

# **Joint Annual Interagency Coordination Report**



**Office of the Attorney General  
Medicaid Fraud Control Unit  
Civil Medicaid Fraud Division**



**Inspector General  
Texas Health and Human  
Services**

**State Fiscal Year 2017**

September 1, 2016 - August 31, 2017

# OAG and IG Joint Annual Interagency Coordination Report

## State Fiscal Year 2017

### Introduction

This joint interagency report between the Health and Human Services Commission (HHSC) Office of Inspector General (IG) and the Office of the Attorney General (OAG) is pursuant to Texas Government Code §531.103(c). The report summarizes statistical data and other information involving the collective efforts of the IG and OAG to identify and deter fraud, waste, and abuse in the state Medicaid program for the period of September 1, 2016, through August 31, 2017.

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The IG, the OAG Medicaid Fraud Control Unit (MFCU) and OAG Civil Medicaid Fraud Division (CMF) recognize the critical importance of collaboration and regular communication in the ongoing coordinated effort to identify and deter fraud, waste, and abuse in the Medicaid program. The IG, MFCU, and CMF have worked closely to strengthen collaboration efforts and opportunities during the reporting period through:

- Meetings between the MFCU Director and the IG Inspector General and key staff.
- Regular meetings involving MFCU and IG investigation and litigation staff to focus resources and efforts on (a) specific cases under investigation to maximize recoveries and minimize provider abrasion and duplicative efforts, and (b) unusual provider billing trends and other provider activity concerns.
- Dedicated attorney and analyst resources to support and coordinate efforts of MFCU and CMF involving violations of both the state and federal false claims acts and multi-state settlement negotiations.

### Highlights of Coordination Activities

The IG and OAG are committed to collaboration and coordination in all aspects of the joint efforts to identify and deter fraud, waste, and abuse in the Medicaid Program. These efforts range from the alignment of cross-agency processes to opportunities for management and staff at IG and MFCU to participate in joint training opportunities. A brief summary of the collaboration and coordination activities during the current report period include:

- Joint participation with the managed care organization Special Investigative Units (SIUs) and the Texas Fraud Prevention Partnership. The focus of these collaborative efforts is to coordinate among the IG, OAG, and the Medicaid

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health and dental managed care organizations in conducting fraud detection operations to deter fraud, waste, and abuse.

- Joint participation in quarterly managed care organization SIU meetings to share information, best practices, and exchange information on cases of mutual interest.
- Continued alignment of cross-agency processes to recoup provider overpayments when no criminal charges are filed. Development of a "request & response" shared spreadsheet maintained by dedicated personnel of IG staff and MFCU to access case details including evidence requests.
- Implementation of a new process to de-conflict overlapping cases earlier to avoid duplication of efforts in investigations.
- Joint collaboration to create and maintain a reconciliation log of referrals made from the IG office to MFCU. This has allowed for more comprehensive tracking of the criminal investigative outcomes from the referrals and strengthened processes and communication protocols to ensure continuity in this critical exchange of information.
- Development of a process to share evidence from prosecuted and closed MFCU cases. IG and MFCU have and are continuing to develop economical methods to securely share sensitive and voluminous documents. In the last 18 months the agencies have developed a spreadsheet that allows the OIG to access parts of the MFCU files to review to reduce the number of files that need to be physically transported to Austin.
- Streamlined sharing information on criminal pleas and convictions to expedite processing terminations and exclusions from the Medicaid program.
- Implemented direct on-line access for MFCU staff to the Electronic Visit Verification (EVV) database to assist with investigations.
- Joint participation in investigator training held in August 2017. Four-day joint training event involved IG, MFCU, and outside agency personnel as subject matter presenters and focused on specific provider types and key elements of a successful investigation. A special track was provided for nursing home fraud and auditor skills.
- IG Program Integrity Research collaborated with MFCU to streamline information sharing processes relevant to pre-enrollment screening activities. The collaboration resulted in increased efficiencies and strengthened communication that promotes program integrity.
- The IG reached out to the OAG for assistance and coordination related to the termination of a provider's enrollment in Medicaid.
- IG and MFCU are continuing to work on the completion of an updated Memorandum of Understanding (MOU) to ensure our cooperation and collaboration meets the goals of both the MFCU and the IG office.

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### Key Metrics

The activities in the latest annual reporting period reflect progress and success in identifying and deterring fraud, waste, and abuse in the Medicaid Program. The following activities reflect the efforts in FY17.

### HHSC Inspector General

<b>Action</b>	<b>FY 2017</b>
Provider Enrollment Screenings Completed	86,506
Investigation Cases Opened	2,037
Investigation Cases Closed	1,779
Referrals to MFCU	587
Referrals to Other Entities	1,748
Hospital Claim Reviews Completed	50,360
Nursing Facility Onsite Reviews	434
Settlement Agreements Executed	41
Credible Allegation of Fraud provider payment holds imposed	-
Medicaid Providers Excluded	289
Audits Completed	41
Total Amount Recovered	\$98,095,777

### OAG Medicaid Fraud Control Unit

<b>Action</b>	<b>FY 2017</b>
Referrals Received	1,676
Cases Pending	1,333
Cases Opened	601
Charges Obtained	115
Medicaid Overpayments Identified	\$93,415,784.86
Convictions	131
Fines and Restitution	\$484,412,738.88*

\*Medicaid =

\$25,655,524.33; non-Medicaid = \$458,757,214.55

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### OAG Civil Medicaid Fraud (CMF) Division

<b>Action</b>	<b>Total FY 2017</b>
Cases Opened	113
Cases Closed	66
Cases Pending	468
Total Amount Recovered	\$48,988,225.35

During FY17, CMF settled and recovered funds in 5 matters with recoveries of \$2 million or higher. These include:

1. Texas's investigation of Dava - Total recovery including state and federal portions was \$9,523,919.47.
2. State of Texas ex rel Gardner Dental Professionals of Texas, LLC, et al -- Total recovery including state, federal, and relator portions was \$8,450,000.
3. Texas's investigation of Mutual - Total recovery including state, federal and relator portions was \$4,950,000.
4. Texas's investigation of Cypress-- Total recovery including state and federal portions was \$2,000,000.
5. United States and Texas ex rel. Brown v. Celgene -- Total recovery including federal, state and relator portions was \$2,148,438.28.

CMF continues to pursue significant cases against the following defendants:

1. Xerox Corporation and its subsidiaries for misrepresentations made to the Texas Medicaid program concerning the prior approval process for orthodontia while Xerox was the Claims Administrator for Texas Medicaid.
2. Several matters against multiple dental and orthodontia providers, including: M&M Orthodontics, National Orthodontix, Richard Herrscher, Harlingen Family Dental, RGV Smiles, Navarro Orthodontix, Richard Malouf, and Antoine Dental for misrepresentations to Texas Medicaid.
3. AstraZeneca for unlawful marketing of the atypical antipsychotic Seroquel and the drug Crestor.
4. National pharmacy chain CVS for systematic false reporting to Texas Medicaid by CVS of "usual and customary" ("U&C") prices.
5. Pharmaceutical manufacturer Lupin for false reporting to Texas Medicaid about how much pharmacies paid to acquire the manufacturers' drugs.

CMF also continues to investigate multiple other matters that are under seal and cannot be described in detail at this time.