



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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MEMORANDUM

TO: Daniel S. Timberlake
Director, Virginia Department of Planning and Budget

FROM: Cynthia B. Jones *cbj*
Director, Virginia Department of Medical Assistance Services

SUBJECT: Report on Funds Allocated to Conduct an Additional Eighteen (18)
Intensive In-Home Audits for the SFY 2009 Review Period

Item 300 (G)(2) of the 2011-2012 Budget Bill requires the Department of Medical Assistance Services (DMAS) to report to the Department of Planning and Budget by September 1, of each year, the amount of savings achieved from the increased audits of intensive in-home (IIH) services.

Community mental health (CMH) services are the fastest growing service in the Medicaid program and additional audits were necessary to ensure proper utilization and to reduce fraud, waste and abuse. As such, the Commonwealth granted DMAS funds allowing them to conduct an additional eighteen (18) IIH audits for SFY2010.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

CBJ/vpp

Enclosure

Cc: The Honorable William A. Hazel, Jr., M.D.
Secretary of Health and Human Resources

Community Mental Health
Report on Additional Audits for Intensive In-Home Services
(FY2009 Review Period)



Virginia Department of Medical Assistance Services

September 1, 2011

Overall Findings

For SFY 2009, Health Management Systems (HMS) was contracted to perform seventy (70) audits across all service types within the scope of CMH. For IHH, the number of contracted audits was twenty-seven (27). **For these 27 audits, \$870,000 in preliminary recoupment amounts was identified. The final recoupment amount is \$689,222.86.** One (1) provider out of the 27 was referred to the Medicaid Fraud Control Unit (MFCU).

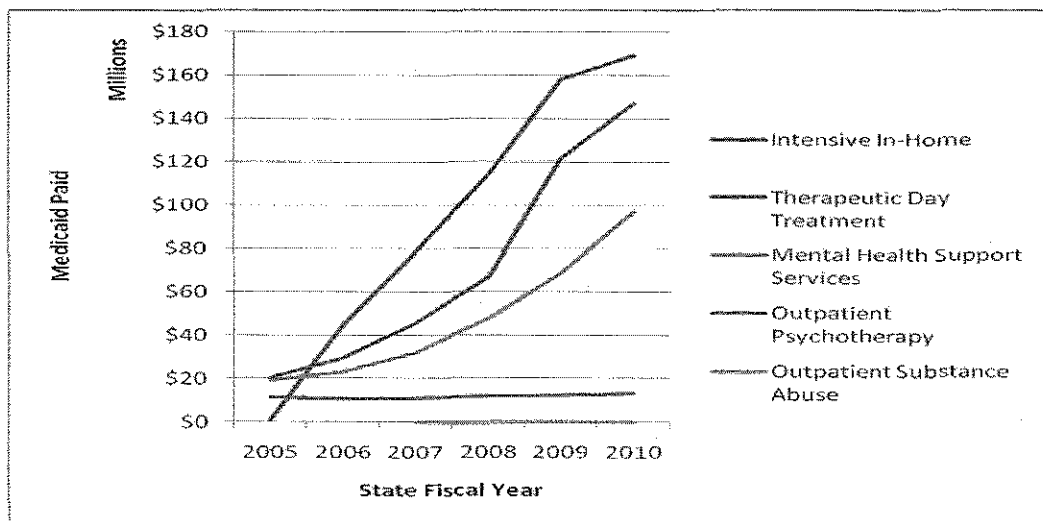
Due to the large recoupment amount and the findings of unqualified providers rendering IHH services, DMAS amended the HMS audit contract to add an additional eighteen (18) IHH providers for SFY 2009 dates of service review.

For the additional 18 IHH audits, \$791,000 in preliminary recoupment amounts was identified and \$515,000 in final recoupment amounts was identified. Eleven (11) of the 18 audits have already closed with no appeals filed. **This represents more than \$260,000 that is available for collection with no further action required to date.** Seven (7) appeals have been filed. There was one provider from the additional 18 IHH providers referred to the MFCU unit.

Data Analysis

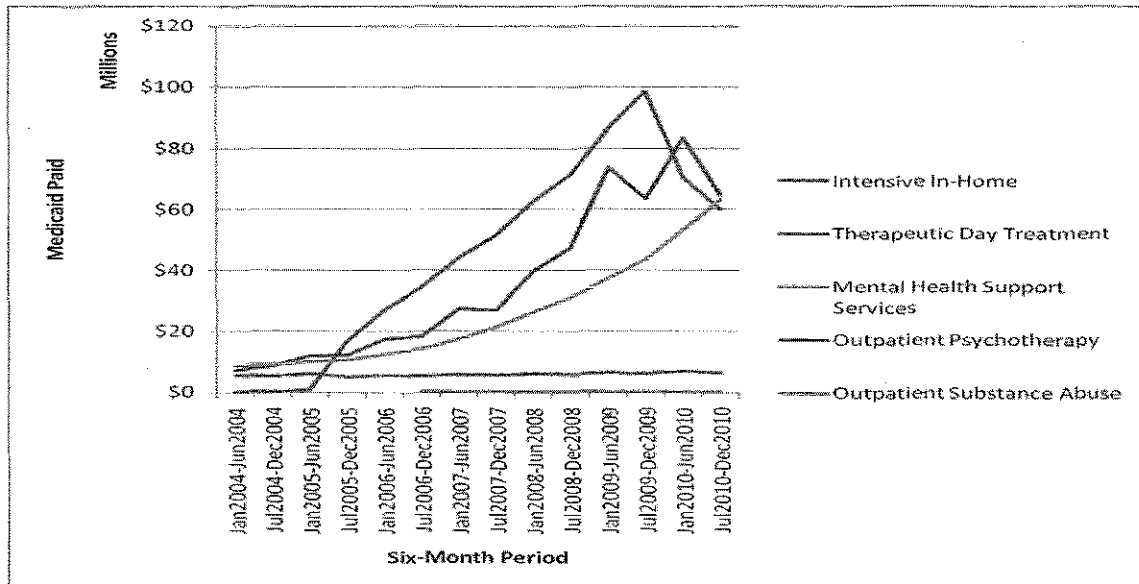
Data analysis performed by HMS showed that utilization and cost (payment) for outpatient behavioral health services continued to trend strongly upward through the end of calendar year 2010.

The following graph depicts the growth of all five behavioral health service types from 2005 to 2010. **IHH showed the most significant increase in both percentage growth and total dollars paid during the period.**



The next graph depicts Medicaid paid for the same outpatient behavioral health services in six month increments to more clearly show the growth trends. **For IHH, Medicaid paid reached a peak in the period of July to December 2009 with \$99 million paid**

during that period. Since then, IIH Medicaid payments have been declining. IIH has been the largest area of focus for HMS audits over the 2008 and 2009 fiscal years. DMAS believes the reduction in Medicaid paid is partly due to the sentinel effect of the audits being performed on IIH providers.



Conclusion

IIH services represent the largest service type for CMH and other behavioral health service types for Virginia Medicaid. Dollars spent on audits of this program along with other program changes has led to many improvements. Starting in 2009, the changes to the program have helped to stop the increasing growth trend for IIH and curtailed future uncontrollable growth. Providers were required to obtain prior authorization (PA) for IIH services; therefore, there were significantly fewer eligibility related recoupment amounts. Also, since this was the second year of the project, there was no look back period for the audits which focused solely on the SFY 2009 fiscal year. There were also lessons learned from the significant appeals process and also providers were becoming aware of the audits and the expectations of the audit process, including staff qualification requirements. DMAS continues to work with HMS to improve the audit process, ensuring that it is both efficient and effective.