

APA-1

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control No: 560 Department or Agency: Alabama Medicaid Agency

Rule No: 560-X-62-24

Rule Title: Sanctions

X New Rule; _____ Amend; _____ Repeal; _____ Adoption by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? _____ no

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? _____ yes

Is there another, less restrictive method of regulation available that could adequately protect the public? _____ no

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? _____ no

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? _____ no

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? _____ yes

Does the proposed rule have any economic impact? _____ no

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer: Stephanie Lindsay

Date: 6/22/2015

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EDITED AND APPROVED BY _____ DOCUMENT NO. _____

ALABAMA MEDICAID AGENCY

NOTICE OF INTENDED ACTION

RULE NO. & TITLE: 560-X-62-.24 Sanctions

INTENDED ACTION: Add New Rule 560-X-62-.24

SUBSTANCE OF PROPOSED ACTION: The above referenced rule is being created to give the Medicaid Agency the ability to sanction Regional Care Organizations in order to comply with 42 C.F.R 438, Subpart I.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Written or oral comments may be submitted to the Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624. Agency business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: Written/Oral comments concerning this change must be received by the Alabama Medicaid Agency no later than August 4, 2015.

CONTACT PERSON AT AGENCY: Stephanie Lindsay, Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624. Phone: (334) 242-5833.


Stephanie McGee Azar
Acting Commissioner

Rule No. 560-X-62-24 Sanctions – NEW RULE

(1) Bases for Imposition of Sanctions on RCOs. The Medicaid Agency may impose sanctions on a regional care organization (“RCO”) if the Medicaid Agency determines in its sole discretion that the RCO has violated federal or state law or regulation, the Alabama Medicaid State Plan, the risk contract between the Medicaid Agency and the RCO and the exhibits thereto (the “risk contract”), any policies, procedures, written interpretations, or other guidance of the Medicaid Agency, or for any other reason described in 42 C.F.R. Part 438, Subpart I or the risk contract, including but not limited to a determination by the Medicaid Agency that an RCO acts or fails to act as follows:

(a) fails substantially to provide medically necessary services that the RCO is required to provide, under law or under its risk contract, to an enrollee covered under the risk contract;

(b) imposes on enrollees premiums or charges that are in excess of the premiums or charges permitted under the Alabama Medicaid program;

(c) acts to discriminate among enrollees on the basis of their health status or need for health care services (including termination of enrollment or refusal to reenroll a recipient, except as permitted under the Alabama Medicaid program, or any practice that would reasonably be expected to discourage enrollment by recipients whose medical condition or history indicates probable need for substantial future medical services);

(d) misrepresents or falsifies information that it furnishes to the Medicaid Agency or to the Centers for Medicare and Medicaid Services (CMS);

(e) misrepresents or falsifies information that it furnishes to an enrollee, potential enrollee, or health care provider;

(f) distributes directly, or indirectly through any agent or independent contractor, marketing materials that have not been approved by the Medicaid Agency or that contain false or materially misleading information;

(g) violates, as determined by the Medicaid Agency, any requirement of sections 1903(m) or 1932 of the Social Security Act or any implementing regulations; or

(h) violates, as determined by the Medicaid Agency, any requirement of Sections 22-6-150, *et seq.* of the Alabama Code or the rules promulgated thereunder.

(2) Types of Sanctions that May be Imposed on RCOs. The sanctions imposed by the Medicaid Agency against an RCO may include, but are not limited to:

(a) requiring the RCO to develop and implement a corrective action plan that is acceptable to the Medicaid Agency (if the RCO has not submitted a corrective action plan that is acceptable to the Medicaid Agency within the time period specified by the Medicaid Agency or does not implement or complete the corrective action within the time period set forth in the plan, the Agency may proceed with other sanctions or termination of the risk contract);

(b) the intermediate sanctions described in 42 U.S.C. § 1396u-2(e)(2) and 42 C.F.R. Part 438, Subpart I, including but not limited to civil monetary penalties up to the maximum amounts set forth in 42 C.F.R. § 438.704;

(c) for acts or omissions which are not addressed by 42 C.F.R. Part 438, Subpart I, other provisions of this rule, or the risk contract and exhibits thereto, and which in the opinion of the Agency constitute willful, gross, or fraudulent misconduct, the assessment of a monetary penalty amount up to \$100,000 per act or omission;

(d) denial of payments under the risk contract for new enrollees when, and for so long as, payment for those enrollees is denied by CMS in accordance with 42 C.F.R. § 438.730(e);

(e) the sanctions set forth in the risk contract and exhibits thereto;

(f) any other sanction available under federal or state law or regulation, including without limitation Rule No. 560-X-37-.01;

(g) any other sanction reasonably designed to remedy noncompliance and/or compel future compliance with the risk contract or federal or state law or regulation, pursuant to the Medicaid Agency's authority under 42 C.F.R. § 438.702(b); and

(h) termination of the risk contract, in accordance with the terms thereof.

(3) Sanctions Imposed on Probationary RCOs. If the Medicaid Agency in its sole discretion determines that an organization with probationary RCO certification has (in connection with the probationary RCO's preparation for full certification, performance of services under the Medicaid Agency's Health Home program, or otherwise) acted or failed to act in a manner that is sanctionable against an RCO in accordance with this rule, the Medicaid Agency may (a) impose any applicable sanction described in section 2 of this rule against such probationary RCO, and/or (b) exercise any other applicable authority that the Agency may exercise under other rules of the Medicaid Agency or other applicable state and federal laws and regulations, including but not limited to denial of the probationary RCO's application for full certification in accordance with Rule No. 560-X-62-.19. Without limiting the foregoing, the Medicaid Agency may impose sanctions against a probationary RCO in the form of civil monetary penalties, up to the maximum amounts set forth in 42 C.F.R. § 438.704, if it determines that a probationary RCO:

(a) acts to discriminate among enrollees or potential enrollees on the basis of their health status or need for health care services;

(b) misrepresents or falsifies information that it furnishes to CMS or the Medicaid Agency; or

(c) misrepresents or falsifies information that it furnishes to an enrollee, potential enrollee, or health care provider.

(d) violates any requirement of Sections 22-6-150, et seq. or the rules promulgated thereunder; or

(e) violates any other federal or state law or regulation, the Alabama Medicaid State Plan, or any policies, procedures, written interpretations, or other guidance of the Medicaid Agency.

(4) Notice of Sanction. Before the Medicaid Agency imposes a sanction under this rule, it will give the affected organization timely written notice explaining (a) the basis and nature of the sanction, (b) if applicable, the organization's right to request a fair hearing under Rule No. 560-X-62-.20, and (c) any other due process protections that the Medicaid Agency elects to provide, pursuant to the risk contract or otherwise. Notwithstanding anything in this rule to the contrary, the Agency may in its sole discretion provisionally impose a sanction before any such due process protections are provided.

(5) Waiver of Fair Hearing and Reduction of Sanction. Except as otherwise required by applicable law, in the event of an imposed sanction in the form of a civil monetary penalty according to this rule and/or the risk contract and exhibits thereto, the amount of the sanction imposed will be reduced by thirty five percent (35%) if the RCO waives, in writing, its right to a fair hearing within thirty (30) days from the date of notice imposing the sanction. The reduction under this section only applies to sanctions that could be appealed under Rule No. 560-X-62-.20 and not to any other outstanding sanctions imposed on the RCO by the Medicaid Agency.

(6) Pre-termination Hearing. Before terminating a risk contract under 42 C.F.R. § 438.708, the Medicaid Agency will provide the RCO with a pre-termination hearing to be conducted in accordance with the procedures for fair hearings set forth in Rule No. 560-X-62-.20. Prior to such pre-termination hearing, the Medicaid Agency will, in accordance with 42 C.F.R. § 438.710:

(a) give the RCO written notice of the Medicaid Agency's intent to terminate, the reason for termination, and the time and place of the hearing;

(b) after the hearing, give the RCO written notice of the decision affirming or reversing the proposed termination of the contract and, for an affirming decision, the effective date of termination; and

(c) For an affirming decision, give enrollees of the RCO notice of the termination and information, consistent with 42 C.F.R. § 438.10, on their options for receiving Medicaid services following the effective date of termination.

(7) Temporary Management. Notwithstanding anything herein or in the risk contract to the contrary, if the Medicaid Agency determines that an RCO has repeatedly failed to meet substantive requirements in section 1903(m) or section 1932 of the Social Security Act or in 42 C.F.R. Part 438, Subpart I, the imposition of temporary management in accordance with 42 C.F.R. § 438.706(b) and the risk contract shall not be delayed by an administrative review or hearing.

(8) Sanctions Not Exclusive. The imposition of one sanction by the Medicaid Agency does not preclude the imposition of any other sanction or combination of sanctions or any remedy authorized under the risk contract for the same deficiency. The Medicaid Agency may impose sanctions under this rule in addition to or in lieu of exercising authority that the Medicaid

Agency may exercise under other rules promulgated by the Medicaid Agency, other applicable state and federal laws and regulations, or any contract between the Medicaid Agency and an RCO or probationary RCO. Without limiting the foregoing, if a probationary RCO or RCO has entered into a contract with the Medicaid Agency to perform services under the Medicaid Agency's Health Home program, the Medicaid Agency may impose applicable sanctions under this rule in addition to exercising remedies and imposing applicable sanctions and penalties pursuant to such contract. Nothing in this rule shall restrict or prevent the Medicaid Agency or the State of Alabama from obtaining declaratory, injunctive or equitable relief, or from recovering damages from an RCO, probationary RCO, and/or any other person or entity for breach of contract or any other cause of action.

Author: Sharon Weaver, Administrator, Administrative Procedures Office.

Statutory Authority: Code of Alabama, 1975 Section 22-6-150 *et seq.*

History: New Rule: Filed June 22, 2015.