



# Utah Office of Inspector General

**Gene D. Cottrell: Inspector General**

**Nathan Johansen: Deputy Inspector General**



## **Inspector General's Goal:**

**Eliminate Fraud, Abuse and Waste within the Utah Medicaid Program**

## **Mission:**

**The Utah Office of Inspector General of Medicaid Services, on behalf of the Utah Taxpayer, will comprehensively review Medicaid policies, programs, contracts and services in order to identify root problems contributing to fraud, waste, and abuse within the system and will make recommendations for improvement to key stakeholders.**



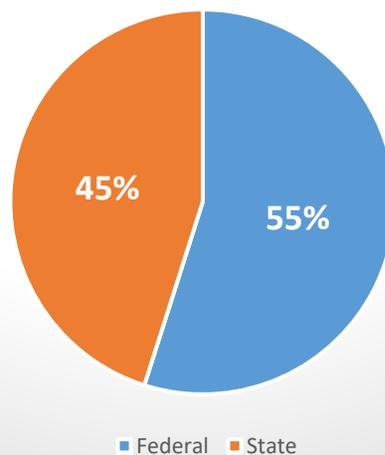
## Funding the UOIG



The State approves the entire \$3.2 million budget for the Office.  
Appropriates \$1.2 million in state funds  
The remaining \$2 million comes from the Federal government

Federal match is 50% for non-medical professionals  
75% for medical professionals

Total SFY 2018 UOIG Budget





## UOIG Focus Areas



**Fee-for-Service:** Medical expenses billed directly to the Department of Health's Division of Medicaid and Health Financing.

**Managed Care:** Contracted entities that provide Medicaid coverage through capitated payments made to the managed care organization by the Department of Health.

**Waiver Programs:** Programs, frequently administered by the Department of Human Services, for which the state has sought, and been granted, a waiver by CMS.



## Traditional Return on Investment



- Based on recovery amounts
- Predicted recovery amounts would settle between \$3-5 annually
- Flat return on investment
- RAC and HIT were transferred to UDOH in 2017

	FY16 (12 months)	FY17 (12 months)	FY18 (12 months)	FY19 (6 months)
Cash Collected	\$525,292	\$900,979	\$1,423,963	\$844,858
Credit Adjustments	\$807,674	\$1,549,364	\$743,315	\$1,201,005
Rebills	\$1,432,634	\$628,158	\$1,327,266	\$610,914
RAC	\$3,745,505	\$422,099		
HIT	\$1,520,204	\$2,835,831		
<b>Total Taxpayer Funds Recovered</b>	<b>\$8,031,309</b>	<b>\$6,336,431</b>	<b>\$3,494,544</b>	<b>\$2,656,777</b>



## Cost Avoidance as the Key Performance Indicator



- Cost Avoidance can result from any action the Office takes, including audits, investigations, reviews, and training events.
- Developed the methodology during SFY 2017 and SFY 2018.
- CMS has shown interest in our methodology because of its ability to capture results from all activities.

### Cost Avoidance Methodology

- Establish a baseline at the start of each project.
- Conduct project and make recommendations.
- Observe changes in behavior through data comparison of the established baseline.
- Graph changes and establish monthly and yearly cost avoidance.
- Project three year cost avoidance savings.
- Periodically monitor to ensure continued cost avoidance.



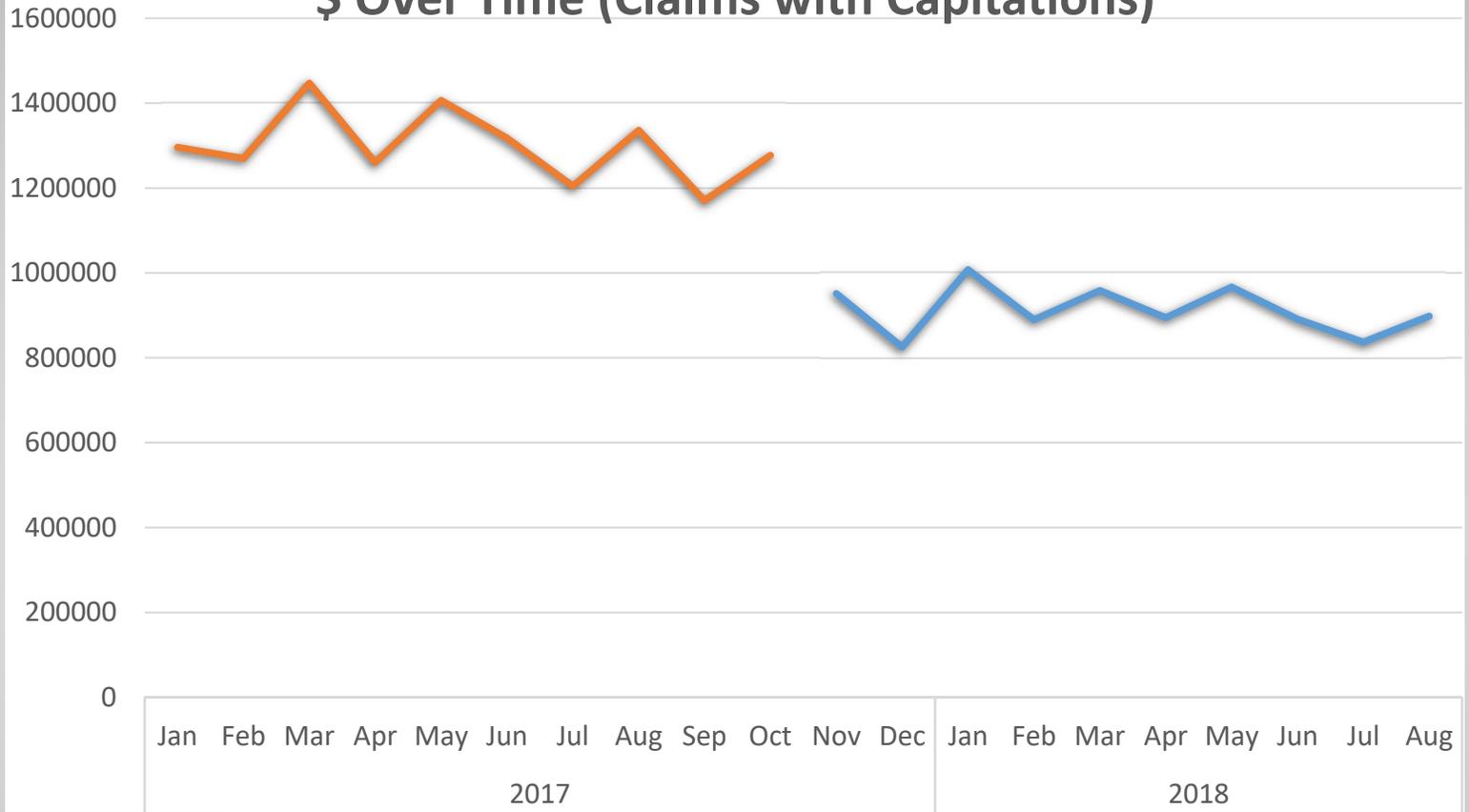
## Cost Avoidance Example



### PMHP and Outpatient Capitations

- Triggered by a review of PMHP and Inpatient capitations.
- Psych claims are typically paid for by the Prepaid Mental Health Plans (PMHPs), however there are times when the system cannot differentiate between PMHP claims and FFS claims.
- Many claims were paid in error, resulting in claims being paid FFS even though a PMHP capitation is present
- This pattern of behavior was found to be occurring from 2017 forward, until November of 2017 when the Department of Health enabled edits in the payment software that altered billing behavior with both inpatient and outpatient claims.
- UOIG recovered \$700,000 through cash collection and rebilling of inpatient claims, but noted a significant change in Outpatient capitations.
- More work to be done, so these numbers may move higher.

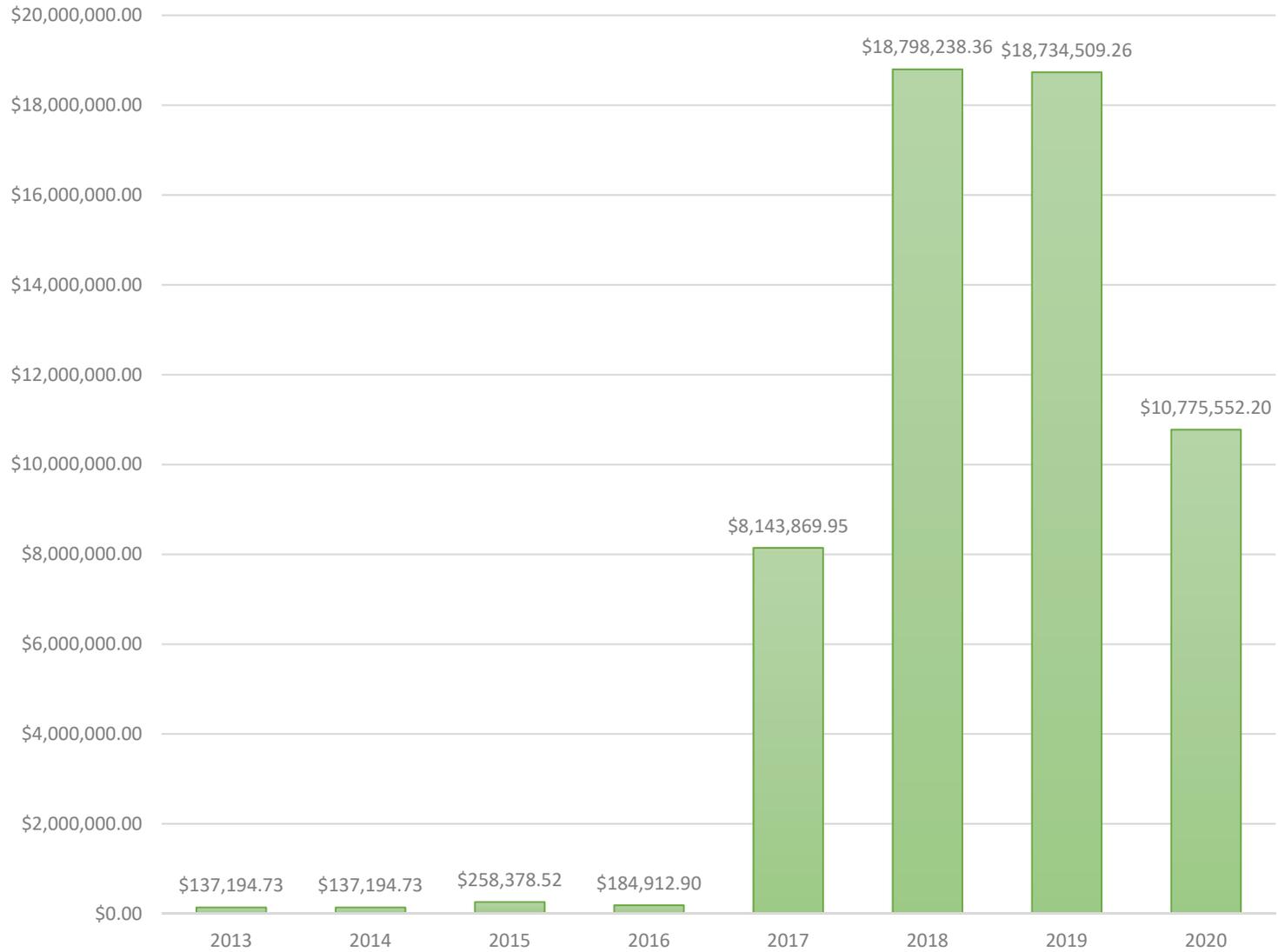
## \$ Over Time (Claims with Capitations)



Cost Avoidance:	Count	Reimbursements
Pre Review	128626	\$13,054,307.89
Post Review	87311	\$9,100,896.85
Difference	41315	\$3,953,411.04
Monthly Difference:	4132	\$395,341.10
Yearly Difference:	49578	\$4,744,093.25
Three Year Projection:	148734	\$14,232,279.74

# Results

## Cost Avoidance as of 1/28/2019





## Actual Return on Investment



	FY16 (12 months)	FY17 (12 months)	FY18 (12 months)	FY19 (6 months)
<b>Cash Collected</b>	\$525,292	\$900,979	\$1,423,963	\$844,858
<b>Credit Adjustments</b>	\$807,674	\$1,549,364	\$743,315	\$1,201,005
<b>Rebills</b>	\$1,432,634	\$628,158	\$1,327,266	\$610,914
<b>Cost Avoidance</b>		\$8,143,869	\$18,798,238	\$18,734,509
<b>RAC</b>	\$3,745,505	\$422,099		
<b>HIT</b>	\$1,520,204	\$2,835,831		
<b>Total Taxpayer Funds Recovered</b>	<b>\$8,031,309</b>	<b>\$14,480,300</b>	<b>\$22,292,782</b>	<b>\$21,391,286</b>