



**State of Louisiana**  
Department of Health and Hospitals  
Office of the Secretary

July 29, 2011

Jeffery W. Williams  
Executive Vice President  
Louisiana State Medical Society  
6767 Perkins Road, Suite 100  
Baton Rouge, Louisiana 70808

Sent via email to [executive@lsms.org](mailto:executive@lsms.org)

Dear Mr. Williams:

Thank you for your recent letter regarding our decision to increase claims-review time for Medicaid services. This policy change is intended to help the department root out fraud and abuse in the system and improve the integrity of claims payment. We agree that it is unfortunate that a small segment of health care providers in our state intentionally defraud and abuse the system, taking money out of the pockets of honest providers and care away from the people who need it.

As Medicaid currently processes claims very quickly, the state is forced to play a game of "pay and chase," where our program integrity staff is only able to detect bad claims after payment is made, and then have to collect. While we often do this, as you note, by simply deducting from future payments, that isn't always possible when providers go out of business or stop submitting Medicaid claims. In fact, our current accounts receivable balance for recoupments sought against closed providers is nearing \$6.5 million. This system is not good business for the state, providers, recipients or taxpayers.

As you know, we made a commitment in the current year budget to keep provider rates whole. We believe the policy being phased in through the remainder of this fiscal year will help us protect the Medicaid program and continue that commitment by allowing our staff time on the front end to root out bad claims. We are very mindful that adding an additional 14 days to the claims payment cycle will require your members and our other providers to alter their business practices, which is exactly why we are phasing in the change over the course of a year. It is our hope that by adjusting payment dates back one or two working days at a time in most months, providers will have the time and notice to adjust to the new payment schedule, which I have enclosed.

Your letter also inquired as to how this policy change will work within the CCN environment. While claims made to prepaid-CCNs are not paid through the state's fiscal intermediary and therefore not subject to the additional review, this payment schedule is consistent with how prepaid-CCNs will pay providers and is in line with the prompt-pay requirements that were included in the CCN RFP (99 percent of clean claims paid in 30 days). As claims made to shared-savings CCNs are still paid fee-for-service, they will be subject to the review process.

I appreciate our collaborative relationship with the Louisiana State Medical Society and strongly value our partnership. If you have further questions or concerns, please do not hesitate to call my office at 225/342.9503 to schedule a meeting as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce D. Greenstein". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bruce D. Greenstein