TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

January 15, 2008

Status of TennCare Reforms and Improvements

Waiver extension. A three-year extension to the TennCare waiver, originally requested in June 2006, was finally approved by CMS on October 5, 2007. The approval documents can be accessed from the TennCare website, www.tn.gov/tenncare/, under the heading of "Policy and Guidelines."

Key changes in the demonstration included the following:

- There is a new cap on supplemental payments to hospitals. The annual limit on all supplemental payments to hospitals is $540 million.
- Amendments to the demonstration must be submitted no later than 120 days prior to implementation.
- TennCare Standard children with incomes below 200% of poverty are now considered "SCHIP children," although they continue to be eligible for all of TennCare benefits.
- TennCare is required to revise its cost-sharing policies so that no cost-sharing amounts exceed those charged by CoverKids.
- There are significant new reporting requirements with respect to reporting member months and linking expenditures and member months to eligibility groups.

Standard Spend Down program. The state was asked to submit to CMS, within 30 days of CMS's approval of the waiver extension, a plan for opening the Standard Spend Down program to new enrollment. The Standard Spend Down program (called "SSD" for short) is the program that will enable the state to enroll non-pregnant adults who meet criteria patterned after those of the Medically Needy program.

CMS requested that the state begin the enrollment of persons in the SSD program by first determining the eligibility of the 50,000 non-pregnant adults who were enrolled in the Medicaid Medically Needy program when it closed on April 29, 2005, and who have been held on TennCare pending the opening of the SSD program. The state estimated that it would take seven months to conduct these determinations. DHS will begin with ex parte reviews to find out if any of these persons might be eligible in an active Medicaid category. Those who are not determined Medicaid eligible through the ex parte review process will receive Requests for Information (RFIs) from the state, asking them to provide information to help the state determine whether they might be eligible for the SSD program. Those who do not respond to the RFIs during the state's timeframe or

who are unable to present information demonstrating that they meet the criteria for either an active Medicaid category or the new SSD category will be disenrolled from TennCare.

After all of the current enrollees have been through this process, the state will open the SSD program to enrollment by new applicants. We expect that this will happen by late summer or early fall.

Cost-sharing policies. As stated above, one of the requirements of the new waiver extension was that the state modify its cost-sharing policies to ensure that no cost-sharing amounts exceed those charged by CoverKids. CMS's approval letter required that these policies must be modified by July 1, 2008, with a plan due to CMS within 60 days of the approval of the extension.

The state took action on premium collections first. CoverKids does not charge premiums for the portion of the program that is supported with state and federal funds. (CoverKids charges premiums for the portion of the program that is for higher income children and that is supported with state-only funds.) Accordingly, the decision was made to cease premium collections from TennCare Standard enrollees on December 1, 2007. (TennCare enrollees who are Medicaid eligible have no premium obligations.)

TennCare Standard enrollees having premium obligations received notices stating that no additional premiums would be required from them, although they would remain responsible for any delinquent premiums that were due for periods prior to December 1, 2007.

The state submitted the required plan on December 20, 2007, assuring CMS that the TennCare cost-sharing policies would not exceed those of CoverKids, effective July 1, 2009.

RFP development. Work is underway on several Requests for Proposals (RFPs). In mid-September the state issued an RFP for re-procurement of the TennCare Management Information System (TCMIS). The state received two proposals, which were submitted on December 3, 2007, and which were still being evaluated at the end of the quarter. The state is also working on developing an RFP for re-procurement of the Pharmacy Benefits Manager (PBM) which has a tentative release date of February 1, 2008. Additionally, an RFP was being finalized to implement an integrated model for medical and behavioral services in West and East Tennessee much like the model that has been implemented in Middle Tennessee.

Autism detection grant. On November 8, 2007, the Bureau of TennCare announced a grant to the Tennessee chapter of the American Academy of Pediatrics (TNAAP) to help community-based pediatricians evaluate young children for autism, a highly prevalent developmental condition. The grant will enable the Vanderbilt Kennedy Center's Treatment and Research Institute for Autism Spectrum Disorders (TRIAD) to train community pediatricians to assess children suspected of having autism so that they can receive specialized intervention as soon as possible. The new program is called START ED (Screening Tools and Referral Training - Evaluation and Diagnosis).

Five Middle Tennessee pediatricians will participate in the six-month pilot, which began with a two-day training workshop. Pediatricians will learn how to assess the children and

interview their parents to make a diagnostic determination. They will also videotape autism assessments from their own practices to gather feedback.

Essential Access Hospital payments. The TennCare Bureau continued to make Essential Access Hospital payments during this period. Essential Access Hospital payments are payments from a pool of $100 million ($36,265,000 in state dollars) appropriated by the General Assembly.

The methodology for distributing these funds specifically considers each hospital's relative contribution to providing services to TennCare members, while also acknowledging differences in payer mix and hospitals' relative ability to make up TennCare losses. Data from the Hospital Joint Annual Report is used to determine hospitals' eligibility for these payments. Eligibility is determined each quarter based on each hospital's participation in TennCare. In order to receive a payment for the quarter, a hospital must be a contracted provider with TennCare Select and at least one other Managed Care Organization (MCO), and it must have contracted with TennCare Select for the entire quarter that the payment represents. Excluded from the Essential Access Hospital payments are Critical Access Hospitals, which receive cost-based reimbursement from the TennCare program and therefore do not have unreimbursed TennCare costs, and the five state mental health institutes.

The projected Essential Access Hospital payments for the second quarter of State Fiscal Year 2008 are shown in the following table.

Name of Hospital	2008 - Qtr. 2*	Total
Methodist Medical Center of Oak Ridge	141,455	141,455
Ridgeview Psychiatric Hospital and Center	67,301	67,301
Bedford County Medical Center	105,021	105,021
Blount Memorial Hospital	128,154	128,154
Bradley Memorial Hospital	139,682	139,682
Cleveland Community Hospital	113,630	113,630
St. Marys Medical Center of Campbell County	101,968	101,968
Jellico Community Hospital	113,902	113,902
Stones River Hospital	31,492	31,492
Baptist Memorial Hospital Huntingdon	28,201	28,201
McKenzie Regional Hospital	42,074	42,074
Sycamore Shoals Hospital	90,828	90,828
Claiborne County Hospital	104,018	104,018
Cumberland River Hospital	14,006	14,006
Baptist Hospital of Cocke County	176,179	176,179
United Regional Medical Center	45,416	45,416
Harton Regional Medical Center	76,714	76,714
Cumberland Medical Center	110,290	110,290
Southern Hills Medical Center	75,906	75,906
Tennessee Christian Medical Center	338,930	338,930
Metro Nashville General Hospital	993,725	993,725
Baptist Hospital	212,905	212,905
Vanderbilt University Hospital	2,743,042	2,743,042
Centennial Medical Center	220,878	220,878

Name of Hospital	2008 - Qtr. 2*	Total
Skyline Medical Center	86,095	86,095
Summit Medical Center	108,925	108,925
Baptist Womens Treatment Center	2,589	2,589
Decatur County General Hospital	25,446	25,446
Baptist Dekalb Hospital	27,146	27,146
Horizon Medical Center	73,519	73,519
Dyersburg Regional Medical Center	112,633	112,633
Methodist Healthcare Fayette	50,100	50,100
Jamestown Regional Medical Center	98,132	98,132
Emerald Hodgson Hospital	21,354	21,354
Southern Tennessee Medical Center	59,252	59,252
Milan General Hospital	23,858	23,858
Gibson General Hospital	40,884	40,884
Humboldt General Hospital	88,280	88,280
Hillside Hospital	77,557	77,557
Laughlin Memorial Hospital	88,736	88,736
Takoma Adventist Hospital	58,281	58,281
Morristown Hamblen Healthcare System	137,727	137,727
Lakeway Regional Hospital	115,674	115,674
Erlanger Medical Center	1,594,760	1,594,760
Erlanger North Hospital	23,710	23,710
Women's East Pavilion	12,383	12,383
Parkridge Medical Center	72,481	72,481
Parkridge East Hospital	115,498	115,498
Parkridge Valley Hospital	201,650	201,650
Bolivar General Hospital	54,151	54,151
Hardin County General Hospital	105,300	105,300
Wellmont Hawkins County Memorial Hospital	134,362	134,362
Haywood Park Community Hospital	30,443	30,443
Henderson County Community Hospital	25,212	25,212
Henry County Medical Center	88,073	88,073
Jefferson Memorial Hospital	56,620	56,620
Fort Sanders Regional Medical Center	256,022	256,022
Saint Mary's Health System	197,459	197,459
Baptist Hospital of East Tennessee	102,975	102,975
University of Tennessee Memorial Hospital	1,562,381	1,562,381
East Tennessee Childrens Hospital	368,681	368,681
Crockett Hospital	52,776	52,776
Lincoln Medical Center	45,015	45,015
Fort Sanders Loudon Medical Center	45,444	45,444
Woods Memorial Hospital	44,469	44,469
Athens Regional Medical Center	55,083	55,083
McNairy Regional Hospital	43,989	43,989
Jackson Madison County General Hospital	545,382	545,382
Regional Hospital of Jackson	105,266	105,266
Pathways of Tennessee	121,274	121,274
Grandview Medical Center	70,225	70,225

Name of Hospital	2008 - Qtr. 2*	Total
Maury Regional Hospital	170,726	170,726
Sweetwater Hospital Association	138,893	138,893
Gateway Medical Center	187,673	187,673
Baptist Memorial Hospital Union City	54,439	54,439
Livingston Regional Hospital	44,080	44,080
Cookeville Regional Medical Center	126,745	126,745
Roane Medical Center	56,711	56,711
Northcrest Medical Center	195,622	195,622
Middle Tennessee Medical Center	268,982	268,982
Baptist Treatment Center of Murfreesboro	2,255	2,255
Stonecrest Medical Center	79,891	79,891
Scott County Hospital	58,557	58,557
Fort Sanders Sevier Medical Center	134,101	134,101
Regional Medical Center (The Med)	4,900,894	4,900,894
Saint Jude Childrens Research	296,783	296,783
Methodist Healthcare South	258,257	258,257
Methodist University Healthcare	347,154	347,154
Methodist Healthcare North	174,346	174,346
Methodist Healthcare Lebonheur	881,319	881,319
Delta Medical Center	226,716	226,716
Saint Francis Hospital	341,043	341,043
Baptist Memorial Hospital for Women	84,384	84,384
Smith County Memorial Hospital	23,395	23,395
Wellmont Bristol Regional Medical Center	269,196	269,196
Wellmont Holston Valley Medical Center	229,563	229,563
Indian Path Medical Center	82,719	82,719
Indian Path Pavilion	50,060	50,060
Tennessee Christian Medical Center Portland	32,793	32,793
Sumner Regional Medical Center	155,629	155,629
Hendersonville Medical Center	49,297	49,297
Baptist Memorial Hospital Tipton	102,324	102,324
Unicoi County Memorial Hospital	29,807	29,807
River Park Hospital	49,174	49,174
North Side Hospital	66,129	66,129
Johnson City Specialty Hospital	12,839	12,839
Johnson City Medical Center Hospital	705,198	705,198
Woodridge Psychiatric Hospital	59,716	59,716
Wayne Medical Center	33,160	33,160
Volunteer Community Hospital	34,989	34,989
White County Community Hospital	30,717	30,717
University Medical Center	310,735	310,735
		25,000,000

* Projected 2nd Qtr. EAH payments

Reverification Status

Efforts formerly directed at reverification during the past year were directed toward assessing the eligibility of TennCare Standard adults for Medicaid categories, since the TennCare Standard adult categories were terminated in 2005. Those TennCare Standard adults who were not found eligible in a Medicaid category were disenrolled, after having the opportunity to exercise all appeal rights.

We have now started a monthly process for TennCare Standard children who have turned 19 and who are therefore no longer eligible for TennCare Standard. Those who are not found eligible in an active Medicaid category are disenrolled.

Status of Filling Top Leadership Positions in the Bureau

Tammy Gennari was appointed October 1, 2007, as Information Systems Director, Division of Information Systems. Ms. Gennari will serve as Director of Claims and Encounters, directing activities for both internal and external staff relating to the processing and storage of claims and encounter data through the TennCare Management Information System (TCMIS). TennCare claims and encounter data represent the administrative record of care for over 1 million Tennesseans and provide supporting detail for a majority of the approximate $8 billion in annual program expenses. Ms. Gennari brings to TennCare over 15 years of experience in Medicaid operations with particular expertise in system operations and business process management. She possesses a BS in Interpersonal Communication from Ohio University, and is a certified Project Management Professional (PMP).

Number of Recipients on TennCare and Costs to the State

As of the end of the quarter, there were 1,137,756 enrollees on TennCare: 1,101,949 Medicaid eligibles and 35,807 Uninsureds and Uninsurables (Medically Eligibles).

During the fourth quarter of calendar 2007 (October through December), TennCare spent* $749,107,700 for managed care organization (MCO) services**, $74,689,000 for behavioral health organization (BHO) services, $33,875,600 for dental benefit manager (DBM) services, and $170,721,400 for pharmacy benefits manager (PBM) services. The state's Medicare clawback payment was $57,723,900. (The "clawback" refers to the payment required under the Medicare program's new Part D pharmacy program. Pharmacy benefits for Medicaid/Medicare dual eligibles, which had formerly been provided by TennCare, were shifted to the Medicare program on January 1, 2006. The "clawback" payment is intended to be roughly the amount of state funds that the state Medicaid program would have paid if it had continued to pay for outpatient prescription drugs for persons dually eligible for Medicare and Medicaid.)

**These figures are as of Dec. 31 and are unaudited.*
***This figure includes Integrated Managed Care MCO expenditures.*

Viability of MCOs in the TennCare Program

Claims Payment Analysis

The prompt pay requirements of T.C.A. § 56-32-226(b) mandate that each health maintenance organization and behavioral health organization ensure that 90% of clean claims for payment for services delivered to a TennCare enrollee are paid within 30 calendar days of the receipt of such claims and 99.5% of all provider claims are processed within 60 calendar days of receipt. TennCare's contract with its Dental Benefit Manager requires that the DBM also process claims in accordance with this statutory standard.

TennCare's contract with its Pharmacy Benefits Manager requires that the PBM must pay 95% of all clean claims within 20 calendar days of receipt and the remaining 5% of clean claims within the following 10 calendar days.

TDCI requested data files of all TennCare processed claims from TennCare MCOs, BHOs, the DBM and the PBM for the months of August, September and October 2007. TDCI also requested data files of pended TennCare claims and a paid claims triangle from August 1, 2006 through October 31, 2007.

Except for Unison Health Plan of Tennessee ("UHP"), and Windsor Health Plans ("WHP), all MCOs, BHOs, the DBM and the PBM were in compliance with the statutory prompt pay requirements for August, September and October 2007.

Because of UHP's previous non-compliance, UHP has been required to submit monthly data files for analysis. Tests of UHP's monthly data files for September and October found that UHP remained out of compliance, processing only 66% and 86%, respectively, of clean claims within 30 calendar days of receipt. Subsequent test of UHP's November data file found UHP was in compliance. TDCI will levy an administrative penalty of $30,000 for UHP's failure to timely process claims in accordance with the prompt pay statute in the months of August, September and October 2007. UHP will be required to continue reporting data on a monthly basis until it processes claims timely for three consecutive months. UHP could be subject to additional penalties if future non-compliance is found.

WHP was out of compliance with the prompt pay requirements for September and October, processing only 98.1% and 88.9%, respectively, of all claims within 60 calendar days of receipt. Because of its non-compliance and because it is currently winding down its TennCare operations, WHP is required to submit monthly claims data files for prompt pay analysis. Since WHP is only processing "run out" claims with dates of service prior to April 1, 2007, the volume of claims processed each month is significantly decreasing. (Only 1,137 claims were processed in October.) As a result, TDCI has opted not to assess an administrative penalty for WHP's non-compliance with the prompt pay standards.

It was previously reported that Spectera, the vision sub contractor for UnitedHealthcare Plan of the River Valley (d/b/a "AmeriChoice"), did not process vision claims timely in May 2007. Further analysis by AmeriChoice found that vision data had been incorrectly reported in its monthly data files. TDCI required AmeriChoice to resubmit monthly vision claims data back to January 2007. TDCI determined that vision claims had been processed timely.

Net Worth Requirement

As of September 30, 2007, TennCare MCOs/BHOs reported net worth on financial statements due December 1, 2007 as indicated in the table below. TDCI has not adjusted the net worth reported on the NAIC annual statements. TDCI's calculations for the net worth requirement reflect payments made for the calendar year ending December 31, 2006, including payments made under the "stabilization plan."

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
AMERIGROUP Tennessee	10,629,247	21,357,429	10,728,182
UnitedHealthcare Plan of the River Valley (d/b/a AmeriChoice)	17,339,431	162,716,979	145,377,548
Memphis Managed Care	8,777,597	33,334,924	24,557,327
Preferred Health Partnership	6,583,291	35,671,101	29,087,810
UAHC Health Plan	7,230,835	13,610,689	6,379,854
Unison Health Plan	3,746,386	5,779,647	2,033,261
Volunteer (BlueCare & Select)	25,703,132	31,103,804	5,400,672
Windsor Health Plan	6,291,309	13,813,999	7,522,690
Premier Behavioral Systems	7,026,272	12,008,520	4,982,248
Tennessee Behavioral Health	6,606,592	10,965,711	4,359,119

FINANCIAL ISSUES:

Xantus Healthplan of Tennessee, Inc. (Xantus)

No change.

Tennessee Coordinated Care Network d/b/a Access MedPlus (TCCN)

No change.

Universal Care of Tennessee (Universal)

No change.

Success of Fraud Detection and Prevention

The Office of Inspector General (OIG) was established 3 1/2 years ago (July 1, 2004). The mission of the OIG is: *To identify, investigate, and prosecute persons who commit fraud or abuse against the TennCare program.* The OIG staff receives case information from a variety of sources including: local law enforcement, the TennCare Bureau, Health Related Boards (HRB), the Department of Human Services (DHS), other state agencies, health care providers, Managed Care Contractors (MCCs), OIG data mining, and the general public via the OIG web site, faxes, letters, and phone calls to the OIG hotline. The statistics for the second quarter of the 2007 - 2008 fiscal year are as follows:

***NOTE**: Included are the fiscal year totals (FYT) and the grand totals to date -- since the OIG was created (July 2004)*

Summary of Enrollee Cases

	Quarter	FYT	Grand Total
Cases Received	6,222	13,520	89,739
Cases Closed*	6,053	12,967	89,532

***Cases are closed when there is inadequate information provided to investigate the complaint, the information has been researched and determined to be unfounded, the case was referred to another agency (as per appropriate jurisdiction), or prosecuted by the OIG and closed. This number also includes reports the OIG runs for the TennCare Bureau regarding potential fraud or abuse.*

Summary of Enrollee Abuse Cases

	Quarter	T[2]
Abuse Cases Received	5,440	28,381
Abuse Cases Closed	803	7,539
Abuse Cases Referred [1]	4,657	21,689

[1] Abuse cases may be referred to the appropriate Managed Care Organization (MCO), the TennCare Bureau, or DHS for further review.

[2] Totals are for the last 18 months (six quarterly reports)

Summary of Provider Cases

	Quarter	FYT	Grand Total
Cases opened	38	95	1,031
Cases closed	38	73	839
Cases referred to TBI*	10	53	127
Cases referred to HRBs**	2	8	81

***The OIG refers **provider cases** to the TBI Medicaid Fraud Unit (as per state and federal law) and will assist with these investigations as requested.*

***Health Related Boards*

Summary of Arrests & Convictions

	Quarter	FYT	Grand Total
Arrests	**83**	**149**	**605**
Convictions	**17**	**37**	**205**
Diversions*	**6**	**18**	**81**

Note: *Special Agents were in the field making arrests effective February 2005.*

***Judicial Diversion**: A guilty plea or verdict subject to expungement following successful completion of probation. Tennessee Code Annotated § 40-35-313*

***Pre-trial Diversion**: Prosecution was suspended and if probation is successfully completed, the charge will be dismissed. Tennessee Code Annotated § 40-15-105*

Court Fines & Costs Imposed

	QUARTER	FYT	GRAND

			TOTAL
Fines	**$7,750**	**$15,750**	**$82,141.50**
Court Costs & Taxes	**$3,293**	**$7,808**	**$42,602.11**
Drug Funds	**$1,238.50**	**$5,076**	**$8,993.50**
Restitution (ordered)	**$73,514.39**	**$116,204.52**	**$932,068.70**

There is an aggressive push to pursue enrollees who have committed fraud or abuse against the TennCare program. The primary criminal case types are: drug cases (drug diversion, drug seekers, and forged prescriptions), reporting a false income, access to insurance, and living outside of the State of Tennessee.

Arrest Categories

Drug Diversion/Forged Prescription	421
Access to Insurance	54
Doctor Shopping	6
Operation Falcon III	32
Operation Falcon IV	16
False Income	27
Ineligible Person Using Card	16
Living Out Of State	11
Asset Diversion	7
Theft of Services	8
ID Theft	5
TennCare Fraud	2
GRAND TOTAL	**605**

TennCare Referrals & Recoupments

	Quarter	FYT	Grand Total
Pharmacy Lock-in **1**	47	69	953
Recoupment **2**	$33,637.06	$173,339	$1,153,631.42
Recommended TennCare Terminations **3**	4,204	9,258	30,376
Potential Savings **4**	13,873,200	$30,554,400	$109,456,477

Footnotes for the *TennCare Referral and Recoupments* table

1 The total in the last column is for the time period of September 2004 through December 31, 2007. Pharmacy lock-in referrals are sent to the TennCare Bureau for consideration.

2 The total in the last column reflects dollars collected by the OIG and sent to the TennCare Bureau from February 15, 2005, (when a Fiscal Manager and an attorney joined the OIG staff to facilitate and document this process) through December 31, 2007.

3 Enrollee recommendations sent to the TennCare Bureau for consideration based on reports run from *file net* (i.e. Prisoner Report, State Wage Report, the Deceased Report, and the PARIS Report).

4 There were 4,204 enrollee terminations recommended by the OIG to the TennCare Bureau for their review during the first quarter. The TennCare Bureau uses $3,592.32 as the average annual cost per enrollee for Medical, Pharmacy Services, BHO, and Dental, and $3,082.44 for Medical and Pharmacy Services -- (an average of $3,300 was used in calculating the total figure in the above table). [NOTE: Reports in 2004 – 2006 reflected the number $4,181.04 as the average annual cost per enrollee, as per the dollar figure used by the TennCare Bureau.]

Investigative Sources

	Quarter	FYT	Grand Total
OIG Hot Line	1,034	2,259	15,256
OIG Mail Tips	36	72	2,787
OIG Web Site	388	815	5,235
OIG Email Tips	135	393	2,225

Other Investigative Sources for this Quarter:

Data Mining	4,318
Fax	238
Cash for Tips	10
Other	73

Case Type for this Quarter (sample)

Drug	Drug Diversion	357
	Seeker	328
	Other Insurance	405
	Income/Other Assets	272
	Using Someone's Card	39
Out	of State	4,216
	Transfer of Assets	11
	Abusing ER	45
	Dr. Shopping	312

The OIG staff provided presentations or attended meetin gs for the f ollowing organizations/contacts during this quarter:

a Meetings with law enforcement officials and other State Agencies: each of the Judicial Task Forces, District Attorneys, Sheriffs and Chiefs of Police, also: TBI Drug Diversion Task Force, Law Enforcement Committee (in Brentwood), the East Tennessee Medicaid Fraud Investigation Group, the District Attorney's Conference (in Chattanooga), and the MCC Roundtable (at TBI).

b. Training & Presentations:

*Metro Drug Alliance – Knoxville (presentation)
*FBI National Academy, Quantico, VA -- Special Agent John Morgan graduated from the FBI NA – he was the 2nd OIG SA to complete the NA
*FBI National Academy Associates -- Nashville bi-monthly meeting
*TGEI -- DIG Rob White graduated
*DHS staff – Jackson, Tennessee (presentation)
*Tennessee Hospital Association/Tennessee Association of Compliance & Ethics Officers Seminar, Chattanooga (presentation)
*Springfield Civitan Club, Robertson County (presentation)
*Staff at the Williamson County Medical Center, Franklin (presentation)
*RNs at the Williamson County Medical Center, Franklin, all 3 ER shifts (presentation)
*In-Service completed for the Special Agents as did educational requirements for the Attorneys, RNs, and the OIG CPA

*Media – interviews for the Tennesse e Physicians Magazine, Chattanooga Times, and Channel 5 news (Nashville) regarding the Overton County arrest round-up. Article written for the TENNESSEAN editorial page *forum*

The OIG paid the first *Tips for Cash* award to someone. These awards are made when a TennCare fraud tip is made that leads to a successful conviction (as per State law).

The OIG staff continues to work with the state's contractor , Medstat, to develop the fraud and abuse detection reports. The OIG is working with this vendor to initiate proactive reports for identifying TennCare fraud. Targeted queries are generated on a routine basis. The goal behind these reports and queries is to assist with a successful OIG investigation and prosecution of individuals who have violated the law as it pertains to TennCare fraud.

Two employee vacancies occurred during this quarter due to one transfer to another State agency and one resignation. There will be an evaluation of these vacancies during the next quarter.

Training continued for OIG personnel during this quarter. The Special Agents completed an annual In-Service training that includes POST required courses, new policies and procedures, all qualifications with approved weapons, a legal update, etc. All continuing education hours were completed for OIG "professional" staff members, i.e. attorneys, an accountant, registered nurses, and information technology personnel. The Deputy Inspector General, PID, completed the most recent TGMI class.

The OIG Legal Division continues to assist OIG staff members by providing legal advice on issues including how to meet the requirements of various statutes and drafting and reviewing documents that have legal implications. The Legal Division facilitates the case preparation process and works closely with various District Attorneys toward a successful prosecution of OIG cases. They review all legal matters of the OIG and advise on pending legislative issues.

The Inspector General and the Deputy Inspector General over Criminal Investigations have continued visits to various Tennessee counties. In each jurisdiction visited, there is a courtesy call to the Sheriff and Chief of Police. The goal is to continue to solidify the collaboration between local law enforcement and the OIG. More visits are planned for the next quarter.

The OIG continues to maintain accredited status by complying with the standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA). The OIG was accredited in November 2006. The State of Tennessee OIG is the only Inspector General agency to achieve law enforcement accreditation both nationally and internationally. A re-accreditation on-site and hearing will occur during the 2009 - 2010 fiscal year.

The new Doctor Shopping legislation (approved by the General Assembly June 2007) has generated a number of criminal investigations. The OIG continues to mail letters and posters notifying licensed medical providers in the state about this new law. As a result, positive feedback has been received.

Plans for next quarter:

a. Continue to exchange information with local, state, and federal government agencies.
b. Continue to work with Medstat to improve reports that would assist with the data mining function of the OIG.
c. Provide presentations and training for interested parties regarding TennCare fraud and the role of the OIG.
d. Continue staff training and develop best practices.
e. Continue to track the *Tips for Cash* pay incentive program for information that leads to a successful conviction for TennCare fraud. This program is a result of legislation from the 104th General Assembly.
f. Continue the process for re-accreditation (a three year process). The OIG was accredited in November 2006.
g. Continue using the newly created Doctor Shopping Law on investigations regarding suspected chronic abusers of the TennCare program.

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