

**WAC 182-502A-1101 Managed care organizations.** This section applies to entities that contract with the medicaid agency to provide services in exchange for a capitated rate.

(1) Managed care organizations (MCOs) must comply with and enforce all applicable program integrity:

- (a) Federal and state laws and regulations;
- (b) Terms of their contracts with the agency; and
- (c) Terms of their contracts with subcontractors and providers.

(2) MCOs must:

(a) Adopt and enforce program integrity policies and procedures that guide the contractor's officers, employees, agents, and subcontractors;

(b) Include and enforce federal and state program integrity requirements in their subcontracts and in their provider application, credentialing, and recredentialing processes;

(c) Adopt and implement methods for detecting and preventing fraud, waste, and abuse to ensure payments to subcontractors and providers are proper and comply with medicaid regulations and billing instructions;

(d) Perform ongoing analyses of their authorization, utilization, claims, providers' billing patterns, and encounter data to detect improper payments;

(e) Conduct reviews, audits, and investigations of subcontractors and providers;

(f) Report to the agency any:

- (i) Fraud, waste, or abuse; and
- (ii) Overpayments and recoveries.

(g) Recover overpayments to any subcontractor or provider; and

(h) Refer any suspected or potential fraud to the agency and to the medicaid fraud control division or other law enforcement agency.

(3) MCOs must establish an appeals process, similar to the dispute resolution process in WAC 182-502A-801, for their subcontractors or providers to contest an assessment of an overpayment by a managed care entity.

(4) MCOs' subcontractors or providers do not have a right to an administrative hearing under chapter 34.05 RCW or chapter 182-526 WAC to contest the results of the appeals process. The MCO will provide notice and will state in the notice that there is no right to an administrative hearing.

(5) Overpayment assessments by an MCO to its subcontractor or provider that are not appealed or that are upheld after appeal must be recovered from its subcontractors or providers within:

(a) Sixty calendar days of the overpayment being identified and assessed against the subcontractor or provider; or

(b) Sixty calendar days of completion of an appeals process for the subcontractor or provider who disputes the overpayment assessment.

(6) An MCO must report to the agency:

(a) Identification of an overpayment assessed against a subcontractor or provider.

(b) Notification of a subcontractor's or provider's appeal of an overpayment assessment.

(c) Results of an appeal of an overpayment assessment from the subcontractor or provider.

(d) Recovery of the identified overpayment assessed or settlement information as a result of the appeal.

(7) The agency may sanction an MCO or assess liquidated damages when:

- (a) The agency identifies fraud, waste, or abuse by an MCO provider;
- (b) The MCO fails to report MCO provider overpayments; or
- (c) Other situations arise as identified in the contract.

[Statutory Authority: RCW 41.05.021, 41.05.160, and C.F.R. Sections 438.608 through 438.610. WSR 20-02-100, § 182-502A-1101, filed 12/31/19, effective 1/31/20.]