INTRODUCTION

BACKGROUND

The 75th Legislature in 1997 directed the Texas Health and Human Services Commission (HHSC) 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, the 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.

Staffing

During the first six months of State Fiscal Year 2003, the OIE had an authorized staffing of 124 employees. They are investigators, registered nurses, nurse analysts, researchers, analysts, third party liability specialists, public health technicians, and administrative staff. OIE employees have been active in the Technical Advisory Group (TAG) for the Centers for Medicare and Medicaid Services (CMS), the Texas Medicaid and Public Assistance Fraud Oversight Task Force, the National Association of Surveillance Officers (NASO), and the Association of Certified Fraud Examiners.

National Recognition

The OIE has been recognized by the United States General Accounting Office (GAO), the U. S. Department of Health and Human Services, the Texas Comptroller of Public Accounts (CPA), and private entities such as the National Association of Surveillance Officers (NASO) for promoting program integrity, implementing advanced fraud and abuse technology, and assuring access to financial and medical assistance for persons in need.

The Centers for Medicare and Medicaid Services (CMS) selected Texas as one of four states to serve in the national Program Integrity Council, which is charged with developing strategies to prevent fraud, abuse, or waste in the Medicare and Medicaid programs. CMS has also selected Texas as one of 10 states to serve in the pilot for a national Payment Accuracy Measurement (PAM) study for Medicaid.

Most recently, CMS selected Texas to be the second state to participate in a Medicare/Medicaid Data Match Project. The Texas Project will be funded by the U. S. Department of Health and Human Services and will include staff from CMS, OIE, and the Medicare Program Safeguard Contractor for Texas.

To fight fraud, abuse, and waste in the Texas Medicaid program, the OIE has increasingly turned to technology, scientific research, and sampling techniques. The OIE has formulated innovative approaches and tools for improving the detection and prevention of fraud, abuse, and waste. The Detection, Research, and Analysis (DAR) staff within OIE focuses on vulnerabilities and solutions in the Medicaid payment system. When vulnerabilities are identified, OIE works with the Medicaid-CHIP staff and the Claims Administrator to implement policy or system initiatives that remove these vulnerabilities. OIE has representatives in the various policy workgroups within Medicaid-CHIP, as well as within the appropriate workgroups that interact with the claims administrator.

New Initiatives

Third Party Liability Program

On September 1, 2001, two programs previously managed by the Texas Department of Health, under the Health Care Financing function, became functions of OIE. These programs are Third Party Liability and Recovery (TPR) and Recipient Utilization Assessment (RUA), also called the Medicaid Limited Program.

The TPR program is a federally mandated program, at 42 CFR Part 433, State Fiscal Administration, Part D. The CFR and the State Medicaid Plan require HHSC to take reasonable measures to determine the legal liability of third parties who are liable to pay for services furnished under the State Medicaid Plan.

The TPR program achieves cost savings and recoveries through a prospective review of claims, as well as through retrospective recovery. In fiscal year 2001, TPR achieved $249,351,146 in cost savings and recoveries for the acute care program. In fiscal year 2002, TPR achieved $198,241,872 in cost avoidance and $121,232,615 in retrospective recoveries, for a grand total of TPR activity of $319,474,487. TPR TORT claims activity also increased from approximately $15 million in fiscal year 2001 to over $19.5 million in fiscal year 2002.

These increases were realized by implementing new initiatives and technology that allowed the State and its vendor to improve the identification of liable third parties.

Recipient Utilization and Assessment

Recipient Utilization Assessment (RUA) is also required by Federal regulation, as part of the state's Medicaid utilization control program. Through automated systems and processes, RUA identifies Medicaid recipients who exhibit aberrant or potentially abusive patterns of utilization.

The OIE reviewed the rules governing RUA in Texas and, after coordination with the Medicaid operating agencies, consumers, and providers, OIE promulgated new rules that expedite and strengthen limitations and sanctions. The RUA process will be moved to the neural network platform and will be based on a client-based unsupervised neural model designed for the Texas Medicaid program.

Investigative Audits for Pharmacies

As part of the new procurement for the Medicaid Fraud and Abuse Detection System (MFADS), a fraud detection system based on neural network and learning technology, HHSC received a proposal that included, as a value add option, an investigative audit program for pharmacies enrolled in the Texas Medicaid program. The vendor that included this option, Electronic Data Systems (EDS), was awarded the contract effective September 1, 2002, and HHSC advised the vendor that it wished to exercise the pharmacy option through the subcontractor included in the proposal, Heritage Information Systems. Heritage Information Systems has conducted this type of audit activity in other states, most recently in Florida, with good financial results for the states. HHSC and EDS agreed on a six-month pilot to determine the value of the option for the State of Texas before committing to a more permanent arrangement. HHSC and EDS agreed that the pilot would be limited to 500 mail audits and 100 on-site investigative audits.

The pilot includes the following activities:

- **Statistical Provider Risk Ranking:** Heritage Information Systems ranked all pharmacies enrolled in the Texas Medicaid program through a confidential tool. This tool ranks pharmacies based on a combination of factors and assesses a risk score. At this step, 805 pharmacies, of approximately 2,400, ranked as high risk for fraud or abuse and would warrant investigative audits.
- **Direct Mail Audit:** Out of the 805 pharmacies ranked as high risk, the top five hundred of the top-ranking pharmacies were selected for a direct mail audit. The direct mail audit involved contacting each Medicaid recipient who, according to our systems, had received at least one prescription through the Medicaid program at one of these pharmacies during the 12-month period preceding the pilot.

- **Investigative Audits:** Based on the combination of risk score and negative responses to the direct mail audit, 100 pharmacies were selected for on-site investigative audits.

HHSC will evaluate the results of the pilot for statewide implementation in fiscal years 2004 and 2005.

MEDICAID FRAUD, WASTE & ABUSE STATISTICS

HHSC's MEDICAID FRAUD, ABUSE AND WASTE STATISTICS

For the first and second quarters of fiscal year 2003, the Office of Investigations and Enforcement achieved the following:

RECOUPMENTS BY OIE FOR FISCAL YEAR 2003 (1st and 2nd Quarters)

Office of Investigations and Enforcement Divisions	1st Quarter FY2003	2nd Quarter FY2003	TOTAL FY2003
Medicaid Program Integrity	$419,103	$1,320,284	**$3,353,883**
Civil Monetary Penalties	$26,038	$587,279	**$1,208,313**
Utilization Review (DRG-hospitals)	$6,067,632	$8,986,214	**$15,053,846**
TEFRA Claims – Children's Summary	$0	$21,555	**$21,555**
TEFRA Claims – Psychiatric Summary	$28,030	$4,440	**$32,470**
Case Mix Review (Nursing Homes)	$3,539,599	$3,178,648	**$6,718,247**
Surveillance and Utilization Review Subsystems (SURS)*	$51,778	*	**$51,778**
Medicaid Fraud and Abuse Detection System (MFADS) - *dollars recovered*	$447,936	$455,593	**$903,529**
TOTAL	**$10,580,116**	**$14,554,013**	**$25,134,129**

Note: Total recoupment dollars reflect all active cases within OIE.

*SURS—Dollars identified for recovery are shown in the chart on page 8. Actual recoupments will be reported in the quarter in which they are collected. SURS cases that are referred to Medicaid Program Integrity for full investigation are reflected in the MPI and civil monetary penalties recoupments.

THIRD PARTY RECOVERIES FOR FISCAL YEAR 2003 (1st and 2nd Quarters)

Office of Investigations and Enforcement Divisions	1st Quarter FY2003	2nd Quarter FY2003	TOTAL FY2003
Third Party Liability and Recovery:			
Recoveries (Provider):			
• Other Insurance Credits*	$60,025,842	$65,545,232	**$125,571,074**
• Provider Refunds	$1,251,604	$1,921,755	**$3,173,359**
• Texas Automated Recovery System (TARS)	$3,307,079	$2,088,998	**$5,396,077**
• Recipient Refunds	$18	$0	**$18**
• Pharmacy	$2,921,510	$1,470,938	**$4,392,448**
Recoveries (Recipient):			
• Credit Balance Audit	$1,179,258	$4,963,814	**$6,143,072**
• Amnesty Letter	$0	$0	**$0**
• Tort	$5,805,534	$3,579,988	**$9,385,522**
TOTAL	**$74,490,845**	**$79,570,725**	**$154,061,570**

* Other insurance credits are estimated pending the completion of a data repair project.

MEDICAID FRAUD AND ABUSE DETECTION SYSTEM (MFADS) PERFORMANCE MEASURES

Performance Measures	FY03	FY04	FY05
Number of cases opened			
1st Qtr	415		
2nd Qtr	97		
Total Cases Opened for the FY	**512**		
Dollars identified for recovery			
1st Qtr			
2nd Qtr	$182,635		
	$108,287		
Total dollars identified for recovery	**$290,922**		
Actual Dollars Recovered:			
1st Qtr	611,135[1]		
2nd Qtr	455,593[2]		
Total Recoveries	**$1,066,728**		

[1]Includes the recovery of $163,199 associated with the MFADS identification of a mismatch between the type of service and modifier (documented in NHIC's 1/6/03 memo, NCARTS #N01062003CACCB1)

[2]Includes the recovery of $261,809 associated with the MFADS identification of overpayment of TCADA services (documented in NHIC's e-mail and TCADA AR Summary report dated 2/17/2003)

RECOUPMENTS FOR FISCAL YEAR 2003 (1st and 2nd Quarters) BY OTHER HHSC DIVISIONS

Health and Human Services Divisions	1st Quarter FY2003	2nd Quarter FY2003	TOTAL FY2003
Medicaid Audits (cost settlement based on cost reimbursement methodology)*	$11,065,393*	$7,848,895*	**$18,914,288***
Vendor Drug:			
• Recoveries	$1,715,116	$2,462,445	**$4,177,561**
• Manufacturer Rebates	$83,964,138	$97,301,835	**$181,265,973**
Customer Services/Provider Resolutions	$26,868	$3,053	**$29,921**
TOTAL	**$96,771,515**	**$107,616,228**	**$204,387,743**

* Overpayments for Medicaid Audits are reported as net based on Cost Settlements. Managed care payment settlements are excluded from the calculation. Overpayments are calculated based on the difference in total interim payments and cost, less any previous settlements completed during the period.

OVERPAYMENT DOLLARS IDENTIFIED BY OIE FOR FISCAL YEAR 2003 (1st and 2nd Quarters)

Office of Investigations and Enforcement Divisions	1st Quarter FY2003	2nd Quarter FY2003	TOTAL FY2003
Medicaid Program Integrity - *dollars identified*	$2,033,599	$1,764,178	**$3,797,777**
Civil Monetary Penalties - *dollars identified*	$621,034	$568,352	**$1,189,386**
Surveillance and Utilization Review Subsystems (SURS) - *dollars identified*	NA	$86,055	**$86,055**
Medicaid Fraud and Abuse Detection System (MFADS) - *dollars identified*	$182,635	$108,287	**$290,922**
TOTAL	**$2,837,268**	**$2,526,872**	**$5,364,140**

NOTE: These amounts represent claims inappropriately paid based on policy and/or investigations. It does not represent the actual dollars that may be recoverable.

OIE Workload statistics for the first and second quarters of fiscal year 2003:

Action	1st Quarter FY2003	2nd Quarter FY2003	Total FY2003
Medicaid Program Integrity:			
• Cases Opened	193	336	**529**
• Cases Closed	92	221	**313**
• Providers Excluded	7	140	**147**
Utilization Review:			
• Case Mix (Nursing Homes) - Cases Closed	389	325	**714**
• Case Mix (Nursing Homes) - # of Reviews	8,008	6,540	**14,548**
• Hospitals - Cases Closed	342	345	**687**
• Hospitals - # of Reviews	8,736	12,013	**20,749**
Medicaid Fraud & Abuse Detection System:			
• # of Cases Identified	415	97	**512**

Action	1st Quarter FY2003			2nd Quarter FY2003		
LOCK-IN*:	Sept 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb 03
• Fee-for-Service (FFS)	567	532	518	535	519	520
• STAR	313	302	316	312	290	310
• STAR+PLUS	74	72	74	75	77	75
TOTAL	**954**	**906**	**908**	**922**	**886**	**905**

***LOCK-IN:** CFR, Title 43, Volume 3, Section 431.54 (e) requires "Lock-in of recipients who over-utilize Medicaid services. If a Medicaid agency finds that a recipient has utilized Medicaid services at a frequency or amount that is not medically necessary, as determined in accordance with utilization guidelines established by the State, the agency may restrict that recipient for a reasonable period of time to obtain Medicaid services from designated providers only." The Texas Administrative Code, Title 45, Part I, Chapter 43 outlines the Texas Utilization Control Methods. Fee-for-Service clients can be limited to a doctor and/or pharmacy. Managed Care Organization members can be limited to a pharmacy. STAR+PLUS members were added to the Lock-in process on September 1, 2001.*

Health and Human Services Agencies Fraud, Waste and Program Abuse Activities

The Medicaid Fraud, Waste and Program Abuse work group was formed in 1996 with the primary focus of exchanging information relevant to Medicaid fraud, waste or abuse activities across health and human services operating agencies. Agencies in the Health and Human Services system utilize the workgroup members to develop joint investigative strategies, operating policies, and provide technical assistance across agencies as it relates to the prevention, detection, and investigation of fraud, abuse, and waste in health and human services programs.

Activities in the first and second quarters of fiscal year 2003 by the health and human services operating agencies have resulted in Medicaid recoupments totaling $202,571,108 ($186,566,214 in provider recoveries and $16,004,894 in recipient recoveries) and civil monetary penalties, fines, or liquidated damages totaling $181,879,290.

In addition to Medicaid recoveries, $3,453,535 was recovered in Title XX, the Temporary Assistance for Needy Families (TANF), and Food Stamp programs.

The tables in Appendix A on pages 19-20 provide a detailed summary of program integrity activities by the health and human services agencies.

MEDICAID FRAUD DETECTION & ABUSE PREVENTION TRAINING PLAN

Under the provisions the Texas Government Code, §531.105, HHSC 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. To conform to the mandate, HHSC offers this training through the education department of OIE and has developed, in cooperation with the Southwest Texas State University (SWT), a training program that is available as an on-line computer based course or as a correspondence course. Continuing Education Units (CEUs) are available through SWT for successful completion of this course.

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.

Training is also available in seminar format. The seminar presentation contains examples of actual schemes that have been used to defraud the Medicaid program. Participants are encouraged to ask questions and interact with the trainers. Program content can be adapted to meet the needs of specific groups or organizations. This informal and highly interactive presentation lasts approximately two hours.

Distance Learning Program

The Distance Learning Program was developed as a collaborative effort between OIE and SWT. The goal of the program is to provide Medicaid fraud and abuse detection and prevention training to Medicaid contractors, providers, and their employees in the most efficient and economical method possible. The module is available from SWT as a web based on-line course or as a correspondence course. Go to one of the web site addresses listed in order to access information about either the correspondence or on-line course: http://www.hhsc.state.tx.us/. or http://www.ideal.swt.edu/extension/thhscgateway.html

For nursing facilities with Medicaid clients and home health agencies with Community Based Alternative (CBA) clients, the Fraud and Abuse training is offered in conjunction with

the Texas Index of Level of Effort (TILE) training module. The fraud and abuse prevention training module is also available on-line as a separate tool.

As of September 1, 2000, the training module has been fully operational as a correspondence course or as web-based on-line training. In the first two quarters of FY 2003, 1,339 students requested the training from SWT. 875 (66%) of the students requested the training via correspondence course and 464 (34%) have taken the training on-line.

Type of Course	Total Enrolled
TILE Nursing Home Correspondence	558
TILE Nursing Home On-Line Computer Training	288
Community Base TILE Correspondence	317
Community Based TILE On-Line Computer Based Training	169
Medicaid Fraud only –Computer based training	7
TOTAL	**1,339**

Minimum Data Systems (MDS) Workshops

In September 2001, HHSC contracted with the Texas Health Care Association/Education to conduct MDS training seminars/workshops. These workshops also include a fraud prevention component designed by HHSC-OIE. Seven (7) MDS workshops were presented in the first two quarters of FY2003 with a total audience of 352 representing 236 nursing facilities.

Expanded Fraud Prevention Training for Medicaid Providers

HHSC believes that provider education is an integral element of any fraud, abuse, and waste prevention plan. In December of 2001, representatives of HHSC met with the National Heritage Insurance Company (NHIC), contractor to providers of Medicaid services, to expand information presented in conjunction with the NHIC provider-training program "Success with Medicaid." This program's goal is to educate the providers on how to correctly submit Medicaid forms for reimbursement for services, prevent provider billing and coding errors, as well as to educate providers on their responsibilities to prevent fraud, abuse, and waste in the Medicaid program. A special fraud prevention curriculum was developed by HHSC for use in this training venue. In the first two quarters of State Fiscal Year 2003, NHIC conducted 197 individual provider trainings for *Success With Medicaid.* In addition to the individual visits, 219 *Success With Medicaid* workshops were conducted

with an attendance of 4,947. A total of 5,144 received fraud training through this program in the first two quarters of FY2003.

NHIC also includes a Fraud Prevention component in orientation training for their new employees. 111 employees receiving Fraud & Abuse/Prevention training from September 2002 through February 2003 (FY 2003)

OIE Fraud Detection and Prevention Training
September 1, 2002 through February 28, 2003

Audience	Number of Seminars	Attendance
DHS/ LTC Community Care Conference- Austin (10/17/02)	1	85
Texas Children's Hospital Health Plan- Houston (11/14/02)	1	69
Texas Health Steps: Medical Transportation- Austin (12/18/02)	1	10
Texas MC Medicaid: CHIP – Austin (01/21/03)	1	77
Success with Medicaid (NHIC)	219 + 197 individual training sessions	5,144
NHIC Employee Training	NA	111
Minimum Data System Seminars	7	352
(TCHA) Distance Learning Program • TILE-NF= 846 • TILE CBA= 493 • Medicaid Fraud and Other=23	NA	1,339
TOTAL	**230**	**7,187**

MEDICAID FRAUD & ABUSE DETECTION AND PREVENTION PUBLICITY EFFORTS

Section 531.108 (b)(1) of the Government Code requires HHSC 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 HHSC 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 HHSC refers suspected criminal Medicaid fraud complaints to the Medicaid Fraud Control Unit (MFCU) 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 HHSC 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 HHSC and those agencies in partnership on a specific investigation.

OTHER COMMUNICATION TOOLS

The HHSC 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 (www.hhsc.state.tx.us);
- Public Hearings;
- Targeted Mailings.

OIE Staff Presentations
December 1, 2002 – February 28, 2003

Presentation Date	Presentation Audience	Presentation Subject	Presenter
December 18, 2002	Texas Health Steps/ Medical Transportation (10)	Identifying & Preventing Fraud in the Medicaid Program/ The Investigative Process	Teresa Habel
January 21, 2003	Texas Medicaid Managed Care/ CHIP (77)	Identifying & Preventing Fraud in the Medicaid Program/ The Investigative Process	Teresa Habel D'onn Ward
March 4, 2003	TX External Quality Review Organization and the Institute for Child Health Policy at the University of FL (TX Medicaid Managed Care/CHIP)	Fraud Prevention Training	Juanita Henry and Teresa Habel

FRAUD PREVENTION EFFORTS BY THE TEXAS DEPARTMENT OF HUMAN SERVICES

Texas Government Code, Section 531.108, requires the Health and Human Services Commission (HHSC) to:

- Develop a cost-effective method of identifying applicants for public assistance 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); and
- Submit a semiannual report to the Governor and Legislative Budget Board on results of computerized matching with other states and TDCJ.

The Texas Department of Human Services (DHS) has worked closely with HHSC to comply with these requirements.

Quality Control

Food Stamps

DHS reviews food stamp eligibility and benefit amounts to develop a payment error rate (PER). Each year, the U.S. Department of Agriculture awards enhanced federal funding to states achieving a 5.9 percent or lower PER that also have a negative case error rate lower than the national average. In federal fiscal year (FFY) 1998, Texas had a 5.27 percent PER and was the first large-issuance state to earn enhanced funding. Striving for continuous improvement, Texas has successfully reduced its PER each subsequent year:

Federal Fiscal Year	Payment Error Rate	Enhanced Funding Amount
1998	5.27%	$19.7 million
1999	4.56%	$27.9 million
2000	4.14%	$28.6 million
2001	3.73%	$29.8 million

To date, DHS has earned more than $106 million in enhanced funding and is expected to receive enhanced funding for FFY 2002.

FFY 2002 is the final year for enhanced funding because the Farm Security and Rural Investment Act of 2002 replaced it with performance bonuses in four specific areas: payment accuracy, negative error rate, participation rate and application processing timeliness.

Temporary Assistance for Needy Families (TANF)

Federal welfare reform converted the Aid to Families with Dependent Children (AFDC) program into a state block grant known as Temporary Assistance for Needy Families (TANF) and removed the federal requirement to maintain a quality control system for this program. However, because the program is now a state block grant, all TANF funds saved by the quality control system and error reduction activities are savings for the state. DHS continues to operate a quality control system for TANF, as required by state law.

Fraud Prevention Initiatives (September 2002 to February 2003)

Enhanced funding and successful progress in lowering the PER for both programs could not have been achieved without implementing innovative fraud prevention and detection programs.

Electronic Benefits Transfer (EBT) Trafficking

DHS Office of Inspector General (OIG) conducted 20 criminal investigations and 16 administrative investigations totaling $27,228 in theft. District Attorneys obtained 21 criminal court convictions based on OIG investigations conducted in prior years. In addition, OIG obtained 4 administrative dispositions in trafficking cases. The total established theft amount for convictions and administrative dispositions was $18,341.

Fraud Investigations

OIG completed 5,318 investigations; 880 referred for prosecution, 1,052 referred for administrative disqualification hearings, and administrative disqualification hearing waivers processed for 1,827. Dispositions were obtained in 643 criminal court cases and 2,764 administrative hearings. Texas collected $7,516,152 in Food Stamp funds, $1,929,491 in TANF funds, and $477,663 in Medicaid funds.

State-to-State Matches (September 2002 to February 2003)

Section 531.108 requires matching with states bordering Texas. The following potential matches were identified: 1,195 from Louisiana, 1,398 from Oklahoma and 1,426 from New Mexico. After verification, benefits were denied or lowered in 45 of the Louisiana cases, resulting in $49,633 savings. Benefits were denied or lowered in 28 of the Oklahoma cases, resulting in $41,713 savings. Cases are still under investigation and the number of denied or lowered cases, associated savings, and number of referrals may increase.

DHS has reached agreement with Arkansas regarding a cooperative data match, and is working on the technical aspects of executing the match.

Motor Vehicle Information

Section 531.108 requires using motor vehicle data for eligibility determination to ensure correct client resource information is available to Texas Works Advisors. DHS has included motor vehicle registration and value information in its Data Broker initiative, allowing Texas Works Advisors to obtain information on client vehicle and property ownership when certifying or re-certifying clients.

Criminal Justice Matches

The TDCJ match identified 807 clients who may be ineligible due to state incarceration. A third are still under investigation and the number of denied or lowered cases, associated savings, and number of referrals for this period may increase. Analysis of completed investigations indicates benefits were denied or lowered in 82 cases, resulting in $80,130 savings. In 74 cases, clients were referred to OIG for $24,636 in estimated fraud or non-fraud overpayments.

MAINTENANCE AND PROMOTION OF A TOLL-FREE HOTLINE

To meet the provisions of Texas Government Code, §531.108, the HHSC 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 HHSC's Education and Staff Development Department conducts specialized Medicaid fraud detection training for Medicaid hotline operators who receive calls with information on suspected Medicaid fraud and/or abuse and refer the information to the HHSC's Medicaid Program Integrity (MPI) Department.

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

AVAILABLE TOLL-FREE 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
- Kidney Health Care Provider hotline – 1-800-222-3986
- Third Party Liability and Recovery hotline – 1-877-511-8858
- Recipient Utilization Assessment hotline – 1-800-252-8141
- CHIP/TexCare partnership – 1-800-647-6558

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 HHSC.

Appendix A

FY03 (1st – 2nd Qtrs) Summary of Program Integrity Activities by the Health & Human Services Agencies

Texas Health and Human Services Agencies' 1st and 2nd Quarters FY03 Fraud, Waste and Program Abuse Activities:

Agency Name	Overpayments				Monetary Penalties, Fines, or Liquidated Damages			
	Provider/Contractor/ Vendor		Recipient/Client		Provider/Contractor/ Vendor		Recipient/Client	
	Other $	Medicaid $	Other $	Medicaid $	Other $	Medicaid $	Other $	Medicaid $
Health & Human Services Commission:								
• Medicaid Program Integrity	NA	$1,736,387	NA	NA	NA	$613,317	NA	NA
• Utilization Review: Hospitals	NA	$18,063,816	NA	NA	NA	NA	NA	NA
• Nursing Homes	NA	$6,718,247	NA	NA	NA	NA	NA	NA
• Surveillance & Utilization Review Subsystems	NA	$51,778[1]	NA	NA	NA	NA	NA	NA
• Tax Equity & Fiscal Responsibility Act Claims (TEFRA)	NA	$54,025	NA	NA	NA	NA	NA	NA
• Medicaid Fraud & Abuse Detection System (MEADS)	NA	$803,529	NA	NA	NA	NA	NA	NA
• Customer Services/Provider Resolution	NA	$29,921	NA	NA	NA	NA	NA	NA
• Third Party Resources	NA	$136,592,976	NA	$15,926,594	NA	NA	NA	NA
• Vendor Drug	NA	$4,177,561	NA	NA	NA	$161,265,975[2]	NA	NA
• Bureau of Children's Health	NA	NA	NA	NA	NA	NA	NA	NA
Texas Department of Human Services:								
• Office of Inspector General	NA	NA	$2,805,943[3]	$476,300	NA	NA	NA	NA
• Office of Programs – Long Term Care Services	$22,174[4]	$24,329	NA	NA	NA	NA	NA	NA
• Long Term Care Regulatory	Info not provided	Info not provided	Info not provided	Info not provided	Info not provided	Info not provided	Info not provided	Info not provided
Texas Interagency Council on Early Childhood Intervention – Provider Funding	$371,778	NA	NA	NA	NA	NA	NA	NA
National Heritage Insurance Company – Medicaid Audits	NA	$18,914,288[5]	NA	NA	NA	NA	NA	NA
Texas Department of Mental Health & Mental Retardation – Medicaid Administration	$244,040[6]	$366,327[7]	NA	NA	NA	NA	NA	NA
Texas Department of Protective & Regulatory Services	NA	NA	NA	NA	NA	NA	NA	NA
Texas Juvenile Probation Commission	NA	NA	NA	NA	NA	NA	NA	NA
Texas Commission on Alcohol & Drug Abuse	$9,600	NA	NA	NA	NA	NA	NA	NA
Texas Rehabilitation Commission [8]	NA	NA	NA	NA	NA	NA	NA	NA
Texas Department on Aging	NA	NA	NA	NA	NA	NA	NA	NA
Texas Commission for the Blind	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL	**$647,592**	**$186,566,214**	**$2,805,943**	**$16,004,894**	**NA**	**$161,879,290**	**NA**	**NA**

[1] There is approximately $86,000 identified for recovery for SURS. Actual recoupments will be reported in the quarter in which they are recovered. SURS cases that are referred to Medicaid Program Integrity for full investigation are reflected in the MPI and civil monetary penalties recoupments.

[2] Amount recovered through Manufacturer Rebates.

[3] Includes the following programs: Food Stamp, Temporary Assistance for Needy Families.

[4] Title XX monies.

[5] Overpayments for Medicaid Audits are reported as net based on Cost Settlements. Managed Care Payment Settlements are excluded from the calculation. Overpayments are calculated based on the difference in total interim payments and cost, less any previous settlements for any settlements completed during the period.

[6] These dollars are all recovered state dollars.

[7] Medicaid dollars recouped resulted from onsite waiver reviews, HHSC review of fiscal accountability reports, and billing and payment reviews conducted for Case Management Health Rehabilitation.

[8] Effective 9/1/99, this program was transferred to TDHS.

Appendix A

FY03 (1st – 2nd Qtrs) Summary of Program Integrity Activities by the Health & Human Services Agencies

Texas Health and Human Services Agencies 1st and 2nd Quarters FY03 Fraud, Waste and Program Abuse Other Statistics:

Agency Name	# of Eliminations from Participation		# of Investigations Closed		# 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	Recipient/ Client
Health & Human Services Commission:										
• ~~Medicaid Program Integrity~~	~~147~~	~~NA~~	~~818~~	~~NA~~	~~NA~~		~~NA~~		~~NA~~	~~NA~~
• ~~Third Party Resources~~	~~NA~~	~~NA~~	~~NA~~	~~NA~~	~~NA~~		~~NA~~		~~NA~~	~~NA~~
• Vendor Drug	NA	NA	NA	NA	NA		NA		NA	NA
• Bureau of Children's Health	NA	NA	NA	NA	NA		NA		NA	NA
• Customer Services/Provider Resolution Services	NA	NA	7,913	NA	NA		NA		12	NA
Texas Department of Human Services:										
• Office of Inspector General	NA	4,584[1]	NA	5,318[2]	2,466[3]		NA		NA	3,498[4]
• Office of Programs – Long Term Care Services	106	NA	NA	NA	NA		1		2	NA
• Long Term Care Regulatory	~~Info not provided~~	~~Info not provided~~	~~Info not provided~~	~~Info not provided~~	~~Info not provided~~		~~Info not provided~~		~~Info not provided~~	~~Info not provided~~
Texas Interagency Council on Early Childhood Intervention – Provider Funding	2	NA	NA	NA	NA		NA		NA	NA
Texas Department of Mental Health & Mental Retardation – Medicaid Administration	29	NA	NA	NA	NA		NA		21	NA
Texas Department of Protective & Regulatory Services	NA	NA	NA	NA	NA		NA		NA	NA
Texas Juvenile Probation Commission	NA	NA	NA	NA	NA		NA		NA	NA
Texas Commission on Alcohol & Drug Abuse	6	NA	808	NA	1		NA		NA	0
Texas Rehabilitation Commission	NA	NA	NA	NA	NA		NA		NA	NA
Texas Department on Aging	NA	NA	NA	NA	NA		NA		NA	NA
Texas Commission for the Blind	NA	NA	NA	NA	NA		NA		NA	NA
TOTAL	**286**	**4,584**	**8,846**	**5,318**	**2,467**		**1**		**35**	**3,498**

[1] Includes the following programs: Food Stamp and Temporary Assistance for Needy Families

[2] Includes the following programs: Food Stamp, Temporary Assistance for Needy Families, Medicaid

[3] Includes the following programs: Food Stamp, Temporary Assistance for Needy Families, Medicaid

[4] Includes the following programs: Food Stamp and Temporary Assistance for Needy Families