

# **TennCare Quarterly Report**

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

**October 15, 2004**

### **Status of TennCare Reforms and Improvements**

#### **Governor's Reform Efforts**

A draft of the TennCare demonstration project amendment proposal was released to the public on August 19, 2004. Copies of the proposal were made available on the Governor's website and the TennCare website, under the heading "Give Us Your Thoughts about TennCare Reform." Potential commenters were given several mechanisms by which they could respond: directly to the state's website, by e-mail, by telephone, and by mail.

The state submitted the draft demonstration project amendment proposal that same day to the TennCare Oversight Committee. This submission satisfied the state law requirement that the amendment proposal be provided to the Committee at least 30 days prior to submission to CMS. In compliance with court orders, the state submitted the draft proposal to the Tennessee Justice Center at the same time.

Based on public comments received prior to the release date of August 19, the proposal was changed in several significant ways from the elements of the plan outlined by the Governor in his February speech. Two examples are the definition of disability and the exemption of children from the elimination of coverage of certain drug classes.

In the month since the draft proposal was issued, the state received over 2,000 electronic, written, or telephone comments from individual Tennesseans, including TennCare enrollees, health care providers, medical service and equipment suppliers, advocacy groups, and public policy entities. The comments focused on eligibility categories, the determination of benefits and cost sharing for various populations, changes in the provision of pharmaceuticals, TennCare financing, and the administration of the Bureau.

Requests for comments included the question "Do you think TennCare reform is necessary?" Of those who responded, 67 percent said yes, 2 percent said no, and 30 percent did not answer the question. Almost all respondents who identified their age were adults, aged 25 and older. Of those who identified their gender, females outnumbered males by almost two to one. Of those who identified their interests, a little less than half described themselves as TennCare stakeholders, while a little more than

half simply described themselves as “interested Tennesseans.” Nearly 70 percent of the responses were submitted to the website, with another 18 percent submitted by phone, 8 percent by e-mail, and 3 percent by mail.

The Tennessee Hospital Association and the Tennessee Medical Association provided detailed analyses of the reform proposals. These analyses included specific comments concerning the operational aspects of the reform proposal, changes to TennCare’s administrative framework, and the role of Managed Care Organizations, in addition to observations about the proposed benefit structure, covered services, and eligibility.

The Governor held four discussions concerning the TennCare reform proposal with:

- Enrollees in Johnson City on August 26
- Representatives of enrollee advocacy groups in Nashville on September 9
- Providers in Memphis on September 15
- Community leaders in Murfreesboro on September 17.

The Director of the TennCare Bureau participated in a forum held by the League of Women Voters in Nashville and, with the Commissioner of Health, a discussion of the impact of the proposal on African American enrollees hosted by an interdenominational group of ministers in Nashville.

The TennCare Director of Policy provided an overview of proposed reforms to the Middle Tennessee Healthcare Executives Association. The presentation was followed by a question and answer period and an invitation to Association members to provide formal input regarding the draft amendment.

While there have been ongoing open meetings with advocates scheduled every week, advocates have also submitted written comments. Groups representing specific TennCare populations including individuals with AIDS/HIV, mental illness, substance abuse, those who are homeless, and the chronically ill have commented on the proposal.

The Tennessee Legislature’s Joint TennCare Oversight Committee held an in-depth hearing about the new proposal on September 8. The Oversight Committee received a detailed presentation from the Commissioner of Finance and Administration concerning the proposal and addressed questions to representatives of the Administration. Enrollee advocates and the Executive Director of the Tennessee Justice Center also provided information and opinion for the Committee’s consideration.

The state’s deliberations in developing its TennCare reform proposal have benefited greatly from the considerable amount of written and oral comments received from the public since the Governor’s speech in February 2004. All of the public input has been reviewed by persons involved in the reform process, and many of the criticisms and suggestions have been considered by the TennCare Leadership team. In response to comments, the state has made several significant changes in the proposal. These changes include:

- exempting all children enrolled in TennCare from the imposition of benefit limits or cost sharing
- expanding the definition of “disabled” for purposes of exempting individuals from benefit limits

- adding a limited exception to the general over-the-counter policy for prenatal vitamins and folic acid for pregnant women and an exemption for children eligible for EPSDT benefits
- increasing the proposed limitation on physician visits from 10 to 12 per enrollee per year.

On September 24, 2004, the waiver amendment proposal was formally submitted to CMS.

The state will promulgate rules to govern the revised program through the statutory administrative process, which will include notice and public participation in accordance with applicable Tennessee law.

**Source of information for this section: Susie Baird, Director of Program Development, Bureau of TennCare.**

**Essential Access Hospital Payments**

Final installments on essential access hospital payments for FY 03-04 were made during the quarter. 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 FY 03-04:

Current Hospital Name	MAIL_CITY	Actual Payout
Methodist Medical Center of Oak Ridge	Oak Ridge	\$841,610.38
Ridgeview Psychiatric Hospital & Center, Inc.	Oak Ridge	\$210,091.69
Bedford County Medical Center	Shelbyville	\$339,734.36
Camden General Hospital	Camden	\$161,175.37
Blount Memorial Hospital	Maryville	\$458,872.07
Peninsula Hospital	Louisville	\$437,722.46
Bradley Memorial Hospital	Cleveland	\$360,201.32
Cleveland Community Hospital	Cleveland	\$346,787.03
St. Mary's Medical Center of Campbell County	LaFollette	\$425,291.92
Jellico Community Hospital, Inc.	Jellico	\$199,482.78
Stones River Hospital	Woodbury	\$178,933.30

Current Hospital Name	MAIL_CITY	Actual Payout
Baptist Memorial Hospital-Huntingdon	Huntingdon	\$163,476.34
McKenzie Regional Hospital	McKenzie	\$191,471.56
Sycamore Shoals Hospital	Elizabethton	\$242,569.16
Claiborne County Hospital	Tazewell	\$443,203.03
Cumberland River Hospital	Celina	\$116,665.90
Baptist Hospital of Cocke County, Inc.	Newport	\$500,905.06
United Regional Medical Center	Manchester	\$224,133.93
Harton Regional Medical Center	Tullahoma	\$399,762.15
Medical Center of Manchester	Manchester	\$240,319.52
Cumberland Medical Center	Crossville	\$477,071.73
Southern Hills Medical Center	Nashville	\$792,832.65
Tennessee Christian Medical Center-Madison	Madison	\$1,708,103.51
Nashville General Hospital	Nashville	\$7,016,728.80
Baptist Hospital, Inc.	Nashville	\$1,227,306.84
Vanderbilt University Hospital	Nashville	\$6,151,406.25
Centennial Medical Center	Nashville	\$1,889,333.95
Skyline Medical Center	Nashville	\$488,884.30
Summit Medical Center	Hermitage	\$659,059.30
Vanderbilt Stallworth Rehabilitation Hospital	Nashville	\$185,888.14
Baptist DeKalb Hospital	Smithville	\$110,813.06
Dyersburg Regional Medical Center	Dyersburg	\$297,651.67
Methodist Healthcare-Fayette Hospital	Somerville	\$156,818.47
Jamestown Regional Medical Center	Jamestown	\$632,555.12
Emerald-Hodgson Hospital	Sewanee	\$104,452.62
Southern Tennessee Medical Center	Winchester	\$254,636.73
Gibson General Hospital	Trenton	\$75,893.80
Humboldt General Hospital	Humboldt	\$285,732.36
Hillside Hospital	Pulaski	\$173,081.45
Laughlin Memorial Hospital, Inc.	Greeneville	\$415,016.82
Takoma Adventist Hospital	Greeneville	\$251,894.03
Morristown-Hamblen Healthcare System	Morristown	\$519,712.89
Lakeway Regional Hospital	Morristown	\$564,803.68
Erlanger Health System	Chattanooga	\$5,656,117.47
Parkridge East Hospital	Chattanooga	\$769,562.17
Parkridge Valley Hospital	Chattanooga	\$235,482.67
Hardin County General Hospital	Savannah	\$276,175.71
Haywood Park Community Hospital	Brownsville	\$141,504.58
Henry County Medical Center	Paris	\$383,933.69
Trinity Hospital	Erin	\$104,749.14
Jefferson Memorial Hospital, Inc.	Jefferson City	\$163,064.18
Fort Sanders Regional Medical Center	Knoxville	\$1,414,296.93
University of Tennessee Medical Center	Knoxville	\$6,301,572.80
East Tennessee Children's Hospital	Knoxville	\$1,665,832.46
Baptist Memorial Hospital-Lauderdale	Ripley	\$112,444.00
Crockett Hospital	Lawrenceburg	\$288,712.51
Lincoln County Health System	Fayetteville	\$188,897.92
Fort Sanders Loudon Medical Center	Knoxville	\$294,683.83

Current Hospital Name	MAIL_CITY	Actual Payout
Woods Memorial Hospital District	Etowah	\$331,705.12
Athens Regional Medical Center	Athens	\$200,380.85
McNairy Regional Hospital	Selmer	\$176,481.23
Jackson-Madison County General Hospital	Jackson	\$1,943,911.35
Regional Hospital of Jackson	Jackson	\$249,106.24
Pathways of Tennessee, Inc.	Jackson	\$162,569.08
Grandview Medical Center	Jasper	\$168,291.89
Marshall Medical Center	Lewisburg	\$172,412.38
Maury Regional Hospital	Columbia	\$1,017,571.42
Sweetwater Hospital Association	Sweetwater	\$433,461.11
Gateway Medical Center	Clarksville	\$767,906.74
Baptist Memorial Hospital-Union City	Union City	\$474,525.59
Livingston Regional Hospital	Livingston	\$245,540.83
Cookeville Regional Medical Center	Cookeville	\$527,841.69
Rhea Medical Center	Dayton	\$124,878.08
Roane Medical Center	Harriman	\$267,247.40
NorthCrest Medical Center	Springfield	\$992,159.64
Middle Tennessee Medical Center	Murfreesboro	\$834,793.42
Scott County Hospital	Oneida	\$614,073.69
Fort Sanders Sevier Medical Center & Nursing Home	Sevierville	\$580,955.63
Methodist Healthcare-U.T. Bowld Hospital	Memphis	\$288,573.91
Regional Medical Center at Memphis	Memphis	\$22,166,833.12
St. Jude Children's Research Hospital	Memphis	\$541,817.00
Methodist Healthcare-South Hospital	Memphis	\$646,883.82
Methodist Healthcare-University Hospital	Memphis	\$2,753,564.25
Methodist Healthcare-North Hospital	Memphis	\$434,431.89
Methodist Healthcare-Le Bonheur Children's Medical Center	Memphis	\$2,792,350.54
Delta Medical Center	Memphis	\$468,476.90
Saint Francis Hospital	Memphis	\$2,141,842.95
Community Behavioral Health, LLC	Memphis	\$299,117.82
Smith County Memorial Hospital	Carthage	\$91,273.67
Wellmont Bristol Regional Medical Center	Bristol	\$1,145,054.07
Wellmont Holston Valley Medical Center	Kingsport	\$850,881.30
Indian Path Medical Center	Kingsport	\$301,878.83
Indian Path Pavilion	Johnson City	\$157,725.54
Sumner Regional Medical Center	Gallatin	\$475,856.77
Hendersonville Medical Center	Hendersonville	\$214,649.71
Baptist Memorial Hospital-Tipton	Covington	\$290,254.13
Unicoi County Memorial Hospital, Inc.	Erwin	\$76,144.49
River Park Hospital	McMinnville	\$100,683.95
Johnson City Specialty Hospital	Johnson City	\$51,450.66
Johnson City Medical Center	Johnson City	\$2,707,341.56
Woodridge Psychiatric Hospital	Gray	\$221,662.45
Wayne Medical Center	Waynesboro	\$173,033.17
White County Community Hospital	Sparta	\$272,745.82
University Medical Center/McFarland Specialty Hospital	Lebanon	\$854,912.44
Psychiatric Hospital at Vanderbilt	Nashville	\$275,628.29

Current Hospital Name	MAIL_CITY	Actual Payout
TOTAL		<b>\$100,000,000.00</b>

**Source of information for this section: Darin Gordon, Chief Financial Officer, Bureau of TennCare**

### **Renewal Status**

The annual eligibility “renewal” process which began in January 2004 continued with the following results:

- Individual notices sent, January through September 2004:  
153,480 individuals (123,796 cases)
- 30-day notices sent, February through September 2004:  
100,715 individuals (79,613 cases)
- 70-day notices sent, April through September 2004:  
47,514 individuals (36,664 cases)
- Number terms as of September 2004 for no response after 90 days:  
21,372 individuals (16,946 cases)

**Sources of information for this section: Ken Barker, Director of Information Services, Bureau of TennCare; Tracy Purcell, Inter-Departmental Coordinator, Bureau of TennCare; Patti Killingsworth, Director of Policy/Advocacy Liaison, Bureau of TennCare.**

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

There were no top leadership positions filled during this quarter, although several, including the Pharmacy Director, remain vacant.

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

As of the end of the quarter, there were 1,340,824 enrollees on TennCare: 1,079,975 Medicaid eligibles and 260,849 Uninsureds and Uninsurables.

During the fourth quarter of SFY 04, TennCare spent \$1,032,969,070.29 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, and payments to the pharmacy benefits manager (PBM).

**Source of information for this section: TennCare Fiscal.**

## 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 days of the receipt of such claims and 99.5 percent of all provider claims are processed within 60 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 percent of all clean claims within 20 calendar days of receipt and the remaining 5 percent of clean claims within 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 month of July 2004. TDCI also requested data files of pended TennCare claims as of July 31, 2004, and a paid claims triangle from July 1, 2003, through July 31, 2004 (except that the PBM's triangle report was only for the period January 1, 2004 through July 31, 2004 because its contract with TennCare began on January 1, 2004).

All TennCare MCOs, BHOs, the DBM, and the PBM were in compliance with prompt pay requirements for the month of July 2004.

As part of TDCI's cycle of analyzing claims data for the first month in each quarter, the division will review claims data for all TennCare MCOs, BHOs, the DBM and the PBM for October 2004.

### Net Worth Requirement

Listed below is each MCO's and BHO's net worth requirement compared to net worth reported at June 30, 2004, on the National Association of Insurance Commissioners (NAIC) second quarter financial statements filed on September 1, 2004. TDCI has not adjusted the net worth reported on the NAIC quarterly statements. TDCI's calculations for the net worth requirement reflect payments made for the calendar year ending December 31, 2003, including payments made under the "stabilization plan."

MCO/BHO	REPORTED NET WORTH	NET WORTH REQUIREMENT	EXCESS/(DEFICIENT) NET WORTH
Better Health Plans (1)	4,155,644	2,956,800	1,198,844
John Deere	67,686,410	15,745,967	51,940,443
Memphis Managed Care	15,969,147	9,699,983	6,269,164
OmniCare	10,463,007	7,087,846	3,375,161

Preferred Health Partnership	22,831,965	7,694,827	15,137,138
Premier Behavioral Systems	10,723,616	7,960,810	2,762,806
TN Behavioral Health (2)	4,563,561	4,792,323	(228,762)
Victory Health Plan	4,514,535	2,068,212	2,446,323
Volunteer (BlueCare & Select)	32,653,060	22,214,872	10,438,188

- (1) BHP's net worth requirement is the "enhanced" net worth requirement 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 \$2,636,528. Because BHP's statutory net worth requirement is less than the enhanced net worth requirement, TDCI will enforce the requirement at the higher level.
- (2) TBH reported net worth of \$4,563,561 at June 30, 2004. The statutory net worth requirement was \$4,792,323 for a statutory net worth deficiency of \$228,762. Effective, July 1, 2004, the new "TBH East" contract required TBH to establish an enhanced net worth of \$6,357,326. On August 4, 2004, Magellan, TBH's parent, contributed \$1,800,000 in capital to TBH to comply with the enhanced net worth requirement.

## **Financial Issues**

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

Effective July 31, 2003, the TennCare Bureau terminated its contract with Xantus. On June 2, 2003, TDCI filed a petition to liquidate Xantus with the Davidson County Chancery Court. The court heard this petition on January 8, 2004. Chancellor Carol 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 funding claims with dates of service after March 31, 1999, through July 31, 2003 (the "run-out claims") and the reasonable and necessary administrative costs for processing these claims after July 31, 2003. During the period August 1, 2003 through September 23, 2004, Xantus paid approximately \$27.4 million for run-out claims.

Mr. Burton is currently in the process of securing the remaining assets 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.

### **Access MedPlus (TCCN)**

Because TCCN was unable to cure statutory 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 possession 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 moved TCCN's TennCare enrollees to the TennCare Select plan.

On November 2, 2001, the Chancery Court of Davidson County entered a Liquidation Order for TCCN. 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 Care 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 injunctive relief restraining the management company from removing any of the \$5.7 million. Access subsequently filed bankruptcy. Recently, the Bankruptcy Court entered an order that allows the Special Deputy Liquidator to proceed to recover the \$5.7 million in Chancery Court. Such a petition was filed in Chancery Court. The Creditors Committee for the bankruptcy estate filed a motion to modify the Bankruptcy Court's order. The Special Deputy Liquidator filed papers in opposition to the Creditors Committee's motion.

Chancellor Lyle found for the liquidation that the \$5.7 million had been 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 Chancellor Lyle's ruling in the Tennessee Court of Appeals. Briefs were submitted to the Court at the end of January 2004.

With the resolution of these issues, the Special Deputy Liquidator will petition for a distribution of the remaining assets of TCCN. As of June 21, 2004, disbursements of \$39,568,193 have been made against a total 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 and Insurance as a result of the company's financial and claims processing operations problems. On December 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 deficiency of \$1,216,126 below the statutory net worth requirement. Universal's reported net worth included a \$54,436,971 receivable from the TennCare Program, which the state disputes. As a result, this receivable was not included in the 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 TennCare Bureau notified Universal of its intent to terminate the contractor risk agreement effective June 1, 2003. Universal filed in the United States District Court for the Middle Tennessee District an 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 Commissioner of the Tennessee Department of Finance and Administration and Manny Martins, Deputy Commissioner of 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. Judge McCoy granted the petition and the signed order was received July 2, 2003. Between June 1, 2003, and the liquidation order date of July 2, 2003, Universal continued to process and 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 deadline for the submission of Proofs of Claim against UCOT was June 15, 2004.

CMS approved a contract between TennCare and Universal Care of Tennessee in Liquidation for TennCare to pay the HMO in liquidation for processing Universal claims with dates of service on and after April 12, 2002. Universal Care of Tennessee in Liquidation has contracted with the company's former vendor for use of the claims processing software. A separate vendor has been contracted to process claims received for both dates of service before and after April 12, 2002. As of September 30, 2004 approximately \$5.4 million has been paid for claims with dates of service on and after April 12, 2002.

### **Success of Fraud Detection and Prevention**

1. Legislation creating the TennCare Office of Inspector General was passed and became effective on July 1, 2004. The following actions have been taken to implement and establish this new unit;
  - ❖ Fifty new positions have been established, and 12 staff has already been hired (10 additional staff members have been hired since 9-30-04). Interviews are continuing daily until the team is in place.
  - ❖ A lease has been signed for office space to house the OIG with a move in date set for of 10-15-04.
  - ❖ The Mission Statement and Goals have been rewritten to include performance measures. Mission is as follows;
    - **To help prevent, identify, investigate, and prosecute individuals who commit or attempt to commit fraud and/or abuse involving the TennCare Program: and strive to collect any dollars lost due to fraud and/or abuse.**
2. The OIG continues to work cases referred by MCC's, local law enforcement, TBI, FBI, state agencies and the general public via website, faxes, letters, and phone calls via the hotline. Results of Case Reviewer/Investigators are listed below:

### Summary of Enrollee Cases

	Quarter	YTD
Cases closed	5004	5004
Recommended terminations	2066	2066
TPL added	148	148
Income adjusted	39	39

### Summary Relating to Provider Cases

	Quarter	YTD
Cases closed	41	41
Cases referred to TBI*	3	3
Cases referred to HRBs*	2	2

*\*The Tennessee Bureau of Investigation (TBI) MFCU (Medicaid Fraud Control Unit) and the Health Related Boards (HRBs) take the lead in cases once they are referred to them. TennCare's OIG Unit continues to assist as requested.*

3. The OIG continued to reach out to the District Attorneys and local law enforcement agencies across the state to solicit their help and support in prosecuting recipients who commit fraud against the TennCare Program. Details as follows:
  - Twenty seven (27) new cases have been referred this quarter,
  - Grand Juries approved twenty four (24) indictments
  - Currently working with law enforcement on ninety-five (95) open cases of which forty-five (45) have been indicted.
  - One prosecution
  
4. The unit provided training/networking with the following organizations during this quarter:
  - a. Kentucky Office of Inspector General
  - b. TennCare Managed Care Companies
  - c. Nashville Women's Breakfast Club
  - d. Nashville Kiwanis Club
  - e. National Association of SURS Officials
  - f. TennCare fiscal staff
  
5. Staff continues to work with the state's contractor, EDS, to develop the best fraud and abuse detection software system in the nation. This new TennCare Management Information System (TCMIS) will allow the OIG to initiate proactive measures for identifying fraud and abuse within the TennCare system. Program Integrity will be able to identify outliers for both providers and recipients. The ability to create ad hoc reports will greatly improve the speed and efficiencies of the investigations. Targeted queries will be generated on a routine basis; these queries have been developed to identify potential fraudulent claims submission. The goal behind these reports and queries is to promote improved work efficiencies, terminate individuals who are no longer eligible for TennCare benefits and prosecute individuals who have violated federal and/or state laws.

6. Plans for next quarter:
  - a. Hire dedicated staff to fill the newly created positions, increase the number of investigations processed, dollars recovered and violators prosecuted.
  - b. Strive to improve working relations, networking and exchange of information with other state, federal and local government agencies.
  - c. Provide training and assistance to the MCC staff that have the responsibility to focus on fraud and abuse violations.
  - d. Improve and expand our collaboration efforts with federal agencies, in particular Medicare Public Safeguard Contractors, TRICARE, and DHHS-OIG.
  - e. Complete a match with Labor and Work Force Development to help identify TennCare recipients who are receiving, or are eligible to receive, insurance benefits through Workers Comp Program.
  - f. Work with the contractor, ChoicePoint to validate eligibility information.
  - g. Complete a match with the federal government which identifies recipients who are enrolled on Medicaid in Tennessee and other states simultaneously.
  - h. Complete analysis of report being developed by PBM, First Health, to identify TennCare providers who are outliers as related to controlled substance prescribing.

***Source of information for this section: Deb Faulkner, Director, Office of TennCare Inspector General.***