

# INTRODUCTION

## CREATION OF THE OFFICE OF INVESTIGATIONS AND ENFORCEMENT

Senate Bill 30, enacted by the 75<sup>th</sup> Legislature, directed the Texas Health and Human Services Commission (the Commission) to create the Office of Investigations and Enforcement (OIE). Established to investigate fraud and abuse in the provision of health and human services and enforce state law relating to the provision of those services, OIE is required to set clear objectives, priorities, and performance standards for the office that emphasize:

- ◆ Coordinating investigative efforts to aggressively recover Medicaid overpayments;
- ◆ Allocating resources to cases that have the strongest supportive evidence and the greatest potential for recovery of money; and
- ◆ Maximizing the opportunities for referral of cases to the Office of the Attorney General.

# **MEDICAID FRAUD & ABUSE DETECTION SYSTEM - MFADS**

Senate Bill 30 enacted, among other provisions, Texas Government Code, Section 531.106, which directs the Commission to use learning or neural network technology to identify and deter fraud and abuse in the Texas Medicaid program.

## **MFADS FY2000 1<sup>ST</sup> QUARTER**

November 30, 1999 marked the end of the first quarter of the first option year of the MFADS contract. During this quarter the data was refreshed to include the first quarter 1999 acute care claims information and nine targeted detection queries were run against the complete database of claims. The MFADS platform began using a new windows based on-line application developed by EDS's subcontractor HNC - Spyder™. The MFADS performance measures for the first quarter are detailed in the chart on page 3.

## **MFADS FY2000 2<sup>ND</sup> QUARTER**

February 29, 2000 ended the 2<sup>nd</sup> quarter of the first option year of the MFADS contract. During this quarter the data was refreshed to include the second and third quarter 1999 claims information. The platform now contains claims with dates of service January 1, 1996 though September 30, 1999. Four targeted detection queries were run against the database and the new on-line reports for one of the models was moved to production. The Scope of Work for the enhancements to MFADS was finalized during this quarter. The MFADS performance measures for the second quarter are detailed in the chart on page 3.

MEDICAID FRAUD AND ABUSE DETECTION SYSTEM (MFADS)  
 PERFORMANCE MEASURES  
 FISCAL YEAR 2000

| Performance Measures  | FY98                 | FY99                  | FY00                  |
|---|----------------------|-----------------------|-----------------------|
| # of Investigations Initiated Against Medicaid Providers                | 1,250                | 1,550                 | 1,992                 |
| Phase I   | 244                  |                       |                       |
| Phase II  | 400                  |                       |                       |
| Phase III   | 750                  |                       |                       |
| Phase IV  |                      | 24                    |                       |
| Phase V   |                      | 192                   |                       |
| Phase VI  |                      | 314                   |                       |
| Phase VII   |                      | 1,037                 |                       |
| 1 <sup>st</sup> Quarter FY00  |                      |                       | 321                   |
| 2 <sup>nd</sup> Quarter FY00  |                      |                       | 1,022                 |
| Total Number of Investigations Identified For the Fiscal Year           | 1,394                | 1,567                 | 1,343                 |
| % of FY Performance Measure Attained                                    | 112%                 | 101%                  | 67%                   |
| Total Dollars Identified for Recovery as a % of the MFADS Contract Cost | 60%<br>(\$1,590,504) | 100%<br>(\$3,176,646) | 139%<br>(\$2,548,137) |
| Dollars Identified for Recovery   |                      |                       |                       |
| Phase IV  |                      | \$854,824             |                       |
| Phase V   |                      | \$180,025             |                       |
| Phase VI  |                      | \$2,021,483           |                       |
| Phase VII   |                      | \$166,369             |                       |
| 1 <sup>st</sup> Quarter FY00  |                      |                       | \$2,964,623           |
| 2 <sup>nd</sup> Quarter FY00  |                      |                       | \$562,379             |
| *Total Dollars Identified For Recovery                                  |                      | \$3,222,701*          | \$3,527,002*          |
| Total FY Contracted Cost  | \$2,650,840          | \$3,176,646           | \$1,833,192           |
| % of FY 'Performance Measure Attained                                   | 138%                 | 101%                  | 138%                  |
| DOLLARS RECOVERED   |                      |                       |                       |
| Phase III Recovery  | \$2,200,000          |                       |                       |
| Phase IV Recovery   |                      | \$89,112              |                       |
| Phase V Recovery  |                      | \$60,791              |                       |
| Phase VI Recovery   |                      | \$307,950             |                       |
| Phase VII Recovery  |                      | \$276,939             |                       |
| 1 <sup>st</sup> Quarter FY00  |                      |                       | \$414,051             |
| 2 <sup>nd</sup> Quarter FY00  |                      |                       | 892,462               |
| TOTAL RECOVERIES  | \$2,200,000          | \$734,792             | \$1,306,513           |

\*This amount represents claims inappropriately paid based on policy and/or investigations. It does not represent the actual dollars that may be recoverable.

## **MFADS CONTRACTOR'S USE OF HUBS**

According to the MFADS contract executed between the Commission and EDS, the primary contractor is required to submit a quarterly report on its efforts to utilize qualified Historically Underutilized Businesses (HUBs) vendors when purchasing goods and services necessary for the operation of MFADS. The contract dictates a commitment by EDS to attempt to reach a 5% level of HUB utilization. The percentage for the first quarter of fiscal year 2000 was .3%. The percentage for the second quarter of fiscal year 2000 was 2.7%. The project to date percentage was 2.4%.

# MEDICAID FRAUD, WASTE & ABUSE STATISTICS

## THE COMMISSION'S MEDICAID FRAUD, ABUSE, AND WASTE STATISTICS

For the first and second quarters of Fiscal Year 2000, the Medicaid Program Integrity division, Office of Investigations and Enforcement, achieved the following:

| Action             | 1 <sup>st</sup> Quarter<br>FY2000 | 2 <sup>nd</sup> Quarter<br>FY2000 | Total |
|--------------------|-----------------------------------|-----------------------------------|-------|
| Cases Opened       | 544                               | 143                               | 687   |
| Cases Closed       | 382                               | 877                               | 1,259 |
| Providers Excluded | 0                                 | 0                                 | 0     |

## FISCAL YEAR-2000 (1<sup>st</sup> and 2<sup>nd</sup> Quarters) RECOUPMENTS BY OIE

| Office of Investigations and<br>Enforcement Departments  | 1 <sup>st</sup> Quarter<br>FY2000 | 2 <sup>nd</sup> Quarter<br>FY2000 | TOTAL               |
|--|-----------------------------------|-----------------------------------|---------------------|
| Medicaid Program Integrity                               | \$896,072                         | \$4,672,199                       | \$5,568,271         |
| Civil Monetary Penalties                                 | \$0                               | \$256,573                         | \$256,573           |
| Utilization Review-DRG (hospitals)                       | \$6,892,000                       | \$6,263,086                       | \$13,155,086        |
| Utilization Review-TEFRA                                 | \$41,245                          | \$105,888                         | \$147,133           |
| Case Mix Review (nursing homes)                          | \$744,038                         | \$1,838,412                       | \$2,582,450         |
| Compliance Monitoring and Referral                       | \$3,541,561                       | \$2,596,336                       | \$6,137,897         |
| Surveillance and Utilization Review<br>Subsystems (SURS) | \$433,437                         | \$309,395                         | \$742,832           |
| Medicaid Fraud and Abuse Detection<br>System (MFADS)*    | \$2,964,623*                      | \$562,379*                        | \$3,527,002*        |
| <b>TOTAL</b>   | <b>\$15,512,976</b>               | <b>\$16,604,268</b>               | <b>\$32,117,244</b> |

\* This amount represents claims inappropriately paid based on policy and/or investigations. It does not represent the actual dollars that may be recoverable.

Activities by the Office of Investigations and Enforcement during the first and second quarters of Fiscal Year 2000 have resulted in recoupments of \$32,117,244 and cost savings of \$32,054,076, for total savings to the Texas Medicaid program of \$64,171,320.<sup>1</sup>

### COST SAVINGS:

#### **MEDICAID OPERATING AGENCIES COST SAVINGS FOR MEDICAID FRAUD, ABUSE, AND WASTE – First and Second Quarters of FY2000**

| Office of Investigations and Enforcement Departments   | 1 <sup>st</sup> Quarter<br>FY2000 | 2 <sup>nd</sup> Quarter<br>FY2000 | Total  |
|--|-----------------------------------|-----------------------------------|--|
| Medicaid Program Integrity   | \$1,337,394                       | \$6,824,672                       | \$8,162,066<br>* total \$ identified<br>* does not include civil<br>monetary penalties |
| Utilization Review (DRG-hospitals)   | \$6,892,000                       | \$6,263,086                       | \$13,155,086   |
| Utilization Review (TEFRA)   | \$41,245                          | \$105,888                         | \$147,133  |
| Case Mix Review (nursing homes)  | \$744,038                         | \$1,838,412                       | \$2,582,450  |
| Surveillance and Utilization Review Subsystems (SURS)  | \$433,437                         | \$309,395                         | \$742,832  |
| Compliance Monitoring & Referral   | \$3,541,561                       | \$2,596,336                       | 6,137,897  |
| Dental<br>*Periodontal policy change<br>*Actual \$ paid to codes for Dec 98,<br>Jan 99, Feb 99 | \$570,679                         | \$555,933                         | \$1,126,612  |
| <b>TOTAL</b>   | <b>\$13,560,354</b>               | <b>\$18,493,722</b>               | <b>\$32,054,076</b>  |

| Texas Department of Mental Health and Mental Retardation | 1 <sup>st</sup> Quarter<br>FY2000 | 2 <sup>nd</sup> Quarter<br>FY2000 | TOTAL              |
|--|-----------------------------------|-----------------------------------|--------------------|
| Medicaid Administration:                                 |                                   |                                   |                    |
| • LON reviews for ICF-MR                                 | \$656,251                         | \$548,650                         | \$1,204,901        |
| • LON reviews for HCS                                    | \$971,016                         | \$140,162                         | \$1,111,178        |
| <b>TOTAL</b>   | <b>\$1,627,267</b>                | <b>\$688,812</b>                  | <b>\$2,316,079</b> |

| National Heritage Insurance Company | 1 <sup>st</sup> Quarter<br>FY2000 | 2 <sup>nd</sup> Quarter<br>FY2000 | TOTAL                |
|-------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Medicaid Audits                     | \$99,417,058                      | \$174,590,612                     | \$274,006,670        |
| <b>TOTAL</b>                        | <b>\$99,417,058</b>               | <b>\$174,590,612</b>              | <b>\$274,006,670</b> |

<sup>1</sup> These figures do not include Third Party Recovery, Medical Appeals, and other program integrity activities performed by the Medicaid operating agencies. The tables at Appendix A on pages 21-22 provide a summary of program integrity activities by the Medicaid operating agencies and the Commission during the first and second quarters of Fiscal Year 2000.

## **Medicaid Operating Agencies Medicaid Fraud, Waste and Program Abuse Activities**

The Medicaid Fraud, Waste and Program Abuse Task Force was formed in 1996 with the primary focus of exchanging information relevant to Medicaid fraud, waste or abuse activities of the health and human services operating agencies.

This task force meets quarterly to share information on fraud prevention activities.

Activities by the Medicaid operating agencies have resulted in recouplements totaling \$88,672,307, monetary penalties, fines, or liquidated damages totaling \$104,662,909 and cost savings of \$308,376,825, for total savings to the Texas Medicaid program of \$501,712,041.

The tables in Appendix A on pages 21-22 provide a summary of program integrity activities by the Medicaid operating agencies and the Commission during the first and second quarters of Fiscal Year 2000.

# MEDICAID FRAUD DETECTION & ABUSE PREVENTION TRAINING PLAN

Under the provisions of Senate Bill 30, §531.105, the Commission is required to provide Medicaid fraud and abuse training to Medicaid contractors, providers and their employees and to state agencies associated with the Medicaid program.

Developed in cooperation with the Southwest Texas State University (SWT), the training component includes:

- An explanation of Medicaid fraud;
- Examples of fraud and/or abuse;
- The provider's responsibility for reporting fraud and/or abuse; and
- Information on the penalties for committing Medicaid fraud.

The training presentation also contains examples of actual schemes that have been used to defraud Medicaid. Participants are encouraged to ask questions and interact with the trainers. This informal and highly interactive presentation lasts approximately two hours; Continuing Education Credits (CEC) may be earned through SWT. For nursing facilities with Medicaid clients and home health agencies with Community Bases Alternative (CBA) clients, the Fraud & Abuse training has been combined with the Texas Index of Level of Effort (T.I.L.E.) workshops.

## HMO FRAUD AND ABUSE COMPLIANCE PLANS

As mandated by SB 30, Health Maintenance Organizations (HMOs), who contract with the Texas Department of Health (TDH) under the State of Texas Access Reform (STAR) program, are required to develop fraud and abuse compliance plans for submission to TDH. These compliance plans are reviewed and approved by Commission staff. All HMOs have submitted compliance plans as required by their contracts and SB30.



## **TRAINING AND TECHNICAL ASSISTANCE TO HEALTH MAINTENANCE ORGANIZATIONS**

To date, OIE staff has delivered training on fraud detection, prevention, and reporting to all managed care organizations under contract with the Texas Medicaid program.

### **Development of a Fraud & Abuse Compliance Plan**

Prompted by the wide variety in the fraud and abuse compliance plans received by HHSC from the HMOs who contract for Medicaid reimbursement for medical services provided, HHSC contracted with SWT to compile a uniform fraud and abuse compliance plan that can be utilized by all the HMOs.

In order to develop the compliance plan, SWT researched current practices of health care organizations nationwide and explored the most recent sources of information available. SWT solicited input from Managed Care Organizations (MCOs)/HMOs and the Medicaid operating agencies to compile a model plan that is basic, but effective. The model plan includes all the elements suggested by the Office of the Inspector General (OIG), U.S. Health and Human Services Commission and Senate Bill 30, 75<sup>th</sup> Legislature.

In addition, SWT assessed the training and technical assistance needs of the MCOs and presented a report to the Office of Investigations and Enforcement (OIE) at the Commission. From this assessment, OIE developed a training curriculum specific to managed care, which will be offered to MCOs, their officers, and staff by Commission staff.

OIE plans to have the Model Managed Care Compliance Plan guidelines and template available on the HHSC web site in the summer of 2000.

**OIE Fraud Training**  
 September 1, 1999 – February 29, 2000

| <b>Audience</b>                 | <b># OF SEMINARS</b> | <b>ATTENDANCE</b> |
|---------------------------------|----------------------|-------------------|
| State Agencies and Associations | 3                    | 53                |
| T.I.L.E. Workshops              | 46                   | 1435              |
| <b>TOTALS</b>                   | <b>49</b>            | <b>1488</b>       |

**Managed Care Organizations**  
**That Received HHSC Fraud Training**  
 March 1, 1999 – August 31, 1999

| <b>DEPARTMENT</b>          | <b># OF SEMINARS</b> | <b>ATTENDANCE</b> |
|----------------------------|----------------------|-------------------|
| Managed Care Organizations | 11                   | 167               |
| <b>TOTALS</b>              | <b>11</b>            | <b>167</b>        |

# Medicaid Fraud & Abuse Detection and Prevention Publicity Efforts

Section 531.108 (b)(1) requires the Commission to “aggressively publicize successful fraud prosecutions and fraud-prevention programs through all available means, including the use of statewide press releases issued in coordination with the Texas Department of Human Services.”

Within the Commission lies the primary responsibility for activities relating to the detection, investigation, and sanction of Medicaid provider fraud, abuse, and waste across all state agency lines, regardless of where the provider contract is administered. The Commission refers all suspected criminal Medicaid fraud complaints to the Medicaid Fraud Control Unit (MFCU) and refers all suspected civil Medicaid fraud complaints to the Elder Law and Public Health Division (ELD) both of the Office of the Attorney General (OAG) for potential prosecution. Any publicity efforts on criminal or civil prosecution originate from the OAG.

## Medicaid Fraud and Abuse Prevention Communications Plan

The Commission relies on its *Medicaid Fraud and Abuse Prevention Communications Plan* (the Communications Plan) when informing stakeholders of fraud prevention activities. These activities are carefully accomplished through a collaborative effort between the Commission and those agencies in partnership on a specific investigation.

When working on fraud and abuse investigations in conjunction with the federal government, the Commission sometimes faces federal confidentiality restrictions. These cases can sometimes be the ones with the greatest publicity value in terms of recovery amounts and settlement terms.

## OTHER COMMUNICATION TOOLS

The Commission continues to use other communications tools to disseminate information on Medicaid fraud and abuse detection and prevention efforts. Some of these tools include:

- Texas Health and Human Services Commission Web Page;
- Texas Health and Human Services Commission Newsletter, *The Service Connection*;
- Texas Department of Human Services Press Clippings;
- Texas Department of Human Services News Releases;
- Texas Department of Human Services 1997 Annual Report;
- Texas Department on Aging Newsletter Clip, *Aging Texas*;
- Public Hearings; and
- Targeted Mailings.

The Service Connection (newsletter), Texas Health and Human Services Commission  
Volume 7, Number 2, December 1999

## At issue: Fraud, abuse and waste

How to report suspected Medicaid fraud, abuse and waste promptly and accurately is the focus of a statewide education campaign. The campaign aims to prevent and eliminate fraud, abuse or waste in the Texas Medicaid program.

A joint effort by the Health and Human Services Commission's Office of Investigations and Enforcement (OIE), National Heritage Insurance Company (NHIC), health maintenance organizations and the Medicaid operating agencies, is underway to provide an intensive education campaign during the past 24 months. Participants at these sessions included Medicaid providers, contractors, their employees, staff from the operating agencies and NHIC.

The utilization review function of OIE has tracked a 2% questionable claims decrease in the hospital program. This reduction represented \$2 million in savings to the Texas Medicaid program per year in the 1997-98 period.

At the same time, OIE has seen a significant reduction in questionable claims for the assessment of care of Medicaid recipients in nursing facilities. In Texas, nursing facilities are reimbursed based on the level of effort expended in caring for the patient. Lower questionable claims means not only savings to the state but also better care to the patient who has been assessed and cared for appropriately. The average questionable claims reduction in calendar year 1999 was 6%. Requests for reconsideration and appeals by nursing home providers have also decreased, with fewer facilities being placed under monitoring or compliance.

The savings to the state, as well as other initiatives taken by the Commission to deter fraud, abuse, or waste in the Texas Medicaid program will be included in the Commission's semi-annual report to the Governor and the Texas Legislature. This report was published on November 1, 1999 and is available on the Commission's website at [www.hhsc.state.tx.us](http://www.hhsc.state.tx.us). For the first time it will include a consolidated report reflecting the fraud prevention activities of all health and human services agencies. For a copy of the report, please contact Sherry McCulley at 512/490-0623 or Tracy Romero at 512/490-0601.

"The savings and improvement in health care could not have been accomplished without the active participation of Medicaid providers and the professional organizations that represent them," says Don Gilbert, Commissioner of Health and Human Services. He

added that "the reduction in questionable claims does not mean a weakening of the Commission's position to actively refer fraudulent providers to the Office of the Attorney General. During fiscal year 1999 we increased our referrals to the Medicaid Fraud Control Unit, which obtained 40 criminal charges and 33 convictions during the same period."

### **Update for Medicaid providers**

Medicaid providers now have until September 1, 2000, to re-enroll in the Texas Medicaid program and can re-enroll online at [www.eds-nhic.com](http://www.eds-nhic.com).

The 76th Texas Legislature passed H.B. 2641 and H.B. 2896, which extends the 1997 Senate Bill 30, the original re-enrollment law date of September 1, 1999 to September 1, 2000. Every Medicaid provider is a valuable asset to the program and we would like to ensure that we have an ample supply of providers who offer quality medical care to Medicaid clients.

**OFFICE OF INVESTIGATIONS AND ENFORCEMENT**  
**STAFF PRESENTATIONS ON**  
**SB 30 AND RELATED TOPICS**  
**September 1, 1999 - February 29, 2000**

| Presentation Date | Presentation Audience            | Presentation Subject  | Presenter  |
|-------------------|----------------------------------|---|--|
| October 27, 1999  | Long Term Care Executive Staff   | Overview of OIE and processes   | Aurora LeBrun<br>(Associate Commissioner, OIE)   |
| November 16, 1999 | Long Term Care Regulatory        | <ul style="list-style-type: none"> <li>· Fraud - The Investigative Process</li> <li>· Requests for Information from Providers</li> <li>· Development of a Fraud Referral Package</li> </ul> | D'Onn Ward<br>(Investigator/OIE)   |
| December 7, 1999  | Long Term Care Regulatory        | <ul style="list-style-type: none"> <li>· Fraud - The Investigative Process</li> <li>· Requests for Information from Providers</li> <li>· Development of a Fraud Referral Package</li> </ul> | D'Onn Ward<br>(Investigator/OIE)   |
| December 10, 1999 | Chris Britton - Legislative Aide | Presentation of the Medicaid Fraud and Abuse Detection System   | <ul style="list-style-type: none"> <li>· Aurora LeBrun<br/>(Associate Commissioner, OIE)</li> <li>· Brian Klozik<br/>(Investigator/OIE)</li> </ul> |
| February 9, 1999  | U.S. General Accounting Office   | Presentation of the Medicaid Fraud and Abuse Detection System   | <ul style="list-style-type: none"> <li>· Brian Klozik<br/>(Investigator/OIE)</li> <li>· EDS (MFADS Contractor)</li> </ul>                          |

# FRAUD PREVENTION EFFORTS BY THE TEXAS DEPARTMENT OF HUMAN SERVICES

Under the provisions of Texas Government Code, Section 531.108, the Commission is required to compile and disseminate accurate information and statistics relating to fraud prevention, including specific requirements to:

- ◆ Develop a cost-effective method of identifying applicants for public assistance in certain areas who are receiving benefits in other states;
- ◆ Verify automobile information used as eligibility criteria;
- ◆ Establish a computerized matching system with the Texas Department of Criminal Justice (TDCJ) to prevent an incarcerated individual from illegally receiving benefits; and
- ◆ Submit a semiannual report to the Governor and the Legislative Budget Board on the results of the computerized matching with other states and TDCJ.

Since TDHS is the agency that determines eligibility for public assistance, to comply with the provisions contained in Section 531.108, the agency has worked closely with HHSC.

## **Fraud Prevention Initiatives**

TDHS has developed a comprehensive and innovative approach to quality control that emphasizes pro-active measures to save tax dollars and ensure that Texans receive the amount of benefits to which they are entitled. Anti-fraud initiatives are critical to the success of that effort. TDHS' approach includes initiatives both to prevent fraud, and to detect and deter it wherever it occurs.

These initiatives include the following:

- \* Continuation of the agency's nationally-recognized program, which identifies, investigates and prosecutes trafficking in Electronic Benefits Transfer (EBT) benefits. During FY 2000 year-to-date (YTD), TDHS' Office of Inspector General conducted 12 criminal investigations and 14 administrative investigations with a total established theft amount of \$15,045. During the same time period, trafficking cases investigated by OIG resulted in 2 criminal



convictions and 337 administrative dispositions, with an established theft amount of \$182,011.

- \* During FY 2000 YTD, OIG has completed 3,159 investigations (both field and administrative), resulting in 1,314 court adjudications, with \$6.54 million in recoveries of taxpayer funds.

## Quality Control

As a result of TDHS' quality control initiatives, Texas lowered the AFDC-TANF Payment Error Rate (PER) by 34 percent between Federal Fiscal Year 1994 (FFY 1994) and FFY 1998, saving millions of dollars in public funds. During the same time period, Texas lowered the Food Stamp PER by 58 percent. For FFY 1998, Texas not only achieved the lowest Food Stamp PER of the nation's eight largest-issuance states, but became the first to obtain enhanced federal funding for excellence in quality control for this program. The \$19.7 million award by USDA to Texas was the largest obtained by any state in the history of the program. Enhanced funding and progress in lowering the PER for both programs could not have been achieved without the substantial contribution made by TDHS' innovative fraud prevention and detection programs, which are considered a model for the nation.

TDHS' state findings for FY 1999 are that the agency achieved a PER of 4.50 percent. This finding is subject to regression during re-review by the United States Department of Agriculture. TDHS is optimistic that Texas will again qualify for enhanced federal funding for FFY 1999 when the federal agency completes its review of the state findings.

## State-to-State Matches

Section 531.108 requires matching with border states. Matching with border states in FY98 resulted in 1,564 matches with Oklahoma; 1,654 matches with Louisiana; and 2,239 matches with New Mexico. As a result of information on the matches, 303 overpayments were identified with the known overpayment amount of \$16,674. Matching with border states in FY99 has resulted in 1,584 matches with Oklahoma; 887 matches with Louisiana; and 1,904 matches with New Mexico. For FY 2000, matching has resulted in 1,125 matches with Oklahoma, 474 matches with Louisiana, and 1,579 matches with New Mexico. During the current fiscal year, these matches have resulted in 218 cases in which benefits have been lowered or denied, resulting in \$26,696 in benefits saved. In addition, 42 overpayments have been identified, with a total claims establishment of \$16,823. DHS has worked to initiate a matching program with Arkansas, but has not yet been successful in negotiating an agreement with that state.

Taking into account modern migration patterns within the United States, TDHS has worked to identify additional opportunities for matching programs with other states. OIG

has conducted a match with the states of Tennessee and Florida, resulting in 29 identifications of individuals who may be receiving benefits in more than one state. These potential matches are currently undergoing investigation. In addition, TDHS is working with a consortium of 20 other states and the District of Columbia to conduct a match to identify individuals who are receiving benefits in any two of the participating jurisdictions.

### **Motor Vehicle Information**

Section 531.108 requires the use of motor vehicle data for use in eligibility determination to ensure that correct information regarding client resources is available to Texas Works Advisors. TDHS has included motor vehicle registration and value information in its Data Broker initiative, which allows Texas Works Advisors to obtain information regarding client vehicle and property ownership.

### **Criminal Justice Matches**

In FY98, there were 1,979 clients identified from the TDCJ match. As a result of information on the match, 362 cases had benefits denied or lowered resulting in \$70,068 in benefits saved. There were 355 overpayment referrals totaling \$145,834. In FY99, there were 2,044 clients identified from the TDCJ match. In FY 2000 YTD, 1,148 clients have been identified. Verification has resulted in 999 cases where benefits were lowered or denied, resulting in \$18,155 in benefits saved. There were 98 overpayment referrals totaling \$26,739.

In addition, OIG initiated efforts to comply with the provisions of the Personal Responsibility and Work Responsibility Act of 1996 (PRWORA) that require Texas to deny benefits to persons in flight from a criminal felony warrant. Operation Talon, the USDA-sponsored effort to identify individuals fleeing felony warrants, has resulted to date in 1,520 matches with active clients with felony arrest warrants. 687 clients have been arrested.

# **MAINTENANCE AND PROMOTION OF A TOLL-FREE HOTLINE**

To meet the provisions of Texas Government Code, §531.108, the Commission developed an agreement with TDH to utilize its existing toll-free hotline and operators to ensure that a toll-free hotline for reporting Medicaid fraud and/or abuse is maintained and promoted.

## **SPECIALIZED MEDICAID FRAUD DETECTION TRAINING FOR TOLL-FREE HOTLINE OPERATORS**

The Commission's Education and Staff Development Unit conducted specialized Medicaid fraud detection training for the Medicaid hotline operators. Hotline operators who receive calls with information on suspected Medicaid fraud and/or abuse refer the information to the Commission's Medicaid Program Integrity (MPI) Unit.

In addition, MPI maintains a 24-hour fraud line at 1-888-752-4888.

## **AVAILABLE TOLL-FREE NUMBERS**

Callers who wish to use a toll-free hotline may call the following numbers:

- ◆ To report Medicaid provider fraud and/or abuse – 1-888-752-4888;
- ◆ To report Medicaid client fraud and/or abuse -- 1-800-436-6184;
- ◆ For Medicaid client information – 1-800-252-8263;
- ◆ For Medicaid provider information – 1-800-873-6768; and
- ◆ To report Medicare fraud and/or abuse – 1-800-447-8477 (HHSTIPS).

Hotline numbers are publicized through stuffers in recipient and provider mail outs, posters in appropriate offices of the operating agencies, and publications of the operating agencies and the Commission.

In February 2000 the Commission sent out a special stuffer (English and Spanish) to all Medicaid and Temporary Assistance for Needy Families (TANF) clients. This stuffer emphasizes to clients how to recognize and report suspicious activities by Medicaid providers and other Medicaid recipients. A hard copy of this stuffer is attached. The English text for the stuffer is below.

**Special Bulletin from the Texas  
Health & Human Services Commission**

**IF YOU THINK** your health care provider has:

- Made questionable or unusual charges.
- Billed for health care services that you did not receive or billed you for services paid for by Medicaid.
- Offered you money or a gift valued over \$10 for using the services of a specific health care provider.
- Unfairly pressured you into using the services of a specific health care provider.

**YOU may be the victim** of Medicaid Provider fraud.

**YOU** can report possible Medicaid fraud by calling  
**1-888-752-4888**

***IF you know*** someone who is receiving Medicaid benefits they are not entitled to receive, or someone who is committing Medicaid fraud, please call  
**1-800-436-6184**



Appendix A  
FY00 Summary of Program Integrity Activities by the Medicaid Operating Agencies

Texas Health and Human Services Agencies  
FY00 (1<sup>st</sup> and 2<sup>nd</sup> Quarters) Medicaid Fraud, Waste and Program Abuse Activities

**PROGRAM RECOVERIES:**

| Agency Name   | Overpayments                |                       |                    |                  | Monetary Penalties, Fines, Liquidated Damages or Other Recipient/Client |                      |                  |             |
|---|-----------------------------|-----------------------|--------------------|------------------|---|----------------------|------------------|-------------|
|   | Provider/Contractor/ Vendor |                       | Recipient/Client   |                  | Provider/Contractor/ Vendor   |                      | Recipient/Client |             |
|   | Total \$                    | Medicaid \$           | Total \$           | Medicaid \$      | Total \$  | Medicaid \$          | Total \$         | Medicaid \$ |
| <b>Health &amp; Human Services Commission:</b>  |                             |                       |                    |                  |   |                      |                  |             |
| • Medicaid Program Integrity  | \$5,568,272                 | \$5,568,272           | NA                 | NA               | \$256,573   | \$256,573            | NA               | NA          |
| • Utilization Review: hospitals   | \$13,155,086                | \$13,155,086          | NA                 | NA               | NA  | NA                   | NA               | NA          |
| - Case Mix (nursing homes)  | \$2,582,450                 | \$2,582,450           | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Compliance Monitoring & Referral  | \$6,137,897                 | \$6,137,897           | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Surveillance & Utilization Review Subsystems  | \$742,832                   | \$742,832             | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Tax Equity & Fiscal Responsibility Act Claims   | \$147,133                   | \$147,133             | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Medicaid Fraud & Abuse Detection System-MFADS   | \$3,527,002                 | \$3,527,002           | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Department of Human Services:</b>  |                             |                       |                    |                  |   |                      |                  |             |
| • Office of Inspector General   | NA                          | NA                    | \$8,946,342        | \$983,226        | NA  | NA                   | NA               | NA          |
| • Office of Programs – Long Term Care Services  | \$10,461                    | \$7,743               | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Long Term Care Regulatory   | \$144,667                   | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Interagency Council on Early Childhood Intervention – Provider Funding</b>         | \$86,203                    | 0                     | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Department of Health:</b>  |                             |                       |                    |                  |   |                      |                  |             |
| • Medical Appeals & Provider Resolution   | \$261,058                   | \$261,058             | NA                 | NA               | NA  | NA                   | NA               | NA          |
| • Third Party Resources   | \$453                       | \$453                 | \$5,845            | \$5,845          | NA  | NA                   | NA               | NA          |
| • Vendor Drug   | \$2,405,662                 | \$2,405,662           | NA                 | NA               | \$104,406,336 <sup>2</sup>  | \$104,406,336        | NA               | NA          |
| • Bureau of Children's Health   | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>National Heritage Insurance Company – Medicaid Audits</b>                                | \$53,085,610 <sup>3</sup>   | \$53,085,610          | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Department of Mental Health &amp; Mental Retardation – Medicaid Administration</b> | \$68,988                    | \$62,038 <sup>4</sup> | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Department of Protective &amp; Regulatory Services</b>                             | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Juvenile Probation Commission</b>  | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Commission on Alcohol &amp; Drug Abuse</b>   | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Rehabilitation Commission</b>  | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Department on Aging</b>  | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>Texas Commission for the Blind</b>   | NA                          | NA                    | NA                 | NA               | NA  | NA                   | NA               | NA          |
| <b>TOTAL</b>  | <b>\$87,923,774</b>         | <b>\$87,683,236</b>   | <b>\$8,952,187</b> | <b>\$989,071</b> | <b>\$104,662,909</b>  | <b>\$104,662,909</b> | <b>NA</b>        | <b>NA</b>   |

<sup>1</sup> Includes the following programs: Food Stamp, Temporary Assistance for Needy Families, Medicaid.

<sup>2</sup> Amount recovered through Manufacturer Rebates.

<sup>3</sup> Includes cost settlement based on cost reimbursement methodology.

<sup>4</sup> Majority of Medicaid dollars recouped resulted from billing and payment reviews conducted for Case Management and Mental Health Rehabilitation. Only federal share of the rate is recouped. For ICF/MR and the waiver programs there is a 100% recoupment.

<sup>5</sup> During the first two quarters of FY00, TCADA did not expend any Medicaid dollars in any of the areas above and no recoveries were made.

<sup>6</sup> TRCs only Medicaid funded program during FY99 was the Deaf-Blind Multiple Disability Medicaid Waiver Program. While this program utilized Medicaid funds for client services, the administrative costs for this program were paid from the General Fund. Effective 9/1/99, this program was transferred to TDHS.

FY00 Summary of Program Integrity Activities by the Medicaid Operating Agencies

Texas Health and Human Services Agencies  
 FY00 (1<sup>st</sup> and 2<sup>nd</sup> Quarters) Medicaid Fraud, Waste and Program Abuse Activities

**OTHER STATISTICS:**

| Agency Name   | # of Eliminations from Participation |                    | # of Case Investigations Close |                    | # of Criminal Investigations |                              | # of Civil Judgements        |                              | # of Administrative/ Agency Hearings |    |
|---|--------------------------------------|--------------------|--------------------------------|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------------|----|
|   | Provider/ Contractor/ Vendor         | Recipient/ Client  | Provider/ Contractor/ Vendor   | Recipient/ Client  | Recipient/ Client            | Provider/ Contractor/ Vendor | Provider/ Contractor/ Vendor | Provider/ Contractor/ Vendor | Recipient/ Client                    |    |
| <b>Health &amp; Human Services Commission:</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| • Medicaid Program Integrity  | 0                                    | NA                 | 1,259                          | NA                 | NA                           | NA                           | NA                           | 1                            | NA                                   | NA |
| • Utilization Review: case mix (nursing homes)  | NA                                   | NA                 | 716                            | 12,147             | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| • Utilization Review: hospitals   | NA                                   | NA                 | 747                            | 16,448             | NA                           | NA                           | NA                           | NA                           | 0                                    | NA |
| <b>Texas Department of Human Services:</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| • Office of Inspector General   | NA                                   | 8,719 <sup>1</sup> | NA                             | 4,887 <sup>2</sup> | 1,794 <sup>3</sup>           | NA                           | NA                           | NA                           | 5,318 <sup>4</sup>                   | NA |
| • Office of P programs – Long Term Care Services  | 52                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| • Long Term Care Regulatory   | 10                                   | NA                 | NA                             | NA                 | NA                           | 2                            | --                           | NA                           | NA                                   | NA |
| <b>Texas Interagency Council on Early Childhood Intervention – Provider Funding</b>         |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Department of Health:</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| • Medical Appeals & Provider Resolution   | NA                                   | NA                 | 3,508                          | NA                 | NA                           | NA                           | NA                           | 19                           | NA                                   | NA |
| • Third Party Resources   | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| • Vendor Drug   | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| • Bureau of Children's Health   | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Department of Mental Health &amp; Mental Retardation – Medicaid Administration</b> | 5                                    | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | 2                                    | NA |
| <b>Texas Department of Protective &amp; Regulatory Services</b>                             |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Juvenile Probation Commission</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Commission on Alcohol &amp; Drug Abuse</b>   |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Rehabilitation Commission</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Department on Aging</b>  |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>Texas Commission for the Blind</b>   |                                      |                    |                                |                    |                              |                              |                              |                              |                                      |    |
| NA  | NA                                   | NA                 | NA                             | NA                 | NA                           | NA                           | NA                           | NA                           | NA                                   | NA |
| <b>TOTAL</b>  | <b>67</b>                            | <b>8,719</b>       | <b>6,230</b>                   | <b>33,482</b>      | <b>1,794</b>                 | <b>2</b>                     | <b>20</b>                    | <b>5,320</b>                 |                                      |    |

<sup>1</sup> Includes the following programs: Food Stamp and Temporary Assistance for Needy Families  
<sup>2</sup> Includes the following programs: Food Stamp, Temporary Assistance for Needy Families, Medicaid  
<sup>3</sup> Includes the following programs: Food Stamp, Temporary Assistance for Needy Families, Medicaid  
<sup>4</sup> Includes the following programs: Food Stamp and Temporary Assistance for Needy Families