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 Commission

State Fiscal Year 2015 and 2016

September 1, 2014 through August 31, 2016

OAG and IG Joint Annual Interagency Coordination Report

State Fiscal Year 2015 and 2016

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), as amended by Senate Bill 59, 83rd Legislature, 2013. The report summarizes statistical data and other information involving the collective efforts of HHSC IG and OAG to identify and deter fraud, waste, and abuse in the state Medicaid program for the period of September 1, 2014, through August 31, 2016.

Recent Developments

IG and OAG Relationship

The IG and the OAG Medicaid Fraud Control Unit (MFCU) and 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:

- Quarterly meetings between the MFCU Director and the IG Inspector General and key staff.
- Monthly 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 concerning provider activity.
- 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 our 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:

- Efforts continue to implement the new provider enrollment inquiry deadlines established by Senate Bill 207.
- Ongoing efforts to align data fields, formats, and definitions to easily and quickly determine whether specific providers are under an active investigation by either IG or MFCU.
- Continued alignment of cross-agency processes to recoup provider overpayments when no criminal charges are filed.
- Ability of IG staff to access MFCU case details including evidence requests.
- Joint participation in quarterly managed care organization Special Investigative Unit (SIU) meetings to share information, best practices, and exchange information on cases of mutual interest.
- Joint participation in investigator training held in January and April 2016. Joint training involved IG, MFCU, and Special Agents from the Federal Bureau of Investigation and U.S. Department of Health and Human Services Office of Inspector General, and focused on specific provider types and key elements of a successful investigation.
- Joint participation with the managed care organization SIUs and the newly formed Texas Fraud Prevention Partnership. The focus of these collaborative efforts is to coordinate among the IG, OAG, and the Medicaid health and dental managed care organizations in conducting fraud detection operations to deter fraud, waste, and abuse.
- Reconciled the status and/or disposition of fraud referrals made by the IG to MFCU since February 1, 2015. As a result, strengthened processes and communication protocols to ensure continuity in this critical exchange of information.
- Implemented direct on-line access for MFCU staff to the IG Medical Transportation Organization database to assist with investigations.
- IG Medical Director is collaborating with MFCU to assist with standard of care and other clinical questions in support of investigative efforts.

In addition, to continue leveraging available fraud, waste, and abuse resources at the federal level, the IG continues to coordinate and participate with the CMS Center for Program Integrity in targeting various medical providers that were defrauding both Medicare and the Medicaid Program through submission of claims for services that were not provided. As a result of this joint effort, additional investigative leads are being generated that continue to result in additional fraud, waste, and abuse recoveries in the Medicaid program.

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 FY 2015 and 2016.

HHSC Inspector General

Action	FY 2015	FY 2016
Provider Enrollment Screenings Completed	53,761	96,359
Investigation Cases Opened	1,477	1,655
Investigation Cases Closed	2,115	2,003
Referrals to MFCU	198	299
Referrals to Other Entities	815	1,388
Medicaid Provider Integrity Investigations Completed and Sent to Litigation	54	78
Hospital Claim Reviews Completed	21,350	50,190
Nursing Facility Reviews Completed	569	224
Settlement Agreements Executed	27	61
Credible Allegation of Fraud provider payment holds imposed	12	1
Medicaid Providers Excluded	422	284
Audits Completed	21	50
Total Amount Recovered	$59,049,232[1]	$84,962,673

OAG Medicaid Fraud Control Unit

Action	FY 2015	FY 2016
Referrals Received	1,469	1,324
Cases Pending	1,377	1,347
Cases Opened	591	452
Charges Obtained	125	117
Medicaid Overpayments Identified	$54,778,331	$63,102,695
Convictions	86	63
Fines and Restitution	$206,794,730	$54,957,060

[1] Excludes Third Party Liability

OAG Civil Medicaid Fraud (CMF) Division

Action	FY 2015	FY 2016
Cases Opened	105	83
Cases Closed	113	76
Cases Pending	404	411
Total Amount Recovered	$64,265,427	$115,030,716

During this reporting period, CMF settled and recovered funds in 12 matters with recoveries of $2 million or higher. These include:

Fiscal Year 2016

1. United States and Texas et al ex rel. Kieff v. Wyeth - Total recovery including state federal and relator's portions was $31,574,050.
2. Texas's investigation of Perrigo -- Total recovery including state and federal portions was $15,000,000.
3. Texas's investigation of Breckenridge - Total recovery including state and federal portions was $12,500,000.00
4. United States and Texas et al ex rel Porter v. Qualitest -- Total recovery including state, federal, and relator portions was $9,488,321.
5. Texas's investigation of Paddock -- Total recovery including state, federal, and relator portions was $8,500,000.
6. United States and Texas ex rel. Slowik v. Olympus -- Total recovery including federal, state and relator portions was $7,933,001.22.
7. Texas's investigation of Prasco -- Total recovery including state and federal portions will be $6,950,000 after all installments are made.

Fiscal Year 2015

1. United States and Texas ex rel. Torres v. Shire - Total recovery including state federal and relator's portions was $4,778,365.
2. Texas v. Ranbaxy-- Total recovery including state and federal portions was $39,750,000.
3. Texas's investigation of Aurobindo -- Total recovery including state, federal, and relator portions was $3,600,000.
4. United States and Texas ex rel. Rahimi v. Zydus -- Total recovery including state and relator portions will be $2,725,000 after all installments are made.
5. Texas's investigation of Glenmark -- Total recovery including state and federal portions will be $25,000,000 after all installments are made.

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.

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