

# TennCare Quarterly Report

## Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

January 15, 2009

<b>Status of TennCare Reforms and Improvements</b>
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**Amendment #7.** Amendment #7 is a proposed amendment to the TennCare demonstration program. It will allow long-term care (LTC) services for elderly and disabled persons (other than those being served in the PACE program<sup>1</sup>) to be brought into the TennCare managed care program. The amendment was written to implement those portions of the Long-Term Care Community Choices Act of 2008 that require federal approval.

Persons who are currently receiving TennCare-reimbursed Nursing Facility (NF) care or who are receiving services under Tennessee's Home and Community Based Services (HCBS) waiver for persons who are elderly and/or disabled are already enrolled in Managed Care Organizations (MCOs), but they get their LTC services outside of managed care. Under the proposed amendment, these individuals will get all of their TennCare services in a coordinated and comprehensive manner from the TennCare MCOs. The new program will be called "TennCare CHOICES," to illustrate the emphasis on choice that will be possible under Amendment #7 for persons needing NF care and their families.

In addition to bringing LTC services under managed care, Amendment #7 will increase the array of residential options available for persons who have been identified as needing NF care and will seek to build provider capacity for delivery of the important services that are critical in allowing an individual who might otherwise go into a NF to remain at home or in the community. It will also allow certain LTC services to be delivered to individuals who have been identified as "at risk" for NF placement.

As discussed in the last Quarterly Report, the state has been working with CMS since the summer of 2008 on this proposal, requesting that it be approved by the end of December 2008 in order to allow for a July 1, 2009, implementation date in Middle Tennessee. (The program would be implemented in East and West Tennessee somewhat later.)

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<sup>1</sup> "PACE" is the Program of All-Inclusive Care for the Elderly, a capitated benefit authorized by the Balanced Budget Act of 1997 in which Medicare and Medicaid funding are integrated to provide a comprehensive service delivery system. Tennessee has one PACE program in Chattanooga; this program is operated by Alexian Brothers.

After allowing the appropriate time for public comment, the state formally submitted Amendment #7 to the Centers for Medicare and Medicaid Services (CMS) on October 2, 2008. It was then circulated by CMS to a number of its federal partners to solicit comments. The state received three separate sets of questions from CMS on the amendment. The first set was sent on October 24, 2008; the second set was sent on November 19, 2008; and the third set was sent on December 3, 2008. There were over 120 questions and subparts of questions contained in these three documents.

In the meantime, the state has been participating in weekly conference calls with CMS in an effort to identify and respond quickly to issues raised by CMS.

As of the end of the quarter, CMS was still reviewing the state's responses to the written questions.

**Preparing for implementation of Amendment #7.** In addition to weekly calls with CMS, the state has engaged in ongoing communication with key stakeholders to help plan for implementation of Amendment #7 once approval is received. This includes:

- At least bi-weekly implementation meetings with MCOs;
- Weekly calls with organizations representing the nursing home industry; and
- At least bi-weekly discussions with a representative group of advocacy groups and provider organizations including the AARP, Tennessee Disability Coalition, Tennessee Commission on Aging and Disability, Tennessee Association of Area Agencies on Aging and Disability, Tennessee Association of Home Care, and Tennessee Association of Homes and Services for the Aged.

The state has designed models for care coordination and consumer direction, developed a quality management strategy, begun drafting amendments for MCO Contractor Risk Agreements and is working to define MMIS system change requirements, which can be finalized once Amendment #7 is approved.

At the same time, the state has moved ahead with things that do not require CMS approval, including efforts to help streamline eligibility determination processes, and to assist Nursing Facilities in transitioning to the new integrated service delivery system.

**Nursing Facility diversion grants.** In accordance with the Long-Term Care Community Choices Act of 2008, the Bureau of TennCare sent out Requests for Proposals (RFPs) to TennCare-participating Nursing Facilities (NFs) to solicit proposals for projects they could undertake to diversify their business and thereby be better prepared to respond to the changes that are likely to occur when the TennCare CHOICES program is implemented. One purpose of CHOICES is to revise the overall balance of LTC funds that are spent on home and community based services versus institutional care, and the state wants to assist NFs in being able to respond to these changes, as well as to build relationships that would help them provide more seamless transitions for individuals and their families as care needs change.

Nursing Facility diversion grant awards were announced in December. A summary of these awards is provided in Attachment 1 at the end of this report. The grants are outcomes-based and funded with only state dollars. NFs may request up to half of their funding upon execution of a grant contract, but may request the remaining funds only upon: (1) completion of and payment by the nursing facility for activities specified in the

proposal for which funding was awarded; and (2) approval of a TennCare Provider Agreement for the specific HCBS in counties specified in the proposal.

**Long-Term Care Partnership Program.** The state requested approval from CMS to begin a long-term care partnership program effective October 1, 2008. During this quarter the Tennessee Department of Commerce and Insurance published rules to describe the program. Agent Training Guidelines had been published earlier to ensure that agents selling the policies were well aware of how the policies affected TennCare eligibility.

**New MCOs.** On November 1, 2008, two new MCOs began serving enrollees in West Tennessee. These MCOs were AmeriChoice and BlueCross/BlueShield, both of whom had been selected by the state through a competitive bidding process in the spring. Both MCOs are operating in a full-risk capitated arrangement. The Bureau coordinated transition data transfers from the exiting plans to the new ones. This data included authorizations for services and transportation, encounter files, and names of enrollees participating in disease management programs. Bureau staff conducted daily status calls during the week prior to November 1 and for three weeks afterward to review the status of specific cases, call center performance, and network development.

Work was also done to implement these same MCOs in East Tennessee on January 1, 2009. TennCare conducted a number of activities during the quarter to assure that the MCOs were ready for the transition in each area. These activities included weekly status calls, weekly reviews of network files to assess progress toward compliance with access standards, and reviews of policies and procedures in key areas to make certain that the MCOs understood the contract requirements and were prepared to be in compliance with these requirements. Transition files were coordinated in the same manner as they had been in previous transitions.

**New PBM.** At the beginning of the quarter, First Health was replaced by SXC Health Solutions Corporation as the new Pharmacy Benefits Manager (PBM). The PBM is responsible for providing a state-of-the-art online Point of Sale (POS) pharmacy claims processing system with prospective drug utilization review (Pro-DUR) and retrospective drug utilization review (Retro-DUR) capabilities, along with a 24-hour, 7 days a week call center to handle prior authorization requests, pharmacy technical assistance questions, etc. Some key differences with the new PBM contract are that SXC is responsible for managing the pharmacy network and assumes some financial risk for supplemental rebates.

The pharmacy network now consists of a specialty pharmacy network in addition to a retail/ambulatory pharmacy network. The specialty pharmacy network agrees to accept more favorable reimbursement rates on designated specialty products and must possess unique clinical monitoring and distribution capabilities. In addition, specialty pharmacy services may be provided through the mail.

With respect to supplemental rebates, SXC guaranteed a certain percentage of supplemental rebates to the state. If they exceed this expected savings number by over 1%, they receive a financial reward up to \$1.2 million. If they fall short of this expected savings number by more than 1%, they owe the state money up to the guaranteed amount.

**Appointment of TennCare director to chair Quality Technical Assistance Group (TAG).** In December, TennCare director Darin Gordon was appointed as the chair of the Quality Technical Assistance Group (TAG) by the National Association of State Medicaid Directors (NASMD), a group on which he serves as an executive committee member. The first meeting that he chaired was on December 10<sup>th</sup> and meetings will continue monthly throughout 2009.

**HEDIS/CAPHS report.** During this quarter TennCare published the annual report of HEDIS/CAPHS data. The full name for HEDIS is Healthcare Effectiveness Data Information Set, and the full name for CAPHS is Consumer Assessment of Health Plans Surveys.

In 2006 Tennessee became the first state in the nation to require that all of its Managed Care Organizations (MCOs) be accredited by NCQA (the National Committee for Quality Assurance). This report provides data that enables the state to compare the performance of its managed care organizations (MCOs) against national norms and benchmarks and also to compare performance among MCOs. TennCare has completed three full years of HEDIS/CAPHS reporting by MCO. This report is shared with CMS each year and also posted on the TennCare website.

In 2005, seven TennCare MCOs in the East and West regions of the state submitted HEDIS results for six measures to NCQA. In subsequent years, the MCOs continued to submit results for these measures. To determine whether significant improvement had occurred during the four years beginning with HEDIS 2005 and ending with HEDIS 2008, the percentage point change between 2005 and 2008 was calculated.

Significant improvement occurred if the percentage point change between results for a measure met the NCQA determined minimum effect size. The NCQA pre-calculated effect sizes are statistically based and consistent with HEDIS specifications. Four of the MCOs demonstrated significant improvement for HbA1c Testing Rate; three showed significant improvement for Childhood Immunization Status Combo 2 and Breast Cancer Screening; and two had significant improvement in Timeliness of Prenatal Care and Postpartum Care. In addition, one MCO had significant improvement for all of the six measures.

The CAHPS surveys, developed by NCQA, include separate surveys for adults, children, and children with special health care needs. The 2008 Adult CAHPS results for four global rating questions and three composite scores were compared with the results submitted for 2007. The comparison showed that increases for the most positive responses occurred in two to five results, the highest increase being 8.24 percentage points for UAHC for the composite score of "Getting Care Quickly."

The 2008 Child CAHPS results for four global rating questions and four composite scores were compared with the results submitted for 2007. The comparison showed that increases for the most positive responses occurred in three to six results, the highest increase being 12.53 percentage points for AmeriChoice East for the global rating of "Rating of Health Plan." The 2008 Children with Chronic Conditions (CCC) CAHPS results for six CCC composite scores were compared with the results submitted for 2007. The comparison showed that increases for the most positive responses occurred in one to five results, the highest increase being 6.36 percentage points for

BlueCare for the composite score of “Family-Centered Care: Getting Needed Information.”

**Audit findings.** Audit findings from the Office of the Comptroller’s annual TennCare audit have substantially decreased, from 39 audit findings in FY 2002 to 3 audit findings in FY 2007. During this quarter, the Bureau of TennCare was notified that there were no audit findings for FY 2008. This milestone is the result of a great deal of work that has been done to address past audit findings and to improve administrative processes. TennCare continues to monitor the prior audit findings since FY 2002, since these could reoccur, and also monitors potential finding areas that have been identified to ensure that these issues do not become future audit findings.

**Essential Access Hospital (EAH) 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 2009 are shown in the following table.

Name of Hospital	FY 2009 2nd Qtr. EAH
Regional Medical Center (The Med)	\$4,108,572
Vanderbilt University Hospital	\$3,572,753
Erlanger Medical Center	\$1,509,743
East Tennessee Children's Hospital	\$1,250,000
University of Tennessee Memorial Hospital	\$1,244,385
Johnson City Medical Center Hospital - Revised	\$1,163,559
Metro Nashville General Hospital	\$900,988
Parkridge Medical Center - Revised	\$665,448
Jackson Madison County General Hospital	\$597,639
Methodist University Healthcare	\$360,765
University Medical Center	\$345,747
Fort Sanders Parkwest Medical Center - Revised	\$340,661
Pathways of Tennessee	\$322,539
Wellmont Holston Valley Medical Center	\$316,905
Saint Francis Hospital	\$311,338

<b>Name of Hospital</b>	<b>FY 2009 2nd Qtr. EAH</b>
Fort Sanders Regional Medical Center	\$301,606
Saint Jude Children's Research	\$295,186
Centennial Medical Center	\$255,580
Wellmont Bristol Regional Medical Center	\$212,327
Tennessee Christian Medical Center	\$210,440
Saint Mary's Health System	\$202,964
Methodist Healthcare - South	\$199,039
Indian Path Medical Center - Revised	\$192,255
Delta Medical Center	\$190,117
Baptist Hospital of Cocke County	\$178,024
Ridgeview Psychiatric Hospital and Center	\$177,461
Middle Tennessee Medical Center	\$175,350
Baptist Hospital	\$173,982
Methodist Healthcare - North	\$164,649
Dyersburg Regional Medical Center	\$158,584
Baptist Memorial Hospital for Women	\$154,517
Cookeville Regional Medical Center	\$153,802
Morristown Hamblen Healthcare System	\$153,399
Maury Regional Hospital	\$151,025
Blount Memorial Hospital	\$136,372
Bradley Memorial Hospital	\$135,458
Sumner Regional Medical Center	\$129,117
Gateway Medical Center	\$128,921
Northcrest Medical Center	\$125,505
Parkridge East Hospital	\$119,405
Sweetwater Hospital Association	\$118,255
Summit Medical Center	\$117,511
Baptist Memorial Hospital - Tipton	\$116,184
Cumberland Medical Center	\$115,772
Fort Sanders Sevier Medical Center	\$114,430
Southern Hills Medical Center	\$111,096
Claiborne County Hospital	\$108,398
Methodist Medical Center of Oak Ridge	\$108,300
Jamestown Regional Medical Center	\$101,130
Humboldt General Hospital	\$98,229
Cleveland Community Hospital	\$97,375
Regional Hospital of Jackson	\$95,898
Skyline Medical Center	\$94,357
St. Mary's Medical Center of Campbell County	\$90,990
Henry County Medical Center	\$86,808
Stonecrest Medical Center	\$85,335
Horizon Medical Center	\$85,265
Hardin County General Hospital	\$83,951
Jellico Community Hospital	\$79,859
Sycamore Shoals Hospital	\$79,176
Southern Tennessee Medical Center	\$76,295
Lakeway Regional Hospital	\$71,338
Laughlin Memorial Hospital	\$68,620

<b>Name of Hospital</b>	<b>FY 2009 2nd Qtr. EAH</b>
Crockett Hospital	\$67,998
Hillside Hospital	\$64,865
Athens Regional Medical Center	\$63,515
Grandview Medical Center	\$60,675
River Park Hospital	\$59,991
Bolivar General Hospital	\$59,507
Bedford County Medical Center	\$59,184
Takoma Adventist Hospital	\$55,795
Scott County Hospital	\$52,648
United Regional Medical Center	\$48,428
Lincoln Medical Center	\$47,876
McKenzie Regional Hospital	\$47,651
Wellmont Hawkins County Memorial Hospital	\$47,456
Methodist Healthcare - Fayette	\$44,323
Volunteer Community Hospital	\$41,082
Roane Medical Center	\$40,957
McNairy Regional Hospital	\$38,583
Unicoi County Memorial Hospital	\$38,457
Livingston Regional Hospital	\$37,413
Cumberland River Hospital	\$36,192
Haywood Park Community Hospital	\$33,621
Baptist Memorial Hospital - Huntingdon	\$32,038
Baptist Dekalb Hospital	\$29,191
Decatur County General Hospital	\$28,026
Gibson General Hospital	\$27,776
Tennessee Christian Medical Center - Portland	\$25,062
Henderson County Community Hospital	\$24,081
Wayne Medical Center	\$23,523
White County Community Hospital	\$20,722
Emerald Hodgson Hospital	\$19,775
Women's East Pavilion	\$13,653
Johnson City Specialty Hospital	\$13,465
Baptist Treatment Center of Murfreesboro	\$3,552
Baptist Women's Treatment Center	\$2,220
	\$25,000,000

### Reverification Status

During this quarter reverification was completed for non-pregnant adults classified in the Medicaid Medically Needy category. This category has been closed, and the state has contacted each member of the category to determine if they might be eligible in another Medicaid category or in the new Standard Spend Down (SSD) category.

As of December 18, 2008, 2,564 formerly Medically Needy enrollees have been found eligible for other Medicaid categories, and 895 people have been found eligible for the SSD program.

**Status of Filling Top Leadership Positions in the Bureau**

**Matt Keppler** was appointed December 8, 2008, to serve as the Long Term Care (LTC) Government Relations Liaison. Mr. Keppler will manage communication processes pertaining to the implementation of the LTC Community Choices Act of 2008 and will be responsible for research and development regarding all new legislative proposals and initiatives pertaining to LTC programs and services, as well as facilitating collaboration with other affected state agencies. Mr. Keppler is an experienced Government Relations professional with extensive experience in developing and implementing legislative initiatives including drafting legislation, facilitating legislative and government communication processes, development and communication of public policy, and grassroots advocacy. His experience includes serving as the Legislative Director for Illinois Association of Rehabilitation Facilities (IARF), Public Policy Director for the Illinois Association of Rehabilitation Facilities (IARF) and as the Legislative Policy Analyst for Illinois House of Representatives, Research and Appropriations.

**Number of Recipients on TennCare and Costs to the State**

At the end of the second quarter, there were 1,172,226 Medicaid eligible and 32,988 uninsured/uninsurable persons enrolled in TennCare, for a total of 1,205,214 persons.

TennCare spending for the second quarter of State Fiscal Year 2008-2009 are summarized in the table below.

	<b>2nd Quarter*</b>
Spending on MCO services**	\$1,125,269,900
Spending on BHO services	\$66,482,000
Spending on dental services	\$44,434,900
Spending on pharmacy services	\$203,793,800
Medicare "clawback"	\$58,358,300

*\*These figures are cash basis 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 managed care organization ("MCO") and behavioral health organization ("BHO") ensure that 90 percent 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 percent of all provider claims are processed within 60 calendar days of receipt. TennCare's contract with its Dental Benefit Manager requires the DBM to also process claims in accordance with this statutory standard.

Until October 1, 2008, TennCare's contract with its Pharmacy Benefits Manager required the PBM to pay 95 percent of all clean claims within 20 calendar days of receipt and the remaining 5 percent of clean claims within the following 10 calendar days. Effective October 1, 2008, the PBM must pay 100 percent of all clean claims submitted by pharmacy providers within 10 calendar days of receipt.

To monitor prompt pay compliance, the Tennessee Department of Commerce and Insurance (TDCI) requests the MCOs, BHOs, DBM and PBM to submit claims data by month on a quarterly basis. If the contractor has not processed claims timely in accordance with statutory and/or contractual requirements, the contractor is required to submit claims data on a monthly basis until it processes claims timely for three consecutive months. If an MCO or BHO does not comply with the prompt pay requirements, TDCI has the statutory authority to levy an administrative penalty of \$10,000 for each month of non-compliance after the first instance of non-compliance was determined, and the TennCare Bureau can also assess liquidated damages pursuant to the terms of the TennCare contract. If the DBM and PBM do not meet their contractual prompt pay requirements, only the TennCare Bureau can assess applicable liquidated damages against these entities.

During the quarter ended December 31, 2008, TDCI requested data files of all processed TennCare claims from all TennCare contractors for the three-month period August, September and October 2008. TDCI also requested data files of pended TennCare claims and paid claims triangle lags to ensure that the claims data submitted was complete and accurate.

The analyses of the claims data for the months of August, September and October 2008 found the following contractors were out of compliance for at least one month:

- Volunteer State Health Plan (BlueCare and TennCare Select) – August, September and October 2008
- Unison Health Plans – August, September and October 2008

As stated above, TDCI requires plans to submit claims data on a monthly basis when non-compliance is determined. Both VSHP and Unison submitted claims data for November 2008.

TDCI's analysis of VSHP's November claims data found that VSHP failed to meet the prompt pay requirements for that month. VSHP did not dispute TDCI's analysis, thus, TDCI will levy administrative penalties against VSHP as described above and VSHP will continue to submit claims data monthly for analysis.

TDCI's analysis of Unison's November claims data found that Unison met the prompt pay requirements for that month. TDCI will levy administrative penalties totaling \$40,000 against Unison for being out of compliance with the prompt pay requirements from July through October 2008.

### **Net Worth Requirement**

By statute, the minimum net worth requirement for each TennCare MCO and BHO is calculated based on premium revenue for the most recent calendar year. TDCI's calculations for the net worth requirement reflect payments made for the calendar year

ending December 31, 2007, including payments made under the “stabilization plan.” On December 1, 2008, the MCOs and BHOs submitted their NAIC Quarterly Financial Statement for the period ended September 30, 2008. As of September 30, 2008, TennCare MCOs/BHOs reported net worth as indicated in the table below.

	<b>Net Worth Requirement</b>	<b>Reported Net Worth</b>	<b>Excess/ (Deficiency)</b>
AMERIGROUP Tennessee <sup>2</sup>	15,656,844	41,864,649	26,207,805
UnitedHealthcare Plan of the River Valley (AmeriChoice)	24,300,637	209,440,957	185,140,320
Preferred Health Partnership	6,837,598	44,930,724	38,093,126
UAHC Health Plan	7,226,227	14,945,794	7,719,567
Unison Health Plan	4,950,860	5,614,574	663,714
Volunteer (BlueCare & Select)	21,024,621	23,253,332	2,228,711
Premier Behavioral Systems	4,978,291	18,836,250	13,857,959
Tennessee Behavioral Health	6,638,818	25,930,521	19,291,703

All TennCare MCOs and BHOs met their minimum net worth requirements as of September 30, 2008.

**FINANCIAL ISSUES:**

**Xantus Healthplan of Tennessee, Inc. (Xantus)**

No change from previous report.

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

No change from previous report.

**Universal Care of Tennessee (Universal)**

No change from previous report.

<b>Success of Fraud Detection and Prevention</b>
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The Office of Inspector General (OIG) was established over four 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

<sup>2</sup>AMERIGROUP did not begin its TennCare operations until April 1, 2007. Per its contract with TennCare, it must maintain an enhanced net worth requirement based on projected annualized premiums until it has been in operation for one full calendar year. Also, effective November 1, 2007, AMERIGROUP purchased substantially all of Memphis Managed Care Corporation’s (MMCC’s) operations, including its TennCare contract. As a result, AMERIGROUP’s enhanced net worth requirement was increased to reflect this enrollment expansion.

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 2008 - 2009 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	5,549	13,569	113,887
Cases Closed*	5,380	13,345	111,801

\*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 <sup>2</sup>
Abuse Cases Received	5,252	46,476
Abuse Cases Closed	875	12,341
Abuse Cases Referred <sup>1</sup>	4,377	34,982

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

<sup>2</sup> Totals are for the last 30 months (ten quarterly reports)

### Summary of Provider Cases

	Quarter	FYT	Grand Total
Cases opened	28	35	1,254
Cases closed	16	23	1,035
Cases referred to TBI*	8	11	165
Cases referred to HRBs**	2	5	94

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

\*\*Health Related Boards

### Summary of Arrests & Convictions

	Quarter	FYT	Grand Total
Arrests	71	152	867
Convictions	20	50	357
Diversions*	10	19	143

**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	\$10,000.00	\$34,950.00	\$183,011.50
Court Costs & Taxes	\$9,268.40	\$13,630.90	\$76,464.01
Restitution (ordered)	\$37,982.68	\$64,166.16	\$1,179,443.47
Drug Funds	\$2,754.50	\$3,977.50	\$32,532.00

The OIG aggressively pursues enrollees who have apparently committed fraud or abuse against the TennCare program. The primary criminal case types are: drug cases (drug diversion, drug seekers, doctor shopping, and forging prescriptions), reporting a false income, access to other insurance, and ineligible individuals using a TennCare card.

### Arrest Categories

Drug Diversion/Forgery RX	303
Drug Diversion/Sale RX	294
Access to Insurance	55
Doctor Shopping	60
Operation Falcon III	32
Operation Falcon IV	16
False Income	40
Ineligible Person Using Card	16
Living Out Of State	12
Asset Diversion	7
Theft of Services	10
ID Theft	19
Aiding & Abetting	3
<b>GRAND TOTAL</b>	<b>867</b>

### TennCare Case Referrals & Recoupments

	Quarter	FYT	Grand Total
Recoupment 1	\$70,602.99	\$1,434,168.66	\$1,504,771.65
Recommended TennCare Terminations 2	4,248	10,621	44,918
Potential Savings3	\$14,239,126	\$35,601,167	\$158,178,388

#### **Footnotes for the TennCare Case Referrals and Recoupments table**

1 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, 2008.

2 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, the Department of Human Resources Report, and the PARIS Report).

3 There were 4,248 enrollee terminations *recommended* by the OIG to the TennCare Bureau for their review during the first quarter. The TennCare Bureau uses \$3,351.96 as the average annual cost per enrollee for MCO, Pharmacy, BHO, and Dental services (effective FY 08-09).

**Investigative Sources**

	<b>Quarter</b>	<b>FYT</b>	<b>Grand Total</b>
OIG Hot Line	838	1,714	19,124
OIG Mail Tips	41	100	3,150
OIG Web Site	291	646	6,599
OIG Email Tips	129	289	2,751

**Other Investigative Sources for this Quarter**

Data Mining.....	4,181
Fax.....	66
Cash for Tips.....	7

**Case Types for this Quarter (sample)**

Drug Diversion.....	309
Drug Seeker.....	94
Income/Other Assets.....	272
Using Another Person's Card.....	25
Out of State.....	4,096
Transfer of Assets.....	9
Abusing ER.....	37
Dr. Shopping.....	249
Other Insurance.....	212

**The Office of Inspector General participated in the following activities during the second quarter:**

**Meetings with Law Enforcement Officials and other State Agencies:**

- \*Various Judicial Task Forces, District Attorneys, and Sheriffs & Chiefs of Police
- \*TBI Drug Diversion Task Force
- \*Middle Tennessee Law Enforcement Committee (in Brentwood)
- \*FBI National Academy Graduates – Regional Meeting in Chattanooga
- \*Law Enforcement Accreditation Coalition of Tennessee (LEACT)
- \*Commission on Accreditation for Law Enforcement Agencies Quarterly Meeting
- \*MCC Roundtable
- \*Health Care Task Force
- \*TennCare Bureau MIP
- \*Upper East Tennessee Drug Diversion Task Force
- \*Middle Tennessee Health Care Fraud Task Force

**OIG Presentations:**

- \*TIES User Group Conference
- \*State Health Insurance & Assistance Program (SHIP)
- \*TBI Drug Diversion Task Force – East Tennessee, Chattanooga
- \*State Health Insurance Information Program
- \*Middle Tennessee Compliance Officers, Nashville
- \*Medicaid Information Management Systems, Nashville
- \*National Association of Medicare Program Integrity, Williamsburg, Virginia
- \*CMS Site Visit at the TennCare Bureau, Nashville
- \*Southern Pharmacy Cooperative

\*West Tennessee Pharmacy Cooperative

**Media:**

\*Ch 17 Fox Television – Over 800 arrests by the OIG

\*Electronic and print media throughout the State of Tennessee

**Training:**

\*FBI National Academy Retraining Session

\*TGMI

\*Legal Division CEU classes – Attended the District Attorneys Conference,  
Knoxville

\*Accounting CEU classes – Fiscal Manager

\*TLETA Instructor School – Firearms Training Instructor Qualification

\*Identity Theft Seminar, Nashville

\*Edison Training

\*Leadership Middle Tennessee

\*Property and Evidence Management Training – Spring Hill, Tennessee

\*Identity Theft Training – Nashville

\*TIES Training – Nashville

\*NADDI Conference – Nashville

\*CALEA Conference – Tulsa, Oklahoma

**Other OIG Activities:**

\*The OIG reached a landmark in early October – the 800<sup>th</sup> arrest occurred for TennCare Fraud.

\*The OIG staff continues to work with the state's contractor, Medstat, to produce and review fraud and abuse detection reports. The OIG generates 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: One resigned to take a job outside of State Government, and one transferred to another State agency.

\*Training continued for OIG personnel during this quarter. The Special Agents completed their annual In-Service training that includes POST required courses, instruction regarding new policies and procedures, all qualifications with approved weapons, a legal update, accreditation updates, etc.

\*All CEU training was completed for OIG "professional" staff members, i.e. attorneys, an accountant, registered nurses, and information technology personnel.

\*The Assistant Inspector General/Fiscal Manager, Georganne Martin, graduated from the **2008 TGMI** class.

\*The Inspector General was selected and is participating in the 2008 – 2009 **Leadership Middle Tennessee** 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.

\*The Inspector General and the Deputy Inspector General over Criminal Investigations have continued to make 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 Office of Inspector General agency to achieve law enforcement accreditation both nationally and internationally.** A re-accreditation on-site assessment and hearing will occur during the 2009 - 2010 fiscal year. A mock on-site assessment is scheduled for February 2009.

\*The **Doctor Shopping** legislation (approved by the Governor and the General Assembly, June 2007) has generated 60 arrests as of this writing for Doctor Shopping. The OIG continues to mail letters and posters and provide presentations to notify licensed medical providers and law enforcement agencies in the state about this new law. As a result, positive feedback has been received.

### **Case Narrative EXAMPLES**

The following are examples of TennCare fraud investigations, arrests, and prosecutions conducted by the Office of Inspector General during the second quarter, FY 2008 – 2009:

A **McNairy County** woman pled guilty to TennCare fraud which related to a murder-for-hire plot. She was charged with traveling to Dyersburg to hire an undercover agent who was posing as an assassin to kill her ex-husband. She paid the agent \$200 in cash and gave him 120 Hydrocodone pills – her TennCare benefits were used to pay for the pills.

In **Macon County**, a woman was charged with TennCare fraud and theft of services for obtaining medical services and not reporting her correct income or her husband's. This income amount would have rendered her ineligible for TennCare. She and her children received \$34,272 of medical benefits they were not entitled to.

A woman from **Knox County** was charged with four counts of TennCare fraud and two counts of forgery when she attempted to use the TennCare program to fill two forged prescriptions.

A **Bedford County** woman pled guilty to five TennCare charges. She apparently used her TennCare benefits to obtain prescriptions for the painkillers Morphine and Lortab, along with the anti-anxiety medication Xanax and concealed the fact she planned to sell a portion of the pills.

In **Anderson County** a woman and man have each been **charged with TennCare fraud for a third time**. Both were apparently involved in obtaining controlled substances by fraud, forged prescriptions for narcotics, identify theft, and forgery.

A **Williamson County** woman was arrested for two counts of *doctor shopping* in order to obtain prescriptions for Hydrocodone. Her physician office visits were paid for by TennCare. She was staying in Kentucky but the OIG partnered with the U. S. Marshals and she was transported to the Williamson County jail to be charged. **She has since been charged a second time with doctor shopping**.

A **Franklin County** physician and his patient have been arrested and charged with criminal conspiracy in a scheme to defraud TennCare and fourteen counts of TennCare fraud. The indictment stated the physician issued prescriptions under the name of the patient's son who is a TennCare enrollee. The patient then obtained prescriptions for: Oxycodone, Alprazolam, Nystain, Bentyl, and Cipro. All of these were paid for through the son's TennCare.

In **Monroe County** four people were charged with TennCare fraud by the OIG. These arrests were a part of "**Operation RX**" where thirty-six other people were picked up on controlled substance charges.

A man from **Carroll County** was arrested for the **second time** for doctor shopping. He went to several doctors within a 30 day period to obtain prescriptions for Hydrocodone and Oxycodone.

A **Davidson County** woman was charged with TennCare and Food Stamp fraud for failing to report her income and accessing benefits she was not qualified to receive.

**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. A mock on-site inspection will occur during the third quarter, FY 2008 - 2009.
- g. Continue using the Doctor Shopping Law on investigations regarding suspected chronic abusers of the TennCare program.

RFP GRANT AWARDS  
as of 12/18/08

Nursing Facility	Amount Funded	Expanded HCBS Services Funded
Appalachian Christian Village - Johnson City, TN (Washington)	\$ 98,229.00	Adult Day Care Services - Home Delivered Meals
Bethany Health Care - Nashville, TN	\$ 35,290.00	Adult Day Care
Bledsoe County Nursing Home - Pikeville, TN	\$ 227,200.00	Adult Day Care (including Vehicle for transportation)
Bordeaux Long Term Care - Nashville, TN (Davidson)	\$ 127,719.00	Homemaker - Home Delivered Meals - Personal Care Services - Personal Care Attendant
Cambridge House - Bristol, TN (Sullivan)	\$ 75,283.00	Personal Care Services - Personal Care Attendants - Homemaker Services - Home Delivered Meals
Center on Aging - Erwin, TN	\$ 12,000.00	Adult Day Care
Douglas Nursing Home (Cornerstone Health Care Services) Milan, TN (Gibson)	\$ 18,730.00	Adult Day Care
Golden Living - Springfield, TN	\$ 8,984.38	Inpatient Respite Care
Golden Living - Union City, TN	\$ 8,984.38	Inpatient Respite Care
Golden Living, Mountain View - Winchester, TN	\$ 8,984.38	Inpatient Respite Care
Golden Living, Winwood - Clinton, TN	\$ 8,984.38	Inpatient Respite Care
Harbert Hills Academy - Savannah, TN (Hardin)	\$ 440,465.00	Homemaker Policy Writer - In-home Respite Policy Writer - Inpatient Respite Policy Writer - Minor Home Modification Policy Writer - Personal Care Attendant Policy Writer - Personal Care Services Policy Writer - Adult Day Care Policy Writer - Adult Day Care Services
Hardin County Nursing Home - Savannah, TN	\$ 97,000.00	Inpatient Respite Care - Personal Care Services - Personal Care Attendants - Home Delivered Meals - Adult Day Care
Hillcrest Healthcare Communities - Knoxville, TN	\$ 112,500.00	Adult Day Care
Humphrey's County Nursing Home - Lebanon, TN	\$ 79,799.00	Adult Care
Jefferson County Nursing Home - Dandridge, TN	\$ 60,002.58	Adult Day Care - Home Delivered Meals
Laurelbrook Sanitarium & School - Dayton, TN	\$ 245,240.00	Adult Day Care - Personal Care Services - Personal Care Attendant - Homemaker Services - Home Delivered Meals - In-home Respite Care - Institutional Respite Care
Lincoln Care Center - Fayetteville, TN	\$ 77,488.00	Adult Day Care
Pickett County Care & Rehab Center - Byrdstown, TN	\$ 185,569.00	Adult Day Care
Quality Health Care - Lebanon, TN	\$ 50,000.00	Adult Day Care (including Vehicle for transportation)
Signature Health Care of Columbia - Columbia, TN	\$ 175,425.00	Adult Day Care Services
Signature Health Care of Erin - Erin, TN	\$ 152,224.00	Adult Day Care - Assisted Care Living
Spring City Care & Rehab Center - Spring City, TN	\$ 35,725.00	Adult Day Care
Trevecca Health Care - Nashville, TN	\$ 35,290.00	Adult Day Care
Van Ayer Healthcare & Rehab - Martin, TN	\$ 298,954.33	Adult Day Care
WyndRidge Health & Rehab Center - Crossville, TN	\$ 46,940.00	Personal Care Attendant Services - In-home Respite Care - Personal Care Services - Homemaker Services - Home Delivered Meals
<b>Total</b>	<b>\$ 2,723,010.43</b>	