

DMAS Program Integrity Activities

**Presentation to:
Senate Finance Committee**



Agenda

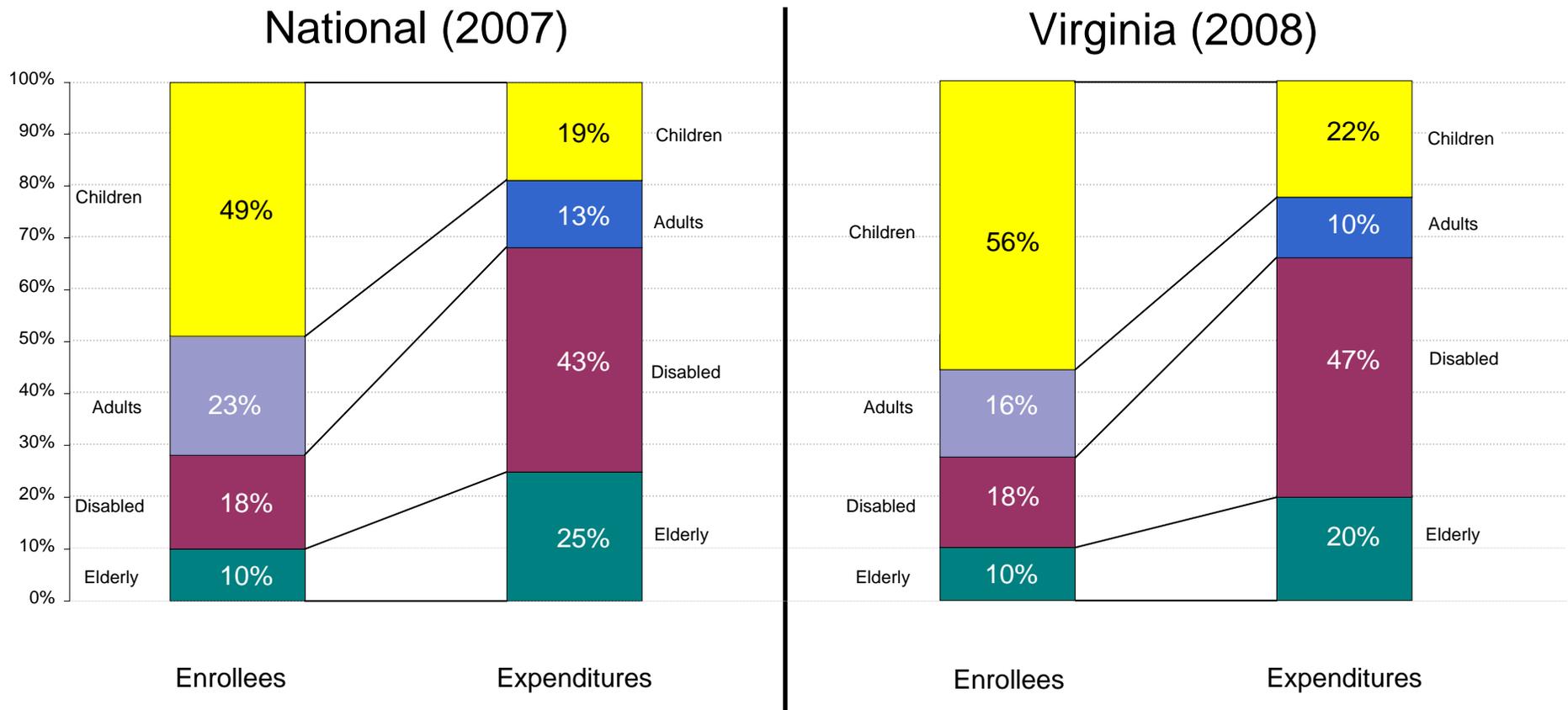
- Virginia Medicaid Overview
- Provider Review Activities
- Recipient Audit Activities
- Notable Achievements



Virginia Medicaid Overview

- Medicaid is the Commonwealth's largest public health insurance program that provides insurance coverage and long-term care services to over 900,000 low income Virginians including:
 - Children (Medicaid/CHIP)
 - Pregnant Women
 - Families
 - Seniors
 - People with disabilities
- Medicaid is jointly administered and funded by the Federal and State governments
- For fiscal year (FY) 2009, total Medicaid expenditures were approximately \$5.8 billion
- Medicaid is the second largest program in the general fund budget

Medicaid Enrollees and Expenditures



Source: Kaiser Commission on Medicaid and the Uninsured; DMAS



Virginia Medicaid Program Integrity

- Program Integrity is a major initiative and priority for DMAS
- DMAS is committed to detecting and eliminating waste, fraud, and abuse
- DMAS has increased program integrity activities efforts over the past four years
- Virginia increased its national involvement: PI Directors TAG, PERM TAG, NAMPI, Fraud Summit
- Pre-payment initiatives such as ClaimCheck and provider enrollment initiatives such as NPI, OIG listings, TPL and pharmacy controls
- Focus of this presentation will be on post-payment and recipient audit activities



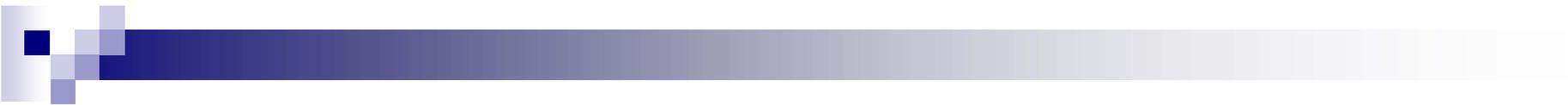
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Provider Review Activities

- Throughout the past four years, DMAS has focused on provider reviews, leading to new growth and necessary changes
- DMAS applies a mixed model for provider reviews
 - contractors (60%)
 - internal staff (40%)
- During last two fiscal years, over 750 providers have been reviewed and approximately \$17m identified as overpayments
- DMAS has achieved a 97% success rate for appeals
- Internal staff consist of 14 salaried and 4 hourly analysts



Provider Review Process

- DMAS' utilizes a risk-based, audit plan that is applied equitably across all provider types and service categories including hospitals, pharmacy, mental health, personal care, etc.
- Audit staff and contractors use tested and verified audit methodologies to ensure the scope of work is congruent with Medicaid regulations and manuals



Provider Review Process

■ Audit Process

- Data mining identifies providers to be audited based on their payment and utilization patterns
- Notify providers of the audit and determine whether the audit will be on-site or a desk review
- Conduct an entrance interview with provider
- Perform a review of records
- Compose a preliminary findings report to inform the provider, and discuss with DMAS staff, any discrepancies found during the audits
- Providers are given a reasonable opportunity to supply additional documentation in connection with the discrepancies
- Conduct an exit interview with provider
- Write final audit report which includes findings and appeal rights
- Remit collection letter
- Conducting vendor product reviews currently to assess new potential opportunities in services authorization and pre-payment claims review



Provider Review Contractors

- Over the past four years, DMAS has engaged national firms to conduct provider audits and enhance the work of internal staff
- Virginia is one of the first states to aggressively implement contractors
- Contractors are hired through a competitive procurement process
- No extrapolation or contingency fees are applied in contracts
- Benefits of contractors
 - National expertise and experience
 - Advanced cutting edge technology
 - Administrative efficiencies
 - Increase referrals to the OAG and MFCU



Provider Review Contractors

- ACS Heritage – (2007) Pharmacy/DME audits
- Health Management Systems – (2007) Hospital diagnosis-related group (DRG) reviews
- Clifton Gunderson – (2007) Variety of provider types ranging from physicians to personal care agencies
- Health Management Systems – (2009) Community mental health reviews
- Contractor Results:
 - ROI of greater than 2:1
 - Contractors have identified approximately \$17.6m in potentially inappropriate claims during the last two fiscal years
 - Project \$21m in FY 2010



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Recipient Audit Activities

- The Recipient Audit Unit (RAU) investigates referrals of fraudulent activity and abuse by enrollees, and eligibility determinations conducted by localities and the FAMIS CPU
- Internal staff consist of 4 salaried and 2 hourly investigators
- Investigators follow an “administrative” or “criminal” path to determine investigative outcomes
- Typical referrals of recipient ineligibility involve:
 - Misrepresentation or withholding of information involving resources or income (most common for income)
 - Uncompensated transfers of property
 - Illegal use/sharing of Medicaid ID card
 - Drug diversion
 - Agency error



Recipient Audit Activities

- Collaborated with DSS to establish eligibility workgroups
- Worked with DSS on PERM and MEQC projects
- During last two fiscal years, over 1,000 cases have been investigated leading to approximately \$4.1m in restitution
- 123 cases have been referred to the Commonwealth Attorney for criminal prosecution



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Notable Achievements

- MCO collaboration
- Office of Behavioral Health (OBH) created based on audit findings
- Requested and received broader legislative authority to terminate providers agreements
- Many regulatory and manual changes have been put in place due to audit findings
- DMAS and MFCU have a positive working relationship. CMS has noted this relationship as a model
- Over \$38m in overpayments identified in last two fiscal years₁₆



Notable Achievements

- Federal oversight intensifying
 - Reviewing proposed new CMS fraud and abuse regulations and conducting assessment as to additional steps DMAS can take to ensure a leading edge program integrity strategy
 - CMS has hired national contractors to conduct reviews in each State.
 - CMS internal staff has conducted on-site reviews the latest focusing on community mental health
 - States will be required to engage Recovery Audit Contractors (RACs) that will be contingency based auditors

