



Fraud, Waste and Abuse Program Audits are Coming to an SIU Near You

Are You Ready?

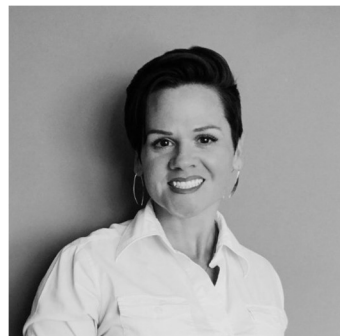
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Your Speakers:



Jala Attia, AHFI, CFE, CHC
President, Integrity Advantage



Jessica Gay, CPC, AHFI, CFE
Vice President, Integrity Advantage



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About Integrity Advantage

- ✓ Services company focused on healthcare fraud, waste and abuse (FWA) and Special Investigations Unit (SIU) program support
- ✓ Over 25 years' experience in healthcare fraud, waste and abuse / program integrity at state, commercial payers and vendors
- ✓ Experience creating, building and overseeing fraud, waste and abuse programs and teams
- ✓ Successfully supported over 60 commercial payers representing over 150M covered lives with all lines of business (Medicaid, Medicare, Commercial, FEP)
- ✓ Specialize in FWA program assessments, including people, process and technology, to identify risks and create action plans to mitigate risks
- ✓ Accredited Healthcare Fraud Investigators (AHFI), Certified Fraud Examiners (CFE), Certified Professional Coders (CPC) and Certified in Healthcare Compliance (CHC)
- ✓ Economically Disadvantaged Woman Owned Small Business



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Disclaimer

Views expressed during this presentation are those of Integrity Advantage and do not reflect the official position of any other organization, agency, or company.

Medicaid Contracts differ by state – please refer to your state Medicaid contract for specific requirements related to your organization.

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Agenda

1. Medicaid Stats in Relation to Fraud, Waste and Abuse (FWA)
2. Regulatory Guidance
3. General Audit Process
4. Typical Areas of Focus During the SIU Audit
5. Summary Take-Aways

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Medicaid Enrollment

Population	Ever during FY 2018
Estimates based on administrative data (CMS) ¹	
Medicaid enrollees	86.7
CHIP enrollees	9.4
Totals for Medicaid & CHIP	96.1
Census Bureau data	
U.S. population	327.6
Administrative and Census Bureau data	
Medicaid & CHIP enrollment % U.S. population	29.3%

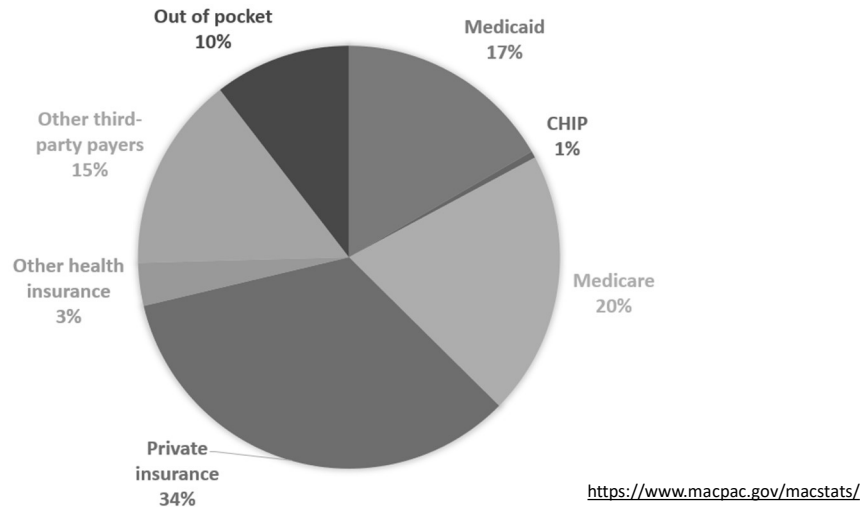
<https://www.macpac.gov/macstats/>

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Total % Payer Expenditures



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How Big is the FWA Problem in Medicaid?

\$616B in Medicaid spend during 2018

Industry estimates indicate that 3-10% is FWA

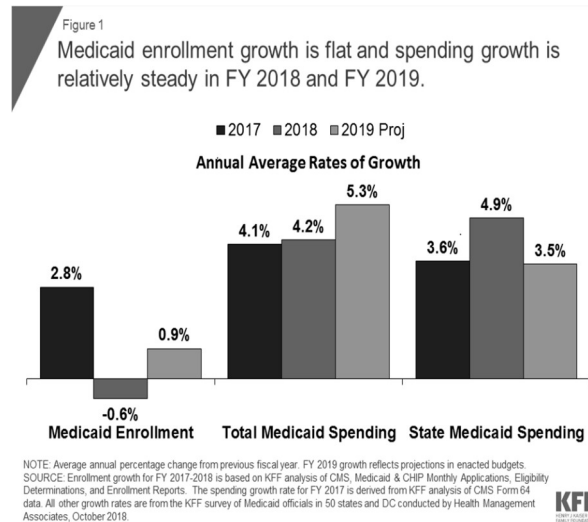
Conservatively \$18B – \$61B is lost annually to FWA

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Why Increased Oversight?



<https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2018-2019/>

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CMS Requirements for Medicaid Managed Care

II.D.5 Program Integrity

- II.D.5.01 The contract requires that the MCP have administrative and management arrangements or procedures (including a **mandatory compliance plan**) that are designed to guard against fraud and abuse.
- II.D.5.02 The contract requires that the MCP have **written policies, procedures, and standards of conduct** that articulate the organization's commitment to comply with all applicable **Federal and state program integrity** standards.
- II.D.5.03 The contract requires that the MCP designate a **CO and a compliance committee that are accountable to senior management**.
- II.D.5.04 The contract requires that the MCP have arrangements or procedures that include **effective training and education** for the CO and the organization's employees.
- II.D.5.05 The contract requires that the MCP have **effective lines of communication** between the CO and the organization's employees.
- II.D.5.06 The contract requires that the MCP **enforce program integrity standards** through well publicized disciplinary guidelines.
- II.D.5.07 The contract requires that the MCP provide for **internal program integrity monitoring and auditing**.
- II.D.5.08 The contract requires that the MCP provide for prompt response to **detected program integrity offenses and develop corrective action initiatives**

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State Requirements for Medicaid Contracts

There are many similarities among Medicaid state expectations, each more granular than the Federal requirements but not necessarily consistent across states.

Some common requirements include:

- Plan SIU staffing requirements
- Training frequency, medium and content
- Reporting frequency
- Referrals
- Meeting attendance
- Overpayment and recoupment
- Pharmacy lock-in



Each State is a Unicorn!



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What to Expect: General Audit Process

Depends on the type of audit:

- On-Site
- Desk
- Combination



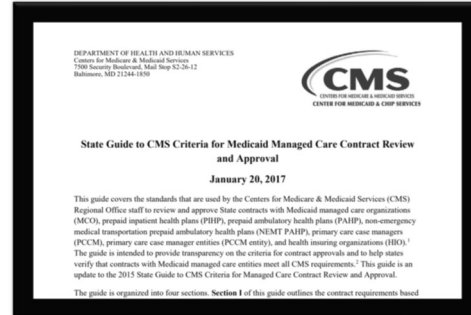
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Typical Areas of Focus During an SIU Audit

1. SIU Policies & Procedures (P&Ps)
2. Oversight, Staffing & SIU Structure
3. FWA Training
4. Detection of FWA
5. Review of Investigations
6. FWA Hotline
7. Recoveries, Suspension & Savings
8. Referrals
9. Oversight of Subcontractors
10. Other Areas to Consider



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SIU Policies & Procedures



- ✓ Present document, be prepared to show where they are housed, the frequency of updates and accessibility to appropriate parties



- ✓ Unable to demonstrate access to, use or knowledge of P&P's.
- ✓ Not identifying the applicable Line of Business (LOB), if appropriate



Best Practice

- ✓ Updated annually at minimum
- ✓ Key elements will match state requirements
- ✓ All-Inclusive P&Ps

***Federal Reference - II.D.5 Program Integrity - II.D.5.01 and II.D.5.02**

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Oversight, Staffing & SIU Structure



- ✓ Demonstrate staffing, structure and oversight of SIU are adequate to support the investigation of fraud, waste and abuse



- ✓ Providing an org chart is not enough
- ✓ Not knowing staffing level expectations in comparison to membership



- ✓ Show that your staffing levels are in line with your Medicaid population and in-state if needed
- ✓ Provide evidence of investigative oversight through a documented approval process
- ✓ FWA committee involvement in addition to Compliance oversight

* **Federal Reference- II.D.5 Program Integrity** - II.D.5.03 and II.D.5.05

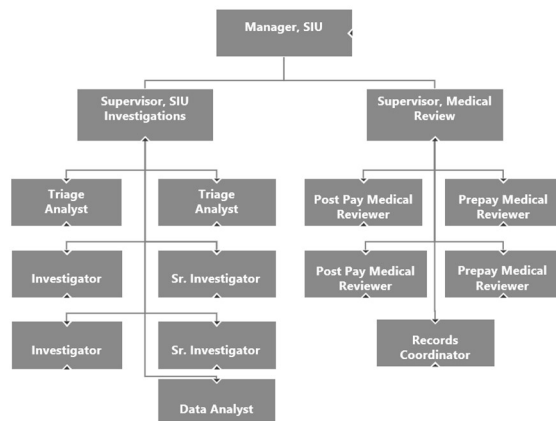
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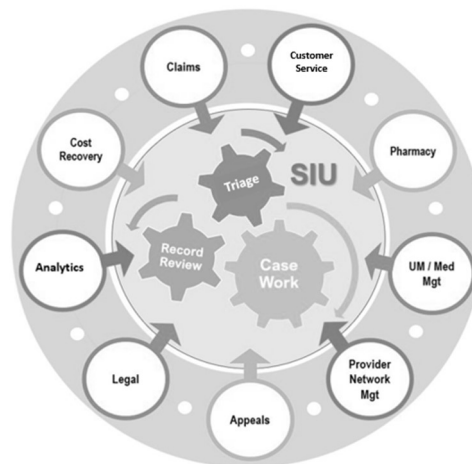
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Oversight, Staffing & SIU Structure

Sample Staff Structure:



Effective Lines of Communication:



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FWA Training



- ✓ Evidence of FWA training for the whole organization
- ✓ Evidence and materials for SIU specific training



- ✓ Assuming new hire training alone is sufficient
- ✓ Citing the contract or state requirements verbatim as the training



- ✓ More in-depth training for SIU staff upon hire and ongoing
- ✓ Training that demonstrates SIU collaboration throughout the organization
- ✓ Revising training as new trends/schemes emerge
- ✓ Encouraging participation in off-site training / conferences
- ✓ Balancing frequency, medium and content

*** Federal Reference - II.D.5 Program Integrity - II.D.5.04**

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Suggested Training Topics

Hotline Investigative Process
Outliers
Extrapolation
Triage
New Schemes Referrals Assessment
Interviewing Sampling MS Excel
FWA Awareness Committee
Report Writing

Medical Record Review
Data Mining

Statistics
Trends
Patterns

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Detection of FWA



- ✓ Demonstrate detection efforts by preparing a list of proactive cases launched and show software capabilities, if applicable



- ✓ Focusing only on reactive investigative work due to lack of resources
- ✓ Not tracking detection efforts appropriately



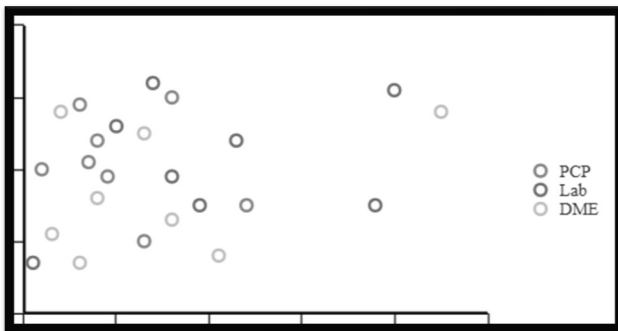
- ✓ Include original data analysis and research used to identify patterns of behavior warranting investigation
- ✓ Mining for schemes already substantiated during other investigations

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Industry Detection Tools and Methods



- Data Mining
 - ✓ Outlier Analysis
 - ✓ Procedure Patterns
 - ✓ Diagnosis Coding
 - ✓ Geographical Review
- Anti-Fraud Detection Software
- Risk Assessment / Audit Plan

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Review of Investigations



- ✓ Provide a complete list of active or closed investigations – you will likely be given a sample of 'cases' that you will need to provide more information



- ✓ Lack of documented activity
- ✓ Implementing a \$ threshold as the sole determinant of viability of a case
- ✓ Assuming the person reviewing the case understands FWA investigations



- ✓ Implement and use a strong case management system
- ✓ Keep updated and clear documentation standards in P&P's
- ✓ Have a formal quality control process in place
- ✓ Conduct regular case round table meetings to discuss cases, schemes and workload
- ✓ Demonstrate oversight and documented disciplinary guidelines through regularly conducting quarterly case file audits

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Key Elements in Investigations

- Case Management
- Background on Providers (42 CFR 455.436)
- Data Analysis
- Thorough Documentation
- Timely Updates and Referrals
- Statistically Valid Random Sampling, if applicable
- Education and Communication
- Approval Process

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FWA Hotline



- ✓ Provide a complete list of FWA hotline calls, from which a sample may be pulled
- ✓ Demonstrate that you acted on calls where potential FWA may exist



- ✓ Not tracking hotlines similarly to other investigations
- ✓ Failing to act on potential FWA due to financial thresholds



- ✓ Track hotline calls, even if they do not allege FWA
- ✓ Follow up – don't use a financial threshold to determine investigative viability
- ✓ Be able to demonstrate actions taken when allegation is substantiated

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Recoveries, Suspensions and Savings



- ✓ Provide documentation to substantiate annual report numbers
- ✓ Demonstrate compliance with state requirements on overpayment pursuit



- ✓ Failing to consistently and accurately track recoveries and savings
- ✓ Unprepared to provide detailed support of reported numbers
- ✓ Numbers reported don't tie back



- ✓ Document how you track each financial component (look-back period, methodology for cost avoidance, etc.)
- ✓ Accurately track all identified amounts, recoveries and savings in a case management system
- ✓ Periodically audit financials captured

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Referrals



- ✓ Provide evidence that obligatory referrals contain all necessary information
- ✓ Referrals are made timely, within contractual guidelines



- ✓ Forgetting to make a referral or not tracking proof of submission
- ✓ Lack of oversight on timeliness
- ✓ Going through the motions simply to meet a requirement



- ✓ Create a standard format for referrals and a tickler system that will allow everyone to provide the appropriate information
- ✓ Communicate regularly with your regulator
- ✓ If referral is not accepted, try other law enforcement entities

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Oversight of Subcontractors



- ✓ Show evidence of subcontractor oversight regarding detection and prevention of FWA for PBM, vision, dental, home health, mental health and any subcontractors used



- ✓ Assume subcontractors perform all FWA related work as a pass-through risk
- ✓ Failing to audit subcontractor work



- ✓ Conduct regular meetings with subcontractors, ask them to demonstrate compliance
- ✓ Regularly monitor and validate subcontractor efforts by requesting reports

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Other Areas to Consider



- ✓ Prepare to demonstrate any other areas that your SIU supports FWA efforts such as verification of services, Electronic Visit Verification (EVV), prior authorization, pharmacy lock-in programs, etc.



- ✓ Assume that SIU only is required to support fraud investigations
- ✓ Failing to have documented process in place that demonstrates compliance



- ✓ Confirm whether additional components of the Medicaid contract can be supported by SIU.
- ✓ Create processes and document SIU Support.

***Federal Reference - II.D.5 Program Integrity - II.D.5.01 and II.D.5.02**

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Summary Take-Aways

- ✓ BE PREPARED! Perform a mock audit well before needed
- ✓ Document and demonstrate...
If it's not documented, it didn't happen.
- ✓ Make FWA training a priority for the whole organization
- ✓ Stay a step ahead – don't get stuck in a reactive state
- ✓ Manage your subcontractors
- ✓ Trust but verify



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Questions?

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Overview

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Resources

- <https://www.medicaid.gov/medicaid/managed-care/downloads/mce-checklist-state-user-guide.pdf>
- <https://www.medicaid.gov/medicaid/managed-care/guidance/final-rule/index.html>
- <https://www.macpac.gov/wp-content/uploads/2017/06/Program-Integrity-in-Medicaid-Managed-Care.pdf>
- <https://www.macpac.gov/macstats/> -
- <https://www.macpac.gov/wp-content/uploads/2019/06/June-2019-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

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