the purpose of avoiding estate recovery. An effective TEFRA lien program can significantly increase recoveries, since the estate recovery claim is secured by a lien on the real estate interest, making the real estate much less likely to be transferred improperly.

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]

[redacted]

[redacted]

- [redacted]
- [redacted]

It is essential that AHCCCS has a clear understanding of all our efforts on their behalf; to facilitate that goal, we will provide monthly lists of open TEFRA cases for their review.

In the subsequent sections, we provide our cross-walk to the AHCCCS scope of work for TEFRA lien services. In response **Section 9.0.04** we outline our method of approach to meeting the TEFRA lien requirements from AHCCCS's scope of work.

Meeting AHCCCS' TEFRA Lien Criteria

RFP Reference: 5.4

As authorized under 42 U.S.C. 1396p, AHCCCS imposes TEFRA Liens against the real property, including the Member's primary residence, of permanently institutionalized ALTCS Members meeting AHCCCS' TEFRA lien criteria. The purpose of the Lien is to recover at least some of the cost of ALTCS benefits upon sale or the transfer of the ALTCS Member's property prior to the Members' death. The Contractor shall be responsible for the preparation, filing, and release of all TEFRA Liens. If the property, subject to the TEFRA Lien, is sold prior to the Member's death, the Contractor shall pursue recovery of the AHCCCS estate claim from proceeds of the sale of the property if there is not a statutory exemption from recovery. The Contractor shall pay the Lien fees and AHCCCS will reimburse the full amount of the Lien fees.

HMS's TEFRA Liens Recovery Process

[redacted]

9.1.5 TRUSTS

RFP Reference: 5.5

HMS understands trusts and the laws that govern them, and we maintain a proven, comprehensive approach to pursuing trust recoveries as well as a qualified team with specific AHCCCS experience and a working knowledge of AHCCCS's Special Treatment Trusts (STTs). This enables us to maximize recoveries for AHCCCS in full compliance with both federal and State requirements.

In addition, HMS believes that AHCCCS should be able to have unfettered access to our case management system and clear and relevant reporting. As we do currently, HMS will deliver listings of all open trust cases every month.

In the following sections, we provide our cross-walk to the requirements from AHCCCS's scope of work and illustrate our ability to continue to provide industry leading trust services. Additionally, in response **Section 9.0.05** we delineate our method of approach to meeting the trust requirements from AHCCCS's scope of work.

SPECIFIED PAYMENTS AND REIMBURSEMENT

RFP Reference: 5.5

As part of ALTCS eligibility a Member may create a Trust that meets certain specifications. Only specified payments are allowed to be made from the Trust which includes tort/subrogation matters under the assignment of rights, and payments for share of cost. AHCCCS must be designated the primary beneficiary for reimbursement of ALTCS expenditures upon the Member's death, or upon the revocation of the Trust. Expenditures for burial expenses are generally not deductible from the Trust.

DEATH OR TERMINATION OF TRUST

RFP Reference: 5.5

Upon the death of the individual or termination of the Trust, AHCCCS is paid the remaining funds from the Trust, including share-of-cost payments that have been returned to the trust account, up to the total amount of the AHCCCS expenditures on behalf of the Member. The Contractor shall pursue recovery of the amount of the AHCCCS expenditures from any remaining Trust funds. If a Member moves out of state, AHCCCS retains its beneficiary right to the Trust and is required to be notified when the Member dies, or upon the revocation of the Trust.

[redacted]

[redacted]

9.1.6 ANNUITIES

RFP Reference: 5.6

Similar to trust recovery, HMS has an established and effective Annuity Recovery program. For an annuity to qualify an individual for eligibility for ALTCS, it must meet key criteria and also name AHCCCS as the beneficiary after the annuitant's death. In addition, HMS will supply AHCCCS with monthly reports on open annuity cases.

In the following section, we present a cross-walk to the requirements from AHCCCS's scope of work regarding annuity services. In response **Section 9.0.06,** we provide impart our method of approach to meeting the annuity requirements from AHCCCS's scope of work.

RECOVERIES FROM APPLICABLE ANNUITIES

RFP Reference: 5.6

The Contractor will be responsible for making recoveries from applicable annuities when an ALTCS member or Annuitant passes.

[redacted]

[redacted]

[redacted]

[redacted]

9.1.7 Credit Balance Recovery Program

RFP Reference: 5.7

Overpayments to providers are a normal occurrence and can result from numerous causes, including incorrect application of third party liabilities, charge reversals, duplicate billings/payments, incomplete billing data, and overlapping inpatient claims, and many others. Providers routinely identify and refund overpayments. However, providers' abilities to identify and adjudication overpayments are oftentimes limited due to resource constraints and imperfect information. As a result, refunds resulting from provider-identified overpayments may be delayed but, more importantly, providers may not even be aware of the existence of some overpayments and therefore those overpayments will likely never be refunded.

HMS's experience working on behalf of MCOs is ideal for Arizona. We are able to successfully coordinate recoveries across MCO clients effectively.

HMS regularly audits more than 50 providers on AHCCCS's and their Health Plan contractors' behalf. We are confident that our established provider relationships as well as our all-inclusive service approach will continue to provide AHCCCS with maximum CBR results during the new contract term. HMS's best practice CBR processes and resources are currently implemented in Arizona and are generating valuable results. **Table 9.1-4** shows the recoveries by AHCCCS and participating Health Plan Contractors.

Table 9.1-4. HMS AHCCCS Recoveries for Health Plan Contractors

MCO	Recovered
Mercy Care Plan	$ 1,858,445.04
University Family Care	$ 505,095.64
Phoenix Health Plan	$ 470,277.56
AHCCCS	$ 438,270.54
HealthNet of AZ	$ 392,197.64
Maricopa Health Plan	$ 329,444.59
Health Choice Arizona	$ 248,485.24
Centene Corporation of Arizona - Long Term Care (LTC)	$ 186,110.58
Care1st	$ 182,661.38
Mercy Maricopa Integrated Care	$ 118,810.72
Comprehensive Medical & Dental Program	$ 9,605.99
DDD/DES	$ 7,135.10
Centene Corporation of Arizona - Behavioral Health (BH)	$ 1,055.59
Total HMS Recoveries for Health Plan Contractors $4,747,595.61	

In the following sections, we provide our cross-walk to the requirements from AHCCCS's scope of work and continuing to provide industry leading credit balance recovery program services. Also, in response

Section 9.0.07 we provide method of approach to meeting the credit balance recovery program requirements from AHCCCS's scope of work.

Two AHCCCS Credit Balance Recovery Program Processes

RFP Reference: 5.7

AHCCCS utilizes two Credit Balance Recovery Program processes. The first process allows an AHCCCS contracted provider to conduct a "self-audit" to identify accounts receivable credit balances and allowed the provider to return overpayments with "amnesty." The second process involves on-site or desk reviews of the credit balances for selected providers. The Contractor shall coordinate with AHCCCS to determine which process to use for each applicable provider and conducting the Credit Balance Recovery Program on behalf of AHCCCS. At least annually, the Contractor will submit a tentative audit schedule for AHCCCS approval. The Contractor may also audit credit balances and make recoveries for AHCCCS Health Plan Contractors during its AHCCCS audits if a Credit Balance Recovery Agreement signed by the Contractor, AHCCCS Health Plan Contractor, and AHCCCS is in place.

HMS's experience has shown that in some instances as much as 65% of overpayments were not identified by the provider – these are overpayments that in all likelihood would never be refunded to AHCCCS or their Health Plan contractors. To ensure all overpayments are identified and recovered, provider claim account information must also be reviewed in conjunction with the eligibility and AHCCCS paid claim data. HMSs credit balance review project leverages provider information for the purpose of maximizing the identification and recovery of overpayments made by either AHCCCS or by participating Health Plans. To identify these overpayments, we rely not only on the information self-reported by providers, but we also perform specialized claims analysis to identify additional targets.

This is a key differentiator of our solution—we are able to take advantage of the voluminous claims and payment data that we possess, performing data mining to uncover overpayments of which providers may not be aware. By including these additional CBR opportunities in our reviews, we maximize recoveries for the State.

HMS utilizes proven data mining techniques to target CBR overpayments and ensure provider compliance.

Performing Credit Balance Reviews

[redacted]

[redacted]

9.1.8 Commercial Insurance Recovery

RFP Reference: 5.8

In the following sections, we provide our cross-walk to the requirements from AHCCCS's scope of work and continuing to provide industry leading commercial insurance recovery services. Also, in response **Section 9.0.08** we provide method of approach to meeting the commercial insurance recovery requirements from AHCCCS's scope of work.

Deficit Reduction Act of 2005 (DRA) / A.R.S: 36-2923

RFP Reference: 5.8, 5.8.1, 5.8.2, 5.8.3

Health Insurers are required by the Deficit Reduction Act of 2005 (DRA) and A.R.S. 36-2923 to:
5.8.1 Accept the state's right of recovery from a third party payor;
5.8.2 Respond to an inquiry regarding a claim for payment that is submitted for payment within three (3) years of the date of service; and,
5.8.3 Not deny a claim submitted solely on the basis of the date the claim was submitted, the type or format of the claim, or the failure to present proper documentation at the time of service as long as: (a) the claim is submitted within three years of the date of service, and (b) the action to enforce its rights with respect to the claim is commenced within six (6) years after the date of service.

The federal Deficit Reduction Act (DRA) and Arizona's corresponding DRA-compliant law are necessary to execute comprehensive TPL programs through both the identification of other insurance and recovery of claims. To maximize the value of TPL activities—and thereby protect the fiscal integrity of the AHCCCS program – HMS partners with AHCCCS to recover improper payments of claims that should have been paid by another entity.

To support Arizona's DRA of 2005 and A.R.S. § 36-2923, HMS generates accurate and comprehensive billings to commercial insurance carriers and other payers using processes and supporting systems that are flexible, scalable, and customized. Over our tenure in working on behalf of AHCCCS, we have become trusted data stewards of commercial insurance eligibility information and have worked alongside carriers to establish specific electronic billing protocols and file transfers that cannot be replicated.

To achieve optimal results for AHCCCS, HMS's service approach blends the expertise of team members knowledgeable of the Arizona market with the broad perspective that a national service provider affords. Therefore, we bring national experience and local resources. We understand AHCCCS's operations, know the requirements unique to AHCCCS's TPL program, and have a proven history of working with commercial insurance carriers, managed care contractors, TPAs, PBMs, and other national, regional, and local payers to recover payments in behalf of the State. **Since SFY 2013, HMS billed over 360 carriers and recovered more than $154 million in commercial insurance billings on behalf of AHCCCS.**

Top 10 Payers in Arizona

1. United Healthcare
2. Aetna (including Coventry)
3. BCBS AZ
4. Centene (HealthNet CA)
5. CIGNA
6. Anthem West (BCBS GA, CO, Blue Cross CA, Unicare)
7. Banner Health
8. Corporate Benefit Services of America (Meritain)
9. Ameriben Solutions
10. Federal Employee Program (FEP)

As the current provider of commercial recovery services for AHCCCS, we receive monthly FFS, encounter paid claims, and provider files from AHCCCS that are fully implemented and operational. We leverage these files to identify and then directly bill claims to commercial insurance carriers and other payers within 30 days after receiving the data. Under the new contract term, we will continue to only bill claims within the last three years from date of service.

As described later in this section HMS successfully implemented AHCCCS MCO come-behind project on December 2017 by applying our innovative approach to MCO recoveries. As of February 2018, HMS is expecting over $5 million in recoveries on behalf of AHCCCS from this first cycle. HMS is the only vendor that can be counted on to provide Arizona uninterrupted recoveries and enhanced MCO recoveries.

Under our current contract with AHCCCS that began in 2013, HMS has employed billing best practices to recover over $8.5 million in Medicaid payments from Commercial Insurance carriers, PBMs, and TRICARE.

AHCCCS Right of Recovery

After submitting claims directly to carriers within three years from the date of service, HMS employs thorough recovery methodologies to ensure maximum yield for AHCCCS. HMS tracks each claim throughout its lifecycle—from verifying receipt, to monitoring processing status, to resolution as appropriately paid, denied, or unadjudicated. HMS's knowledgeable staff and sophisticated tools and technology streamline the process, initiating aggressive follow-up activities to expedite recoveries for Arizona.

[redacted]

[redacted]

RETROACTIVE THIRD PARTY RECOVERY EFFORTS

RFP Reference: 5.8

> AHCCCS Health Plan Contractors are required to engage in retroactive third party recovery efforts for members for whom a claim was paid, for up to two (2) years from the date of service After two (2) years from the service date, the Contractor will direct the recovery efforts on behalf of AHCCCS for the retroactive recovery of claims not previously identified by the AHCCCS Health Plan Contractor as having a reasonable expectation of recovery.

As the incumbent TPL vendor for AHCCCS, HMS is aware of the shared obligation for TPL identification and recovery processes between AHCCCS and their contracted MCOs. We understand the complex nature of the Medicaid environment in Arizona, including the many statutory, legal, and contractual elements governing the processes and protocols of AHCCCS's MCOs.

[redacted]

HMS's Successful Come-Behind Program for Arizona

The come-behind project took significant effort, collaboration, and resources from HMS, AHCCCS, and their MCOs to implement, requiring the following steps:

- AHCCCS/HMS – developed protocols to create and transmit encounter claims to HMS
- HMS – ran gap analysis of test encounter file to ensure all required fields available
- AHCCCS – reviewed gap analysis and added require data fields to encounter file
- AHCCCS/HMS – developed and worked with AHCCCS MCOs to provide monthly A/R match files to avoid duplication of efforts
- HMS – performed intake and gap analysis of MCO A/R match-off files

The results of this collaborative effort will produce an estimated $5.5 million in additional recoveries for AHCCCS.

SUPPORTING A MANAGED CARE ORGANIZATION COME-BEHIND RECOVERY PROJECT

[redacted]

Top 10 AHCCCS MCOs by Billed Amount

MCO	Amount
UHC	$11,014,416.00
Mercy Care	$6,488,624.00
Health Choice	$3,005,224.00
UFC	$2,524,343.00
Care 1st AZ	$1,667,413.00
MHP	$1,505,862.00
Health Net	$1,282,403.00
PHP	$620,531.20

ASSIMILATING MANAGED CARE ORGANIZATION RECOVERY ACTIVITIES

[redacted]

*The collections above were the States leveraging our best-practice come-behind billing service for claims 12 months aged.

Recovery of payments from liable parties for MCO encounter claims following the expiry of the two-year recovery window provided to plans requires the same robust processes we use to recovery AHCCCS's FFS claims. There are, however, critical nuances that differentiate FFS from encounter recovery efforts. As AHCCCS's current TPL partner, we have a thorough understanding of these nuances and responded by adding essential steps to the process that ensure a thorough identification and follow-up on every MCO encounter claim.

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By following up on claims at multiple levels, HMS maximizes recovery results for AHCCCS.

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MANAGED CARE COME-BEHIND PROCESS

We have experience working with encounter claim data, successfully implementing and pursuing an MCO come-behind for Arizona and multiple other states. **In SFY 2018, we recovered over $14 million in TPL claim in behalf of AHCCCS.**

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IDENTIFICATION, BILLING, AND PURSUIT OF CLAIM COVERAGE

RFP Reference: 5.8

The Contractor shall be responsible for identifying claims that may be covered by other commercial insurers, billing the appropriate carrier, and pursue recovery of the billed claims on behalf of AHCCCS.

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