

STATE OF INDIANA

EXECUTIVE DEPARTMENT INDIANAPOLIS

EXECUTIVE ORDER 25-24

FOR: ASSURING PRUDENT USE OF TAXPAYER FUNDS BY ASSESSING WASTE, FRAUD, AND ABUSE IN HEALTHCARE SPENDING

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS.

WHEREAS, as of November 2024, the State of Indiana's Medicaid program provides access to health care and supports of nearly two million Hoosiers;

WHEREAS, the Center of Medicare and Medicaid Services ("CMS") conducts a report of state Medicaid improper payments on a 3-year cycle for every state;

WHEREAS, the 2024 national average for Medicaid improper payment rates was 5.09%, and the State of Indiana's 2024 projected improper payment rate was 7.6%;

WHEREAS, 3.1% of the State of Indiana's overall projected improper payment rate, or over 40% of the total improper payments, was based upon eligibility, or lack thereof;

WHEREAS, the CMS improper payment rate includes both instances of insufficient or no documentation as well as instances of monetary loss errors;

WHEREAS, the projected monetary loss rate reflects the percent of claims made where CMS had sufficient information to determine a Medicaid payment should not have occurred or should have been made in a different amount; and

WHEREAS, the 2024 projected monetary loss rate resulting from improper payments was 1.5% for the State of Indiana, ranking one of the highest in the country;

NOW, THEREFORE, I, MICHAEL K. BRAUN, by virtue of the authority vested in me as the Governor of the State of Indiana, do hereby order that:

1. The Indiana Family and Social Services Administration ("FSSA") shall conduct a comprehensive, independent audit of Medicaid Managed Care Entities ("MCEs"). This audit shall include: a review of electronic claims transaction notes such as 837 P, 837 I, CMS 1500 Form, CMS 1450 Form; claims paid via 835 electronic file claims transaction; and any other files containing medical claim and billing information as deemed necessary by the Secretary of Health and Family Services ("HFS").
2. FSSA shall utilize the results of the independent audit to develop updated best practices, safeguards, and accountability mechanisms to prevent payment and processing errors, mitigate waste, and reduce fraud and abuse.
3. FSSA shall identify and implement cost-efficient pharmacy benefit manager ("PBM") services to reduce total Medicaid payments, ensure value for taxpayers, and maintain or enhance the quality of services provided to Medicaid program beneficiaries.
4. The Indiana State Personnel Department ("SPD") shall conduct a comprehensive audit of third-party administrators for the State Employee Health Plan ("SEHP"). This audit shall include: a review of electronic claims transaction notes such as 837 P, 837 I, CMS 1500 Form, CMS 1450 Form; claims paid via 835 electronic file claims transaction; and other files containing medical claim and billing information as deemed necessary by the Secretary of HFS. SPD shall utilize the results of the independent audit to develop updated best practices, safeguards, and accountability mechanisms to prevent payment and processing errors, mitigate waste, and reduce

fraud and abuse.

5. SPD shall identify and implement cost-efficient PBM services to reduce total SEHP payments, ensure value for taxpayers, and maintain or enhance the quality of services provided to SEHP program beneficiaries.
6. SPD and FSSA in collaboration with the Secretary of HFS shall provide a written report to the Governor and the Legislative Council by November 30, 2025 that:
 - a. Details the findings from the independent audit of medical claims data from the comprehensive audit of MCEs and the SEHP;
 - b. Outlines specific actions taken to address identified issues; and
 - c. Demonstrates measurable progress in implementing reforms and achieving cost savings.



IN TESTIMONY WHEREOF, I,
Michael K. Braun, have hereunto set
my hand and caused to be affixed the
Great Seal of the State of Indiana on
this 21st day of January, 2025.

Michael K. Braun
Michael K. Braun Governor of Indiana

DIEGO MORALES

ATTEST: Diego Morales
Secretary of State