

May 16, 2000

Dear State Medicaid Director:

As we work together to curtail improper payments by State Medicaid agencies and the improper assignment of provider numbers to excluded providers, we wish to remind States that the Medicare/ Medicaid Sanction-Reinstatement Report (HCFA Pub. 69) is a vital resource for ascertaining and verifying whether a provider is excluded.

The HHS Office of the Inspector General (OIG) excludes individuals and entities from participating in Federal health care programs under various provisions of the Social Security Act (the Act) including, inter alia sections 1128, 1128A, 1156, and 1892 of the Act. When an exclusion is imposed, Medicare, Medicaid, and all other Federal health care program (as defined in section 1128B(f) of the Act) payments are prohibited for any items or services, including management and administrative services, (other than an emergency item or service not provided in a hospital emergency room) furnished, ordered, or prescribed by an excluded party. Payment is prohibited to any business or facility (e.g., hospital) for items or services provided, ordered, or prescribed by an excluded party. Also, payment is prohibited to any managed care organization (MCO) which contracts with an excluded party.

As you know, an individual or entity may be excluded from receiving Medicare and Medicaid funds if that person or organization has been suspended or excluded from participation, or otherwise sanctioned under any Federal program, or a State health care program, for reasons bearing on professional competence, professional performance, or financial integrity.

The OIG has recently discovered a number of instances where States have paid excluded providers and, consequently, States have received Federal payments under Medicaid for services provided by these excluded providers. OIG and HCFA are concerned that some States may not be using HCFA Pub. 69, published monthly by HCFA, to check for excluded providers. If left unchecked, States may inadvertently assign provider numbers to excluded providers because information about a provider's exclusion status is either not required on the Medicaid provider application or because a provider's exclusion may go undetected when they move from another State. In most instances, HCFA Pub. 69 would enable States to avoid this problem.

This information is necessary to ensure that provider enrollment determinations are correct and that surveillance and utilization review activities are effective. At the same time, since HCFA Pub. 69

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contains sensitive data, users need to be aware that the information is confidential, and should be treated with the utmost care to ensure that it is used only for its intended purposes by the intended recipient and his or her authorized personnel.

Each month, HCFA's Office of Issuances (OI) transmits HCFA Pub. 69 electronically to all HCFA regional offices, contractors, and State Medicaid agencies. Hard copies are mailed four to six weeks later.

Through the Medicaid Fraud and Abuse Control Technical Advisory Group, we have attempted to ensure that every appropriate official in your State you want to receive this publication does so. If you are not receiving HCFA Pub. 69 and wish to receive the electronic and/or hard copy, please contact Seth Price at (410) 786-5264 or Bridgett Wilhite at (410) 786-5248 of HCFA's OI.

In addition to HCFA's monthly listing, States can also access the OIG sanction webpage at [www.dhhs.gov/progorg/oig](http://www.dhhs.gov/progorg/oig). However, please keep in mind that the OIG sanction list does not include Social Security numbers and therefore, it may be more productive for States to use HCFA Pub. 69.

Sections 1903(d)(2)(A) and 1903(i)(2) of the Act authorize HCFA to make adjustments or to make no payment to States with respect to any amount expended for items or services (other than an emergency item or service not provided in a hospital emergency room) furnished "under the plan by any individual or entity during any period when the individual or entity is excluded from participation under title V, XVIII, or XX of the Act or under [title XIX] pursuant to section 1128, 1128A, 1156 or 1842(j)(2) ...," (Section 1903(i)(2)). HCFA Pub. 69 contains the exclusion information that will enable States to know which providers should not be receiving payments.

Please remember that reinstatement to program participation is not automatic. An excluded individual or entity must apply to the OIG to be reinstated. Only after the OIG determines eligibility for reinstatement in accordance with regulations can an excluded provider be granted reinstatement. States have no authority to reinstate providers until they receive official notification from the OIG, or the stay of exclusion for health education assistance loan cases.

If you have any questions regarding excluded providers or sanctions information, please contact Rhonda Hall at (404) 562-7175 or Paul Miner at (410) 786-5937.

We want to continue working with you to ensure that all who are eligible for Medicaid receive the care they need and to ensure that Medicaid funds are spent appropriately.

Sincerely,

/s/

Timothy M.  
Westmoreland  
Director

cc: All HCFA Regional Administrators All HCFA Associate Regional Administrators - Division of Medicaid and State Operations Lee Partridge - Director, Health Policy Unit, American Public Human Services Association Joy Wilson - Director, Health Committee, National Conference of State Legislatures Matt Salo - Director of Health Legislation, National Governors' Association

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