

TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

April 15, 2008

Status of TennCare Reforms and Improvements
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Long-term care transformation. On March 6, 2008, Governor Bredesen announced details of the “Long-Term Care Community Choices Act of 2008,” which is a plan to simplify access to home and community-based services and to increase the number of people who are able to stay at home for long-term care needs. This Act will fundamentally restructure the way in which long-term care is offered under the TennCare program.

During the month of February, TennCare officials held more than two dozen working sessions and informational meetings with more than 20 key stakeholder groups and worked side by side with the bipartisan Long-Term Care legislative study committee to solicit input on needed changes to the long-term care system.

Key components of the Long-Term Care Community Choices Act of 2008 include:

- Creation of consumer-directed care options, including the ability to hire non-traditional providers like family members, friends, and neighbors with accountability for taxpayer funds;
- Additional residential care choices in the community beyond nursing facilities, with new options such as companion care, family care homes, and improved access to assisted care living facilities;
- Streamlined eligibility processes for faster service delivery and enrollment of new providers;
- A single point of entry for people who need access to long-term care services;
- Designation of one entity to coordinate medical, behavioral, and long-term care needs;
- Active transition and diversion programs for people who can safely and effectively be cared for at home or in another community setting outside the nursing home.

Passage of the Long-Term Care Community Choices Act of 2008 will require the state to seek an amendment to the TennCare demonstration. That amendment will likely be submitted this summer.

Daniels Motion. On February 1, 2008, the state entered a motion asking permission of the federal court to implement a process for redetermining the eligibility of *Daniels* class members and disenrolling those who are found to be ineligible for TennCare. The *Daniels* lawsuit is one of the longest-running lawsuits affecting the TennCare program.

The *Daniels* class is composed of persons who at one time received SSI cash benefits from the federal government but have since been determined ineligible for those benefits. SSI eligibles are automatically TennCare eligible. However, in the absence of the lawsuit, persons who no longer qualify for SSI eligibility would not be able to remain on TennCare unless they were determined eligible in another category.

There are about 154,000 persons in the *Daniels* class. Many of them may remain eligible for TennCare once their eligibility is redetermined, but some may not. Persons who are not eligible for TennCare are not entitled to benefits and are therefore subject to disenrollment.

Some *Daniels* class members are incarcerated, and persons who are incarcerated are never eligible for TennCare. An Agreed Order was entered by the Court at the end of February 2008 allowing the state to begin terminating the eligibility of *Daniels* class members who are, or who become, either incarcerated in a state penitentiary or incarcerated as a state prisoner in a county jail.

Requests for Proposals (RFPs). On January 8, 2008, the Bureau released a Request for Proposals (RFP) for health care plans to offer integrated medical and behavioral services to enrollees in East and West Tennessee. A similar process was completed last year for Middle Tennessee, where integrated managed care plans began offering services on April 1, 2007. Bid winners for East and West Tennessee will be announced on April 22, 2008, with an expectation that the new plans will be operational on November 1, 2008, in West Tennessee, and January 1, 2009, in East Tennessee.

On February 5, 2008, the Bureau released a Request for Proposal (RFP) for a Pharmacy Benefits Manager (PBM). The purpose of the RFP is to secure a contract for 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) capability, as well as other reporting and adjudication capabilities. Proposals are due on March 31, 2008, and the successful bidder will be announced on April 16, 2008. A contract with the successful bidder is expected to begin on October 1, 2008.

Also during this quarter, a new five year facilities management contract was awarded to ACS State Healthcare, Inc. The contract anticipated a February start date, but the start date was delayed due to a protest from another bidder on the contract. However, the protest was resolved, and we are currently awaiting approval of the contract from CMS, OCR, and the Comptroller's Office. Transition from the current vendor, EDS, to the new vendor will be complete before the end of 2008.

Reduction in audit findings. On February 28, 2008, the Comptroller's office released its annual audit of TennCare. The audit showed a significant decrease in the number and severity of findings, down to only three for the year, as compared to 39 just six years

ago. One of the three findings dealt with the *Daniels* case, which has been a repeat finding for several years. As noted above, the state is taking steps to address this issue.

Medicaid Transformation Grant. On January 17, 2009, TennCare was notified that we had been awarded an additional \$223,254 for our Medicaid Transformation grant for an Electronic Prescription Pilot Project. These funds are for Federal Fiscal Year 2008 and are in addition to \$450,950 awarded for Federal Fiscal Year 2007. The project was designed to assist physicians who practice in rural areas and who lack access to e-prescription technology. Fifty rural physician practices in 13 counties are participating in the e-prescribing initiative.

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 third quarter of State Fiscal Year 2008 are shown in the following table.

Hospital Name	2008 – 3rd Qtr. *
Methodist Medical Center of Oak Ridge	\$ 141,455
Ridgeview Psychiatric Hospital and Center	\$ 57,540
Bedford County Medical Center	\$ 105,021
Blount Memorial Hospital	\$ 128,154
Bradley Memorial Hospital	\$ 139,682
Cleveland Community Hospital	\$ 113,630
Jellico Community Hospital	\$ 113,902
St. Marys Medical Center of Campbell County	\$ 101,968
Stones River Hospital	\$ 31,492
Baptist Memorial Hospital Huntingdon	\$ 28,201
McKenzie Regional Hospital	\$ 42,074
Sycamore Shoals Hospital	\$ 90,828
Claiborne County Hospital	\$ 104,018
Cumberland River Hospital	\$ 14,006
Baptist Hospital of Cocke County	\$ 176,179

Hospital Name	2008 – 3rd Qtr. *
Harton Regional Medical Center	\$ 76,714
United Regional Medical Center	\$ 45,416
Cumberland Medical Center	\$ 110,290
Baptist Hospital	\$ 212,905
Baptist Womens Treatment Center	\$ 2,589
Centennial Medical Center	\$ 220,878
Metro Nashville General Hospital	\$ 993,725
Skyline Medical Center	\$ 86,095
Southern Hills Medical Center	\$ 75,906
Summit Medical Center	\$ 108,925
Tennessee Christian Medical Center	\$ 338,930
Vanderbilt University Hospital	\$ 2,743,042
Decatur County General Hospital	\$ 25,446
Baptist Dekalb Hospital	\$ 27,146
Horizon Medical Center	\$ 73,519
Dyersburg Regional Medical Center	\$ 112,633
Methodist Healthcare Fayette	\$ 50,100
Jamestown Regional Medical Center	\$ 98,132
Emerald Hodgson Hospital	\$ 21,354
Southern Tennessee Medical Center	\$ 59,252
Gibson General Hospital	\$ 40,884
Humboldt General Hospital	\$ 88,280
Milan General Hospital	\$ 23,858
Hillside Hospital	\$ 77,557
Laughlin Memorial Hospital	\$ 88,736
Takoma Adventist Hospital	\$ 58,281
Lakeway Regional Hospital	\$ 115,674
Morristown Hamblen Healthcare System	\$ 137,727
Erlanger Medical Center	\$ 1,594,760
Erlanger North Hospital	\$ 23,710
Parkridge East Hospital	\$ 115,498
Parkridge Medical Center	\$ 72,481
Parkridge Valley Hospital	\$ 172,403
Women's East Pavilion	\$ 12,383
Bolivar General Hospital	\$ 54,151
Hardin County General Hospital	\$ 105,300
Wellmont Hawkins County Memorial Hospital	\$ 134,362
Haywood Park Community Hospital	\$ 30,443
Henderson County Community Hospital	\$ 25,212
Henry County Medical Center	\$ 88,073
Jefferson Memorial Hospital	\$ 56,620
Baptist Hospital of East Tennessee	\$ 102,975
East Tennessee Childrens Hospital	\$ 368,681
Fort Sanders Regional Medical Center	\$ 256,023
Saint Mary's Health System	\$ 197,459
University of Tennessee Memorial Hospital	\$ 1,562,381
Crockett Hospital	\$ 52,776
Lincoln Medical Center	\$ 45,015

Hospital Name	2008 – 3rd Qtr. *
Fort Sanders Loudon Medical Center	\$ 45,444
Jackson Madison County General Hospital	\$ 545,382
Pathways of Tennessee	\$ 103,684
Regional Hospital of Jackson	\$ 105,266
Grandview Medical Center	\$ 70,225
Maury Regional Hospital	\$ 170,726
Athens Regional Medical Center	\$ 55,083
Woods Memorial Hospital	\$ 44,469
McNairy Regional Hospital	\$ 43,989
Sweetwater Hospital Association	\$ 138,893
Gateway Medical Center	\$ 187,673
Baptist Memorial Hospital Union City	\$ 54,439
Livingston Regional Hospital	\$ 44,080
Cookeville Regional Medical Center	\$ 126,745
Roane Medical Center	\$ 56,711
Northcrest Medical Center	\$ 195,622
Baptist Treatment Center of Murfreesboro	\$ 2,255
Middle Tennessee Medical Center	\$ 268,982
Stonecrest Medical Center	\$ 79,891
Scott County Hospital	\$ 58,557
Fort Sanders Sevier Medical Center	\$ 134,101
Baptist Memorial Hospital for Women	\$ 84,384
Community Behavioral Health	\$ 72,519
Delta Medical Center	\$ 226,716
Methodist Healthcare Lebonheur	\$ 881,319
Methodist Healthcare North	\$ 174,346
Methodist Healthcare South	\$ 258,257
Methodist University Healthcare	\$ 347,154
Regional Medical Center (The Med)	\$ 4,900,894
Saint Francis Hospital	\$ 341,043
Saint Jude Childrens Research	\$ 296,783
Smith County Memorial Hospital	\$ 23,395
Indian Path Medical Center	\$ 82,719
Indian Path Pavilion	\$ 42,799
Wellmont Bristol Regional Medical Center	\$ 269,196
Wellmont Holston Valley Medical Center	\$ 229,563
Hendersonville Medical Center	\$ 49,297
Sumner Regional Medical Center**	\$ 155,629
Tennessee Christian Medical Center Portland	\$ 32,793
Baptist Memorial Hospital Tipton	\$ 102,324
Unicoi County Memorial Hospital	\$ 29,807
River Park Hospital	\$ 49,174
Johnson City Medical Center Hospital	\$ 705,198
Johnson City Specialty Hospital	\$ 12,839
North Side Hospital	\$ 66,129
Woodridge Psychiatric Hospital	\$ 51,055
Wayne Medical Center	\$ 33,160
Volunteer Community Hospital	\$ 34,989

Hospital Name

White County Community Hospital
University Medical Center

2008 – 3rd Qtr. *

\$	30,717
\$	310,735
\$	25,000,000

* Projected 3rd Qtr. EAH payments

Reverification Status

We have begun the process of reverifying the eligibility of those non-pregnant Medically Needy adults who have been on TennCare since that category was closed to new enrollment in 2005. These persons were held on TennCare pending approval of the waiver extension, which occurred in October of 2007. The reverification process has been approved by CMS and the Sixth Circuit Court of Appeals.

On January 24, 2008, TennCare mailed approximately 7,000 notices to the first group of enrollees scheduled for reverification. These enrollees received a notice and a Request for Information (RFI). They had until February 29, 2008, to complete the RFI and return it to the Department of Human Services to be reviewed for any open category of Medicaid or for eligibility in the new Standard Spend-Down (SSD) program.

About 5,100 persons who received this notice did not respond, so we sent “No Response” termination letters to these individuals. They received a second RFI with their termination letter and were notified that they had until their termination date to respond. All termination letters included appeal rights and contact information for the State’s Cover Tennessee programs including CoverKids, Tennessee’s SCHIP program.

Our second set of RFIs, going to approximately 7,200 people, were mailed on February 28, 2008. Responses were due back on March 31, 2008.

We are preparing to mail notices of approval for SSD to about 182 persons who have been found to be eligible for SSD so far.

Once the reverification process for the non-pregnant adult Medically Needy population is complete, our goal is to open the SSD program to new enrollment.

Status of Filling Top Leadership Positions in the Bureau

There were no leadership positions filled in the Bureau during this quarter.

Number of Recipients on TennCare and Costs to the State

As of the end of the quarter, there were 1,233,223 enrollees on TennCare: 1,198,884 Medicaid eligibles and 34,339 Uninsureds and Uninsurables (Medically Eligibles).

During the first quarter of calendar 2008 (January through March), TennCare spent* \$690,871,700 for managed care organization (MCO) services**, \$71,786,600 for behavioral health organization (BHO) services, \$36,561,200 for dental benefit manager (DBM) services, and \$185,802,500 for pharmacy benefits manager (PBM) services. The state's Medicare clawback payment was \$38,678,100. (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 cash basis as of March 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 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 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 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.

The Tennessee Department of Commerce and Insurance (TDCI) requested data files of all TennCare processed claims from TennCare MCOs, BHOs, the DBM and the PBM for the months of November and December 2007 and January 2008. TDCI also requested data files of pended TennCare claims and a paid claims triangle from November 1, 2006 through January 31, 2008.

Except for Windsor Health Plans ("WHP"), all MCOs, BHOs, the DBM and the PBM were in compliance with the statutory prompt pay requirements for November and December 2007 and January 2008. Windsor Health Plans ended its service to TennCare enrollees on March 31, 2007, so its claims are primarily "run out" claims for services delivered on or before March 31, 2007.

WHP was out of compliance with the prompt pay requirements for November and December 2007, processing only 99.0 percent and 75.6 percent, respectively, of all claims within 60 calendar days of receipt. As of December 31, 2007, WHP had processed "run out" claims with dates of service prior to April 1, 2007 for nine months subsequent to the termination of its TennCare operations as required by the TennCare contract. Because the number of TennCare run-out claims being processed by WHP

each month continues to decrease, TDCI is no longer requesting data files from WHP for prompt pay testing.

Net Worth Requirement

As of December 31, 2007, TennCare MCOs/BHOs reported net worth on financial statements due March 1, 2007 as indicated in the table below. With the exception of AMERIGROUP's reported net worth, 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, 2007, including payments made under the "stabilization plan."

	Net Worth Requirement	Reported/ Adjusted Net Worth	Excess/ (Deficiency)
AMERIGROUP Tennessee (See Notes 1 & 2)	15,656,844	24,061,114	8,404,270
UnitedHealthcare Plan of the River Valley (d/b/a AmeriChoice)	24,300,637	168,499,155	144,198,518
Memphis Managed Care (See Note 3)	1,500,000	8,932,450	7,432,450
Preferred Health Partnership	6,839,491	39,149,233	32,309,742
UAHC Health Plan	7,226,227	14,616,274	7,390,047
Unison Health Plan	4,950,860	6,828,499	1,877,639
Volunteer (BlueCare & Select)	21,024,621	31,363,217	10,338,596
Windsor Health Plan	6,111,473	8,284,598	2,173,125
Premier Behavioral Systems	4,978,291	14,461,144	9,482,853
Tennessee Behavioral Health	6,638,818	14,822,842	8,184,024

Financial Issues

Xantus Healthplan of Tennessee, Inc. (Xantus)

No change.

Note 1. Based on its desk review, TDCI reduced AMERIGROUP's reported net worth of \$26,061,114 to \$24,061,114 because TDCI disagreed with AMERIGROUP's reporting of a \$2,000,000 accounts receivable for estimated TennCare premiums for retroactive enrollment.

Note 2. AMERIGROUP's net worth requirement is based on projected annual premiums for both the Middle Tennessee operations and its expanded operations into West Tennessee through its purchase of the Memphis Managed Care Corporation operations effective November 1, 2007.

Note 3. Because Memphis Managed Care Corporation's HMO operations were purchased by AMERIGROUP effective November 1, 2007, MMCC is now only required to maintain a minimum net worth of \$1,500,000 until it surrenders its certificate of authority to TDCI.

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

No change.

Universal Care of Tennessee (Universal)

On March 28, 2008, the Davidson County Chancery Court approved the Liquidators' motion to make the final distribution of estate assets to providers. The Liquidators will release checks to providers totaling approximately \$31.6M thirty (30) days after receipt of the Chancellor's signed order approving the distribution.

Success of Fraud Detection and Prevention

The Office of Inspector General (OIG) was established over three 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 (MCC), 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 third 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	2,787	16,307	92,526
Cases Closed*	1,525	14,492	91,057

**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	1,312	29,693
Abuse Cases Closed	700	8,239
Abuse Cases Referred ¹	612	22,301

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 21 months (seven quarterly reports)*

Summary of Provider Cases

	Quarter	FYT	Grand Total
Cases opened	61	156	1,092
Cases closed	68	141	907
Cases referred to TBI*	14	67	141
Cases referred to HRBs**	6	14	87

*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	41	190	646
Convictions	20	68	237
Diversions*	6	30	93

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	\$4,000.00	\$29,050.00	\$97,441.50
Court Costs & Taxes	\$4,763.50	\$15,456.00	\$50,250.11
Drug Funds	\$344.50	\$9,700.00	\$13,617.50
Restitution (ordered)	\$51,029.19	\$187,388.59	\$1,003,252.77

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	446
Access to Insurance	54
Doctor Shopping	12
Operation Falcon III	32
Operation Falcon IV	16
False Income	31
Ineligible Person Using Card	16
Living Out Of State	11
Asset Diversion	7
Theft of Services	9
ID Theft	10
TennCare Fraud	2
GRAND TOTAL	646

TennCare Referrals & Recoupments

	Quarter	FYT	Grand Total
Recoupment 1	\$135,995.33	\$308,274.33	\$1,292,297.43
Recommended TennCare Terminations 2	429	9,687	30,805
Potential Savings ³	\$1,415,700	\$31,970,100	\$110,872,177

Footnotes for the TennCare Referral 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 March 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 **429** enrollee terminations recommended by the OIG to the TennCare Bureau for their review during the third 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	1,083	3,342	16,339
OIG Mail Tips	213	285	3,000
OIG Web Site	366	1,181	5,601
OIG Email Tips	132	525	2,357

Other Investigative Sources for this Quarter:

Data Mining	814
Fax	139
Cash for Tips	57
Other	40

Case Type for this Quarter (sample)

Drug Diversion	340
Drug Seeker	187
Other Insurance	291
Income/Other Assets	736
Using Someone's Card	41
Out of State	546
Transfer of Assets	8
Abusing ER	38
Dr. Shopping	284

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

Meetings with law enforcement officials and other State Agencies:

Each of the Judicial Task Forces, District Attorneys, Sheriffs and Chiefs of Police, TBI Drug Diversion Task Force, Law Enforcement Committee (in Brentwood), the East Tennessee Medicaid Fraud Investigation Group, the District Attorney's Conference (in Chattanooga), the FBI National Academy Graduates retraining session, ROCIC Regional Meeting, Commission on Law Enforcement Accreditation, Law Enforcement Accreditation Coalition of Tennessee, FBI National Academy Associates bi-monthly meeting, and the MCC Roundtable (at TBI).

Presentations:

- *Walgreens Pharmacy Managers
- *MTSU Accounting Class
- *Nursing Home Roundtable
- *West Tennessee Judicial Task Force Meeting
- *Columbia Senior Citizens Meeting
- *Bi-Annual Law Enforcement Coalition Meeting – LaFollette, Tennessee

Media:

- *interview Ch. 17, TV – OIG Success
- *interview Springfield radio station – OIG arrests
- *interview with the Courier – Dr. Shopping cases

Training:

- *Armory School
- *Edison Project – phase 1
- *Fraud Investigation
- *Drug Trac

Other OIG Activities:

The OIG submitted the *Tips for Cash* Annual Report to the Senate and House Commerce Committees.

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 both taking jobs in the private sector.

Training continued for OIG personnel during this quarter. The Special Agents started their annual In-Service training that includes POST required courses, new

policies and procedures, all qualifications with approved weapons, a legal update, accreditation updates, etc.

All continuing education hours have begun for the 2008 calendar year for OIG "professional" staff members, i.e. attorneys, an accountant, registered nurses, and information technology personnel.

The Assistant Inspector General/Fiscal Manager, was accepted for the 2008 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 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 and provide presentations to notify 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.

