Department of Health and Human Services

Centers for Medicare & Medicaid Services

Medicaid Integrity Program

Georgia Comprehensive Program Integrity Review

Final Report

December 2008

Reviewers:
Hulio Griffin, Review Team Leader
Randal Brasky
Steve Gatzemeier
Lauren Reinertsen
Eddie Sottong

TABLE OF CONTENTS

Introduction 1

The Review 1
Objectives of the Review 1
Overview of Georgia's Medicaid Program 1
Program Integrity Section 1
Methodology of the Review 2
Scope and Limitations of the Review 2

Results of the Review 3
Effective Practices 3
Regulatory Compliance Issues 4
Vulnerabilities 5

Conclusion 6

INTRODUCTION

The Centers for Medicare and Medicaid Services' (CMS) Medicaid Integrity Group (MIG) conducted a comprehensive program integrity review of the Georgia Medicaid Program. The MIG conducted the onsite portion of the review at the offices of the Georgia Department of Community Health (DCH). The MIG review team also visited the office of the State Health Care Fraud Control Unit (SHCFCU), which serves as Georgia's Medicaid Fraud Control Unit (MFCU).

This review focused on the activities of the DCH Office of Inspector General (DCH-OIG), which is responsible for Medicaid program integrity. This report describes five effective practices, two regulatory compliance issues, and one vulnerability in the State's program integrity operations.

THE REVIEW

Objectives of the Review

1. Determine compliance with Federal program integrity laws and regulations;
2. Identify program vulnerabilities and effective practices;
3. Help Georgia improve its overall program integrity efforts; and
4. Consider opportunities for future technical assistance.

Overview of Georgia's Medicaid Program

The Division of Medical Assistance within DCH administers the Georgia Medicaid Program. As of June 30, 2007, the program served 2,025,937 recipients, approximately 45 percent of whom were enrolled with a managed care plan. The State had enrolled 53,682 managed care providers as of June 30, 2007, while 83,736 providers were participating in the fee-for-service (FFS) program. Medicaid expenditures in Georgia for State fiscal year (SFY) 2007 totaled $7,544,410,701. In Federal fiscal year 2007, the Federal medical assistance percentage was 61.97 percent.

Program Integrity Section

The DCH-OIG is the organizational component dedicated to the prevention and detection of provider fraud, abuse and overpayments. At the time of the review, DCH-OIG had approximately 50 full-time equivalent staff dedicated to identifying provider fraud, abuse and inappropriate payments. The review team noted that six positions in the DCH-OIG were vacant. The DCH-OIG is divided into three units: Audits and Compliance, Investigations, and Program Integrity (PI). The PI and Investigations Units are responsible for Medicaid program integrity functions.

The PI Unit uses contractors to perform certain functions. One contractor audits the acquisition of health care services by conducting onsite provider reviews in waiver programs throughout the

State. Another contractor conducts onsite utilization reviews and desk audits of pharmacy cases. Georgia's fiscal agent designates staff to perform algorithms on claims data in order to proactively identify patterns of fraud and abuse. Regularly scheduled meetings take place between PI Unit staff and designated contractor staff to discuss potential cases. The table below presents the total number of investigations, sanctions or actions, and amounts recouped in the past three SFYs as a result of program integrity activities in Georgia.

Table 1

SFY	Number of Preliminary & Full Investigations	Number of State Administrative Actions or Sanctions (Approximation)	Amounts Recouped (includes past settlement collections)
2005	540	166	$15,650,252.37
2006	766	396	$17,379,099.15
2007	976	336	$15,982,802.94

Methodology of the Review

In advance of an onsite visit, the review team requested that Georgia complete a comprehensive review guide and supply documentation in support of its answers to the review guide. The review guide included such areas as provider enrollment, claims payment and post payment review, managed care, surveillance and utilization review subsystem, and the MFCU. A five-person review team reviewed the responses and materials that the State provided in advance of the onsite visit.

During the week of July 21, 2008, the MIG review team visited the DCH and SHCFCU offices. The team conducted interviews with numerous DCH officials, as well as with staff from the State's transportation broker and the SHCFCU. To determine whether managed care contractors were complying with the contract provisions and other Federal regulations relating to program integrity, the MIG team reviewed the contract provisions and gathered information from the managed care organizations (MCOs) through interviews with representatives of three MCOs.

Scope and Limitations of the Review

This review focused on the activities of DCH-OIG, but also considered the work of other components and contractors responsible for a range of program integrity functions, including provider enrollment, contract management, and provider training. Georgia's State Children's Health Insurance Program operates under Title XXI of the Social Security Act, and was, therefore, not included in this review. Unless otherwise noted, DCH provided the program integrity-related staffing and financial information cited in this report. For purposes of this review, the review team did not independently verify any staffing or financial information that DCH provided.

RESULTS OF THE REVIEW

Effective Practices

The State has highlighted several practices that demonstrate its commitment to program integrity. These practices include special monitoring safeguards in the non-emergency medical transportation (NEMT) program, an effective working relationship between the PI Unit and the SHCFCU, and regular communication and reporting channels between the PI Unit and the State's MCOs.

NEMT broker system safeguards and fiscal savings

DCH initiated a broker system for NEMT in 1997 which has been a cost saving mechanism for the State Agency. Currently the State Agency has three transportation brokers covering five regions. The State Agency teams up with the brokers to verify services with the providers. The State Agency indicated that it monitors transportation drivers to verify they are providing proper services. It also checks driver manifests, drivers' logs, and sign-offs by family members.

Effective working relationship – PI Unit and SHCFCU

Both the PI Unit and the Georgia SHCFCU indicated in separate interviews that they enjoyed a close and effective working relationship. They both indicated that the State Agency Investigations Unit provides training to SHCFCU staff and new hires as needed. The SHCFCU also receives training from the fiscal agent. The SHCFCU indicated that the referrals it receives from the State Agency are well-researched and quality referrals. According to the SHCFCU director, State responses to data requests are likewise thorough and always delivered in a timely manner.

PI Unit communications with MCO staff

MCOs (known in Georgia as Care Management Organizations) are required by contract to submit monthly updates and quarterly reports on provider cases, which also note the overpayment amount. The MCOs regularly submit information on problem providers to the PI Unit and receive direction from the PI Unit's investigation director on how to proceed with investigations or other actions.

Additionally, the MIG review team identified two practices that are particularly noteworthy. MIG recognizes the PI Unit's innovative methods of auditing durable medical equipment (DME) providers, and the effective working relationship between the PI Unit and the Provider Enrollment (PE) Unit.

Innovative auditing of DME providers

According to the PI Unit director, the unit initiated a project to validate the physical address of all DME suppliers by performing a visual check. The suppliers with questionable addresses will be reviewed for possible fraudulent practices. The PI Unit will continue to utilize the verification process method on all newly enrolled DME

suppliers. Another initiative involves an audit of the top five power wheelchair suppliers. The PI Unit will determine if the supplier billed for a more expensive wheelchair than was actually provided. A survey will be sent out to selected clients to complete. As part of the survey, the clients will review pictures of wheelchairs and scooters and identify the type of equipment they received by circling the appropriate picture. Based on the discrepancies detected, the investigators will conduct an on-site visit comparing the equipment with the DME supplier's billing.

Effective working relationship – PI and PE Units
Georgia's PI and PE Units, though part of different divisions within DCH, communicate and cooperate with each other to an unusual extent. For example, the PI and PE Units jointly conduct onsite reviews of skilled nursing facilities at which they screen all employees against both the List of Excluded Individuals/Entities (LEIE) maintained by the U.S. Department of Health & Human Services Office of Inspector General and the Excluded Parties List System (EPLS) maintained by the General Services Administration. The PI Unit also performs supplementary provider enrollment functions during fraud and abuse onsite reviews, which helps compensate for PE unit staff limitations. DCH's more general use of the EPLS to check for Federal debarments, in addition to searching the LEIE for exclusions, is also commendable.

Regulatory Compliance Issues

The State is not in compliance with two Federal regulations related to the disclosure of certain required ownership and control and business transaction information.

The State's provider enrollment and credentialing packages do not always capture ownership, control, and relationship information.
Under 42 CFR § 455.104(a)(1), a provider, or "disclosing entity," that is not subject to periodic survey under § 455.104(b)(2) must disclose to the Medicaid agency, prior to enrolling, the name and address of each person with an ownership or controlling interest in the disclosing entity or in any subcontractor in which the disclosing entity has a direct or indirect ownership interest of 5 percent or more. Additionally, under § 455.104(a)(2), a disclosing entity must disclose whether any of the named persons is related to another as spouse, parent, child, or sibling. Moreover, under § 455.104(a)(3), there must be disclosure of the name of any other disclosing entity in which a person with an ownership or controlling interest in the disclosing entity has an ownership or controlling interest.

Provider information about individuals and entities disclosed on enrollment forms is captured in the Georgia Medicaid Management Information System. DCH has a state of the art web portal system called Georgia Healthcare Partnership (GHP) that gives patients, doctors, pharmacists, and other providers easy, secure, and efficient access to health care information. The system allows administrators to easily manage data and improve turnaround times for claims payments, eligibility verifications, and enrollment requests. Further, all MCO providers must be enrolled as

fee-for-service Medicaid providers before they can apply to join a Medicaid MCO provider network.

However, not all of the State's provider enrollment forms capture the full range of disclosure information required by the regulation. For example, GHP enrollment forms do not require provision of information on the owners of a disclosing entity's related subcontractors. Similarly, GHP does not collect information on owners, subcontractors, and other disclosing entities related to DCH's NEMT broker programs and their contracted drivers. Lastly, because the State was unable to furnish information related to the fiscal agent contract, it could not be established that the State requested or obtained the required ownership and control disclosures from DCH's fiscal agent prior to contracting.

***Recommendations*:** Review all provider enrollment and credentialing packages and modify as necessary to request the information required under 42 CFR § 455.104(a). Obtain required ownership and control disclosures from the fiscal agent.

The State's NEMT enrollment packages and contracts do not require disclosure of business transactions.

The regulation at 42 CFR § 455.105(b)(2) requires that, upon request, providers furnish to the State or HHS information about certain business transactions with wholly owned suppliers or any subcontractors. All provider agreements processed by GHP contain a global statement to "disclose information … related to business transaction … in accordance with 42 CFR Subpart B." However, DCH contracts and agreements with NEMT drivers do not have a provision to provide this information.

***Recommendation*:** Modify the NEMT broker program enrollment packages and contracts to incorporate the appropriate business transaction language.

Vulnerabilities

The review team identified one vulnerability in Georgia's program integrity practices regarding verification of receipt of services.

The State's MCOs do not have a method for verifying with recipients whether services billed by providers were received.

While the State meets the requirements of 42 CFR § 455.20 by sending explanations of benefits to 10 percent of FFS recipients, information obtained by the MIG review team during interviews with three MCOs indicated that contracted MCOs are not performing any recipient verification of services. A review of the contract between DCH and the MCOs revealed that section 4.16.1.6 requires that the contractor shall generate explanation of benefits and remittance advices in accordance with State standards for formatting, content, and timeliness.

Recommendation**:** Develop and implement procedures to verify with MCO recipients whether services billed by providers were received.

CONCLUSION

The State of Georgia applies some effective practices that demonstrate program strengths and the State's commitment to program integrity. These effective practices include:

- monitoring safeguards in the NEMT broker system,
- regular communication between MCOs and DCH's PI Unit,
- the PI Unit's cooperative working relationship with the SHCFCU,
- innovative auditing of DME providers, and
- an effective working relationship between the PI and PE Units.

CMS supports the State's efforts and encourages the State to look for additional opportunities to improve overall program integrity.

However, the identification of two areas of non-compliance with Federal regulations is of concern and should be addressed immediately. In addition, one vulnerability was identified. CMS encourages DCH to closely examine the vulnerability that was identified in this review.

It is important that these issues be rectified as soon as possible. To that end, we will require DCH to provide a corrective action plan for each area of non-compliance within 30 calendar days from the date of the final report letter. Further, we will request that the State include in that plan a description of how it will address the vulnerabilities identified in this report.

The corrective action plan should address how the State of Georgia will ensure that the deficiencies will not recur. It should include the timeframes for each correction along with the specific steps the State expects will occur. Please provide an explanation if correcting any of the areas of non-compliance or vulnerability will take more than 90 calendar days from the date of the letter. If DCH has already taken action to correct compliance deficiencies or vulnerabilities, the plan should identify those corrections as well.

The Medicaid Integrity Group looks forward to working with the State of Georgia on correcting its areas of non-compliance, eliminating its area of vulnerability, and building on its effective practices.