TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

July 15, 2005

Status of TennCare Reforms and Improvements

Shortly before the beginning of the April-June quarter, TennCare received approval of "Phase 1" of the reforms submitted to the Centers for Medicare and Medicaid Services (CMS) in February. Items included in the approval were the following:

- Permission to close new enrollment to all persons in TennCare Standard;
- Permission to limit new enrollment into the Medically Needy category to pregnant women and children only;
- Permission to close "rollover" enrollment from Medicaid into TennCare Standard for persons age 19 and over;
- Permission to disenroll persons over age 19 who are currently enrolled in TennCare Standard and who are not found eligible for an open Medicaid category;
- Permission to end the enrollment of currently eligible non-pregnant Medically Needy adults when their 12 months of eligibility has been completed and who are not found eligible for an open Medicaid category.

The approval package also included a set of specific procedures that the state would use in conducting the disenrollment process.

On April 29, 2005, TennCare formally closed new enrollment in TennCare Standard and in the Medically Needy category for non-pregnant adults. Persons who had applications in process on April 29 were allowed to complete those applications. However, applications that came in after that date were not processed for closed categories.

Throughout the month of April, TennCare continued to negotiate with the Centers for Medicare and Medicaid Services about the next phase of reform proposals. A "Phase 2" proposal was submitted to CMS on May 6. It included provisions for limiting pharmacy benefits and, in some cases, for eliminating them altogether. It also included proposals for eliminating certain benefits for adults (dental services, private duty nursing services, and methadone clinic services). The effective date of these changes was to be August 1, 2005. Phase 2 was approved by CMS on June 8, 2005.

A number of steps were taken to prepare for implementation of the reforms in both Phase 1 and Phase 2. The Department of Human Services (DHS) conducted ex parte reviews of persons in eligibility categories that were closing to determine if they might be

eligible in an open category. Through this process, approximately 16,000 persons who had been enrolled in TennCare Standard were identified as actually being eligible for Medicaid and were moved to Medicaid accordingly.

The TennCare disenrollment process began with the June 6, 2005, mailing of Requests for Information, commonly called RFIs or Brown Pages, to approximately 191,000 enrollees. The RFIs were to be used by enrollees to submit information that could make them eligible for TennCare in an open Medicaid category. Enrollees were required to turn their forms in to DHS by July 6, 2005, unless they were granted a time extension due to certain good cause reasons. Individuals who asked for and were granted additional time received an additional 30 days to complete their RFI. A good deal of outreach was conducted to be sure that certain groups such as people with Severe and/or Persistent Mental Illness, people with limited English proficiency, and people with other kinds of disabilities were assisted in filling out their RFIs. DHS offices were open late on the due date of July 6 in order to accommodate everyone wishing to submit an RFI.

In early June the Bureau of TennCare announced a statewide public-service campaign to provide enrollees with details on the disenrollment process and to encourage them to submit any additional information that could help them keep coverage. The campaign included radio and TV public-service announcements (PSAs) that aired for two-and-a-half weeks, as well as a 10-minute video that ran on cable-access TV channels and in DHS offices statewide. Additionally, informational brochures were distributed in healthcare outlets across the state, including all Department of Health clinics. The message to enrollees who might lose coverage was simple: "If you've received a TennCare notice containing brown forms, you need to fill out the forms and mail, fax or take them to your local Department of Human Services (DHS) office. DHS must receive the forms *within 30 days of the date of the notice*." Information collected on the forms is being used to determine if an enrollee might be eligible to stay on TennCare following changes in the program.

As of the end of June, 93,083 RFIs had been turned in to DHS. DHS will require a few months to complete processing of all RFIs but as of June 30, 2005, 11,717 had been processed. Of those processed, 274 were eligible for continued coverage.

Source of information for this section: Glenda Shearon, Assistant Commissioner, Department of Human Services; Susie Baird, Director of Policy, Bureau of TennCare.

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 ($35,292,500 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, 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.

Here are the payments that were made for the first three quarters of SFY 05.

Fiscal Year-To-Date Payments by Category by Hospital*

SAFETY NET HOSPITALS

Erlanger Medical Center	Hamilton County	$4,524,043
Johnson City Medical Center	Washington County	$2,140,646
Metro Nashville General Hospital	Davidson County	$3,801,266
Regional Medical Center at Memphis	Shelby County	$14,173,838
University of Tennessee Medical Center	Knox County	$4,900,473
Vanderbilt University Hospital	Davidson County	$7,959,735

CHILDREN'S HOSPITALS

East Tennessee Children's Hospital	Knox County	$1,194,119
Meth. Hlthcare-LeBonheur Child. Med. Ctr	Shelby County	$2,061,778
St. Jude Children's Research Hosp.	Shelby County	$494,103

PSYCHIATRIC HOSPITALS

Community Behavioral Health, LLC	Shelby County	$185,546
FHC Cumberland Hall of Chattanooga	Hamilton County	$28,705
Indian Path Pavilion	Sullivan County	$74,999
Lakeside Behavioral Health System	Shelby County	$135,829
Pathways of Tennessee, Inc.	Madison County	$82,709
Peninsula Hospital	Blount County	$276,177
Ridgeview Psych. Hosp. & Ctr., Inc.	Anderson County	$125,081
Valley Hospital	Hamilton County	$385,573
Woodridge Psychiatric Hospital	Washington County	$205,381

OTHER ACUTE CARE HOSPITALS

Athens Regional Medical Center	McMinn County	$174,585
Baptist Dekalb Hospital	DeKalb County	$75,624
Baptist Hospital Of Cocke County	Cocke County	$275,942
Baptist Memorial Hospital Huntingdon	Carroll County	$111,279
Baptist Memorial Hospital Lauderdale	Lauderdale County	$148,694
Baptist Memorial Hospital Tipton	Tipton County	$228,011
Baptist Memorial Hospital Union City	Obion County	$290,211
Bedford County Medical Center	Bedford County	$248,201
Blount Memorial Hospital	Blount County	$339,664
Bolivar General Hospital	Hardeman County	$78,589
Bradley Memorial Hospital	Bradley County	$304,019

Camden General Hospital	Benton County	$96,564
Centennial Medical Center	Davidson County	$1,218,636
Claiborne County Hospital	Claiborne County	$395,045
Cleveland Community Hospital	Bradley County	$285,589
Coffee Medical Center	Coffee County	$260,262
Cookeville Regional Medical Center	Putnam County	$429,132
Crockett Hospital	Lawrence County	$158,911
Cumberland Medical Center	Cumberland County	$403,847
Cumberland River Hospital	Clay County	$47,992
Decatur County General Hospital	Decatur County	$101,329
Delta Medical Center	Shelby County	$401,416
East Ridge Hospital	Hamilton County	$458,208
Emerald Hodgson Hospital	Franklin County	$64,215
Fentress County General Hospital	Fentress County	$389,439
Fort Sanders Loudon Medical Center	Loudon County	$124,512
Fort Sanders Parkwest Medical Center	Knox County	$347,286
Fort Sanders Regional Medical Center	Knox County	$1,003,492
Fort Sanders Sevier Medical Center	Sevier County	$446,697
Gateway Medical Center	Montgomery County	$448,643
Gibson General Hospital	Gibson County	$78,780
Grandview Medical Center	Marion County	$146,882
Hardin County General Hospital	Hardin County	$330,110
Harton Regional Medical Center	Coffee County	$295,195
Hendersonville Medical Center	Sumner County	$181,692
Henry County Medical Center	Henry County	$288,684
Hillside Hospital	Giles County	$121,871
Horizon Medical Center	Dickson County	$175,420
Humboldt General Hospital	Gibson County	$173,958
Indian Path Medical Center	Sullivan County	$449,356
Jackson Madison County General Hospital	Madison County	$1,469,815
Jefferson Memorial Hospital	Jefferson County	$198,071
Jellico Community Hospital	Campbell County	$367,708
Johnson City Specialty Hospital	Washington County	$40,260
Lakeway Regional Hospital	Hamblen County	$399,128
Laughlin Memorial Hospital	Greene County	$400,091
Lincoln Medical Center	Lincoln County	$121,486
Livingston Regional Hospital	Overton County	$162,325
Marshall Medical Center	Marshall County	$110,682
Maury Regional Hospital	Maury County	$741,638
Medical Center Of Manchester	Coffee County	$139,931
Methodist Healthcare Brownsville	Haywood County	$97,631
Methodist Healthcare Dyersburg	Dyer County	$280,662
Methodist Healthcare Fayette	Fayette County	$160,004
Methodist Healthcare Jackson	Madison County	$280,761
Methodist Healthcare Lexington	Henderson County	$92,112
Methodist Healthcare McKenzie	Carroll County	$153,943
Methodist Healthcare McNairy	McNairy County	$137,708
Methodist Healthcare North	Shelby County	$345,144
Methodist Healthcare South	Shelby County	$420,527
Methodist Healthcare Volunteer	Weakley County	$117,893

Methodist Medical Center Of Oak Ridge	Anderson County	**$561,083**
Methodist University Healthcare	Shelby County	**$1,728,643**
Middle Tennessee Medical Center	Rutherford County	**$306,535**
Morristown Hamblen Hospital Assoc	Hamblen County	**$420,641**
North Side Hospital	Washington County	**$130,365**
Northcrest Medical Center	Robertson County	**$1,118,950**
Rhea Medical Center	Rhea County	**$128,377**
River Park Hospital	Warren County	**$194,815**
Roane Medical Center	Roane County	**$200,384**
Saint Francis Hospital	Shelby County	**$1,443,089**
Saint Mary's Health System	Knox County	**$456,582**
Scott County Hospital	Scott County	**$357,852**
Skyline Medical Center	Davidson County	**$361,830**
Smith County Memorial Hospital	Smith County	**$76,485**
Southern Hills Medical Center	Davidson County	**$453,483**
Southern Tennessee Medical Center	Franklin County	**$193,810**
St. Mary's Medical Center Of Campbell County	Campbell County	**$318,025**
Stones River Hospital	Cannon County	**$138,795**
Summit Medical Center	Davidson County	**$389,058**
Sumner Regional Medical Center	Sumner County	**$279,492**
Sweetwater Hospital Assoc	Monroe County	**$462,222**
Sycamore Shoals Hospital	Carter County	**$282,527**
Takoma Adventist Hospital	Greene County	**$206,594**
Tennessee Christian Medical Center	Davidson County	**$1,049,728**
Tennessee Christian Medical Center Portland	Sumner County	**$68,343**
Trinity Hospital	Houston County	**$67,763**
Unicoi County Memorial Hospital	Unicoi County	**$73,305**
University Medical Center	Wilson County	**$655,941**
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	**$138,699**
Wayne Medical Center	Wayne County	**$119,707**
Wellmont Bristol Regional Medical Center	Sullivan County	**$865,259**
Wellmont Hawkins County Memorial Hospital	Hawkins County	**$74,414**
Wellmont Holston Valley Medical Center	Sullivan County	**$862,264**
White County Community Hospital	White County	**$115,933**
Woods Memorial Hospital	McMinn County	**$113,504**

* Payments thru the third quarter of FY05. Payment amounts may be adjusted in the final period to reflect those hospitals moving from EAH to the CAH program.

This information provided by Darin Gordon, Chief Financial Officer, Bureau of TennCare.

Renewal Status

The renewal process has been "on hold" for this quarter in order to focus on the preparations for proposed disenrollments.

Status of Filling Top Leadership Positions in the Bureau

Kasi Tiller was named the new Director of Quality Oversight for the Bureau of TennCare during this quarter. Kasi comes to the Bureau from the Department of Health, where she served as the statewide coordinator for a program aimed at eliminating health disparities. This is actually a return to TennCare for Kasi, who worked in the Policy Unit from 1998-2001. In addition to her TennCare experience, Kasi has extensive experience working with children's health programs including EPSDT and care management programs for children in state custody. Kasi holds B.S. and M.S. degrees from Austin Peay University.

Number of Recipients on TennCare and Costs to the State

As of the end of the quarter, there were 1,349,591 enrollees on TennCare: 1,126,358 Medicaid eligibles and 223,233 Uninsureds and Uninsurables (Medically Eligibles).

During the second quarter of 2005 (April through June), TennCare spent $1,368,571,970 for managed care services. These expenditures included: payments to the managed care organizations (MCOs), payments to the behavioral health organizations (BHOs), payments to the dental benefits manager (DBM), and payments to the pharmacy benefits manager (PBM).

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 PBM 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 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 February, March and April. TDCI also requested data files of pended TennCare claims as of April 30, 2005, and a paid claims

triangle from February 1, 2004 through April 30, 2005. The following companies were out of compliance with the prompt pay requirements:

February 2005
Doral Dental of Tennessee
Memphis Managed Care Corporation

March 2005
UAHC Health Plan
Windsor Health Plan of TN

April 2005
UAHC Health Plan
Windsor Health Plan of TN

The four companies above that were found to be out of compliance with the prompt pay requirements for at least one of the months tested were required to submit claims data for the month of May 2005. All four companies were found to be in compliance with the prompt pay requirements in May 2005.

Net Worth Requirement

Listed below is each MCO's and BHO's net worth requirement compared to net worth reported at March 31, 2005, on the NAIC annual financial statements filed on June 1, 2005. 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, 2004, including payments made under the "stabilization plan."

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Better Health Plan (A)	2,956,800	4,561,213	1,604,413
John Deere Health Plan	17,310,028	92,321,213	75,011,185
Memphis Managed Care	9,468,885	23,200,163	13,731,278
UAHC Health Plan (formerly OmniCare Health Plan)	7,314,949	12,355,036	5,040,087
Preferred Health Partnership	7,421,032	27,286,143	19,865,111
Windsor Health Plan (forme rly Victory Health Plan)	2,682,219	5,042,750	2,360,531
Volunteer (BlueCare & Select)	26,903,259	31,069,902	4,166,643
Premier Behavioral Systems	7,544,284	11,067,068	3,522,784
Tennessee Behavioral Health	6,428,171	7,480,818	1,052,647

Note:

A.   BHP's net worth req uirement is the "enhanced " net worth req uirement determined during the RFR process. The net worth requirement has been increased above the statutory minimum based on projected premium revenue. BHP's calculated statutory net worth requirement is $2,682,218 . Because BHP's stat utory net worth requirement is le ss than the enha nced net w orth requirement, TDCI will enforce the requirement at the higher level.

FINANCIAL ISSUES:

Xantus Healthplan of Tennessee, Inc. (Xantus)

Effective July 31, 2003, the TennCare Bureau t erminated its contract with X antus. On June 2, 20 03, TDCI filed a petit ion to liqu idate Xantus with the Davidson County Chancery Court. The court heard this petition on January 8, 2004. Chancellor Car ol L. McCoy granted the order converting the rehabilitation to liquidation on January 21, 2004, and Chris Burton was appointed as the Special Deputy for the liquidation. Amendment 4 to the Contractor Risk Agreement provided for the TennCare Bureau to continue fund ing claims with dates of service of April 1, 1999 through July 31, 2003 (the "run-out claims") and the reasonable and necessary administrative costs for processing these claims after July 31, 20 03. During the period August 1, 2 003 through June 30, 2005, Xantus paid $32,049,699 for run-out claims.

Mr. Burton is currently in the process of securing the remaining asset s of Xantus and developing procedures for the distribution of assets. The deadline for the submission of Proofs of Claim against Xantus was May 14, 2004.

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

Because TCCN was unable to cure statutor y and contractual financial and claims processing deficiencies, the state terminated its contract on October 31, 2001.

On October 18, 2001, the Chancery Court of Davidson County issued an Order of Seizure of TCCN by TDCI to take possessi on and control of all of the property, books, documents, assets and the premises of TCCN. The Order also set a hearing on TDCI's request for liquidation or rehabilitation of TCCN to be held on November 2, 2001. On October 20, 2001, the TennCare Bureau mo ved TCCN's TennCare enrollees t o the TennCare Select plan.

On November 2, 2001, the Chancery Court of Davidson County entered a Liquid ation Order for T CCN. The order established that all claims must be received by March 1, 2002, at 4:30 p.m., CST. Courtney Pearre, Esq., appointed Supervisor since May 10, 2001, was named the Commissioner's Special Deputy for the purposes of liquidation.

Before liquidation, the management company, Medical C are Management Company ("MCMC"), a wholly-owned subsidiary of Access Health Systems ("Access"), transferred approximately $5.7 million from the assets of TCCN to the accounts of the MCMC. The Chancery Court issued an order granting injun ctive relief r estraining the management company from removing any of the $5.7 million. Access subsequently filed bankruptcy. Recently, the Bankruptcy Court e ntered an order that allows the Special Deputy Liquidator to proceed to recover the $5.7 million in Chancery Court. Such a petiti on was

filed in Chancery Court . The Creditors Committee for t he bankruptcy estate filed a motion to modify the Bankruptcy Court's ord er. The Special Deputy Liquidato r filed papers in opposition to the Creditors Committee's motion.

Chancellor Lyle found for the liqui dation that the $5.7 million had b een wrongfully transferred from TCCN accounts and that such action created a constructive trust for the funds while in the hands of Access. Chancellor Lyle ordered the $5.7 million returned to TCCN accounts. Various creditors of Access and the bankruptcy estate are seeking an appeal of C hancellor Lyle's ruling in the Tenn essee Court of Appeals. Briefs were submitted to the Court at the end of January 2004. On February 23, 2005, the appellate court upheld Chancellor Lyle's ruling. The Special Deputy Liquidator is currently working on a settlement with the bankruptcy estate.

With the re solution of this issue, the Special Deputy Liquidator will petit ion for a distribution of the remaining assets of TCCN. As of June 21, 2004, disbursements of $39,568,193 have been made against a tota l debt of $76,095,315, or 52 cents of every dollar owed to providers.

Universal Care of Tennessee (Universal)

On September 13, 2002, Universal was placed under the Administrative Supervision of the Commissioner of Commerce a nd Insurance as a result of the company's financial and claims processing operations problems. On Decemb er 31, 2002 , Universal was again placed under an Agreed Order of Supervision through June 30, 2003.

At March 31, 2003, Universal reported net worth of $6,451,709, a deficie ncy of $1,216,126 below the statutory net worth requirement. Universal's rep orted net w orth included a $54,436,971 receivable from the TennCare Program, which the state disputes. A s a result, t his receivable was not included in t he calculation of net worth. Universal's adjusted statutory net worth at March 31, 2003, was ($47,985,262), a statutory net worth deficiency of $55,653,097 below the net worth requirement.

On April 2, 2003, the T ennCare Bureau notifie d Universal of its intent to terminate the contractor risk agreeme nt effective June 1, 200 3. Universal filed in th e United St ates District Court for the Middle Tennessee District a n application for a preliminary injunction to stop the cancellation of the contractor risk agreement. On May 30, 2003, Judge Nixon denied Universal's application for a preliminary injunction.

Also on May 30, 2003, Universal filed with the Tennessee Claims Commission a claim of $75,000,000 against M. D. Goetz as Commis sioner of th e Tennessee Department of Finance and Administration and Manny Martins, then-D eputy Commissioner o f the Tennessee Department of Finance and Administration, Bureau of TennCare.

TDCI filed a petition to liquidate Universal with the Davidson County Chancery Court on June 5, 2003. Chancellor McCoy granted the petition and the signed order was received July 2, 200 3. Between June 1, 2 003, and th e liquidation order date of July 2, 2003, Universal continued to process a nd pay claims for dates of service April 12, 2002, through May 31, 2003.

Mr. Paul Eggers was appointed the Special Deputy Liquidator. Mr. Eggers is currently in the process of securing the remaining assets of Universal and developing procedures for

the distribution of assets. The dea dline for the submission of Proofs of Claim against UCOT was June 15, 2004.

CMS approved a contr act between TennCare and Universal Care o f Tennessee in Liquidation for TennCare to pay the HMO in liq uidation for processing Universal claims with dates of service on and after April 12, 2002 (the "run-out claims"). Universal Care of Tennessee in Liquidatio n has contr acted with the company's former ve ndor for use of the claims processing software. A separate vendor was contracted t o process claims received for both dates of service before and after April 12, 2002; however, because all of the run-out claims have been p rocessed, the contract with the outside vendor has been terminated. All r emaining pre-April 12, 2002 claims and disput ed paid run -out claims are being processed by the Liquidation staff. As of June 30, 2005, the Liquidation has processed and paid approximately $11.3M of claims with dates of service on and after April 12, 2002.

Source of information for this section: Lisa Jordan, Assistant Commissioner, Tennessee Department of Commerce and Insurance.

Success of Fraud Detection and Prevention

1. The Office of Inspector General (OIG) added 7 new staff me mbers during the last quarter in order t o meet its mission. S ome of these posit ions include: a case manager, a paralegal, and support staff for Program Integrity and Information Services.

2. The OIG st aff work cases referred by local law enforcement, the TBI, Health Related Boards, other state agencies, and the general pu blic via the Web site, faxes, letters, and phone calls to the hotline. Results are listed below:

Summary of Enrollee Cases

	Quarter	YTD
Cases opened	2,436	14,830
Cases closed*	6,642	21,924

*Cases are closed when there is inadequate information provided to investigate the complaint or the information has been determined to be unfounded.

Summary Relating to Provider Cases

	Quarter	YTD
Cases opened	73	280
Cases closed	159	288
Cases referred to TBI*	12	21
Cases referred to HRBs	16	23

*The Tennessee Bureau of Investigation MFCU (Medicaid Fraud Control Unit) takes the lead in Provider cases once they are referred by the OIG (as per federal law). The OIG assists with these cases as requested.

3. There is an aggressive push to pursue enrollees who have committed fraud against the TennCare program. T he primary criminal ca se types are : drug

cases (drug diverters, drug seekers, and abusing the emergency room), reporting false income, access to insurance, and living out-of-state.

Summary of Arrests

	Quarter	YTD
Arrests	42	53
Grand Jury Indictments pending	34	34
Convictions	4	8

Note: *There was not a fully staffed Criminal Investigations team until January 2005. Once hired, screened, and trained, these agents began receiving case assignments in February. It is anticipated that the number of arrests, indictments, and convictions will continue to increase.*

4. The OIG staff provided presentatio ns for the f ollowing organizations/contacts during this quarter:
    a. DHS Regional Managers
    b. Hillsboro Exchange Club
    c. Tennessee Chiefs of Police Association
    d. ROCIO Regional Meeting, Johnson City, Tennessee
    e. DHS West Tennessee Region Staff - Jackson, Tennessee
    f. Association of Government Accountants
    g. TBI/Dept. of Health/Mental Retardation Task Force
    h. Legislature - Commerce Committee
    i. Tennessee Sheriff's Association
    j. Legal Presentation to OIG Staff
    k. Tennessee DA's Conference
    l. First Health's RetroDur Advisory Committee
    m. DHS Investigator's Meeting
    n. Media interviews - 13

5. The OIG staff continues to work with the state's contractors, EDS and Medstat, to develop the fraud and abuse detection software system. The OIG is working daily with t hese vendors to initiat e proactive reports for identifying TennCare fraud. The ability to create ad hoc reports will greatly imp rove the sp eed and efficiency of investigations. Targeted queries will be generated on a routine basis. The goal beh ind these rep orts and qu eries is to provide outstanding quality for t he OIG's investigative products and to assist with a s uccessful prosecution of individuals who have violated the law.

6. The newly created Case Intake a nd Management Divisi on of the OIG was busy developing: a stan dard operating procedure for the intake of new cases, solvability factors to assist with sorting cases, new case dispositions, a statisti cal reporting system to the Inspector General, and establishing documentation for a new electronic case management system.

7. Training was held for the non-commissioned personne l at the State Law Enforcement Academy. The training agenda included infor mation regarding: law enforcement data systems such as NCIC, TIBRS, and NI BRS; law enforcement accreditation; the new case management system; and a mock courtroom session for those members of the staff who may be called upon to testify in criminal court for the OIG.

8.	The Legal Division has assisted t he other divisions within the OIG b y providing legal advice on numero us issues, including ho w to meet the requirements of various statutes and drafting and reviewing documents that have legal implications. They have also assisted with the legal training of the Progra m Integrity Division staff.

	The Legal Division facilitates the case preparation process by re viewing arrest warrants, indictments, and subpoenas for the in vestigators. This requires a vast amount of legal research. Ther e was also a great deal of re search on pending legislation during the current session of the General Assembly.

9.	An updated outline of TennCare fraud laws and related offenses, was developed by the Legal Division. This ou tline has been distributed to the District Attorneys Conference Executive Committee, the Tennessee Chiefs of Police, and the Tennessee Sheriff's Association.

10.	The OIG made application for law enforcement accreditation thr ough the Commission on Accreditation for Law Enforcement Agencies (CALEA). The OIG was accepted and received an agency profile which was completed in June.

11.	The required software for the Criminal Investigation Division to a ccess the National Crime Information Center (NCIC) was purchased. The OIG went on-line in April. There was a site visit to au dit this program in May. The OIG received a positive report.

12.	The Criminal Investigation Division continues to develop policies and procedures for their op erations. T he goal is to have this complete d for review by the Commission on Accreditation for Law Enforc ement Agencies (CALEA), fo r accreditation during 2006-2007.

13.	Plans for next quarter:

	a.	Continue to exchange information with other state, federal, and local government agencies.
	b.	Obtain CMS certification.
	c.	Work with Medstat to improve data quality and add new reports that will assist in the data mining and data analysis for the OIG.
	d.	Continue to go after law offenders through indictments and arrests.
	e.	Continue to review computer generated reports to assist the investigators with their criminal prosecutions.
	f.	Provide presentations and training for interested parties regarding TennCare fraud and the role of the OIG.
	g.	Continue staff training and develop best practices for our teams.
	h.	Implement the newly created pay incentive program for tips that lead to a successful conviction for TennCare fraud. This program is a result of legislation from the 104th General Assembly.

Source of information: Deborah Faulkner, Inspector General.