

TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

October 15, 2005

Status of TennCare Reforms and Improvements

This quarter was an active one in implementing TennCare reforms.

Disenrollment of TennCare Standard adults proceeded according to plan. As of the end of the quarter, approximately 140,000 people had been removed from the TennCare rolls. Another 10,000 who had been scheduled for disenrollment were found to be eligible for Medicaid and kept on the program. Several safety net measures, including a prescription drug program offering free generic drugs until the end of the year, were implemented by the Administration to assist those being disenrolled.

On July 29, 2005, Judge Nixon handed down a ruling in *Grier* allowing the state to move forward with changes to the TennCare program. Beginning on August 1, 2005, the pharmacy benefit for TennCare Standard adults was eliminated. Pharmacy benefits for other TennCare adults who were not institutionalized or being served in a HCBS waiver program were limited to 5 per month, of which no more than 2 drugs could be brand name drugs. There was a “short list” of drugs which were exempt from the limit. Coverage of over-the-counter drugs for adults, with the exception of prenatal vitamins for pregnant women, was eliminated.

Coverage of two services for adults was eliminated effective August 1. These services were dental services and methadone clinic services. A third service (private duty nursing) was proposed for elimination, but a decision was made to postpone elimination of this service for the time being. The practice of paying for “bed holds”—meaning beds held in a Nursing Facility while a patient was hospitalized or away from the NF on a therapeutic leave—ended on August 1, 2005. However, this policy was revised, and effective October 1, 2005, a 10-day bed hold policy was implemented.

An important change in policy occurred in the Adult Medically Needy program as the result of Judge Nixon’s ruling. The state had received approval from CMS to close this eligibility category and to gradually disenroll non-pregnant adult Medically Needy individuals as their 12 months of eligibility came to an end. As the result of Judge Nixon’s ruling and a Memorandum of Understanding that had been agreed to between the state and the plaintiff-interveners in the *Grier* case, a decision was made to preserve coverage for the non-pregnant adult Medically Needy enrollees already on the program. These 97,000 people, all of whom were scheduled to lose their drug coverage on August

1, are continuing on the program for the time being and remain eligible for pharmacy benefits. Plans are underway for a program revision that will allow most of these persons to remain on TennCare and will also allow the state to re-open the category for new enrollment at some point in the future.

Source of information for this section: Tracy Purcell, Director of Eligibility Services, Bureau of TennCare; Susie Baird, Director of Policy, Bureau of TennCare.

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 (\$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.

Essential access hospital payments for State Fiscal Year 05 are shown in the following table.

**FY 2005 Essential Access Hospital Payments
(July 2004 – June 2005)**

Name of Hospital	County Name	Total Payments for FY 2005 (Rounded to nearest whole \$)
SAFETY NET HOSPITALS		
Erlanger Medical Center	Hamilton County	\$6,031,440
Johnson City Medical Center	Washington County	\$2,853,902
Metro Nashville General Hospital	Davidson County	\$5,072,949
Regional Medical Center at Memphis	Shelby County	\$18,896,518
University of Tennessee Medical Center	Knox County	\$6,533,296
Vanderbilt University Hospital	Davidson County	\$10,611,895
CHILDREN'S HOSPITALS		

East Tennessee Children's Hospital	Knox County	\$1,592,158
Meth. Hlthcare-LeBonheur Child. Med. Ctr	Shelby County	\$2,749,037
St. Jude Children's Research Hosp.	Shelby County	\$658,805
PSYCHIATRIC HOSPITALS		
Community Behavioral Health, LLC	Shelby County	\$247,394
FHC Cumberland Hall of Chattanooga	Hamilton County	\$38,273
Indian Path Pavilion	Sullivan County	\$99,999
Lakeside Behavioral Health System	Shelby County	\$181,105
Pathways of Tennessee, Inc.	Madison County	\$110,279
Peninsula Hospital	Blount County	\$368,236
Ridgeview Psych. Hosp. & Ctr., Inc.	Anderson County	\$166,774
Valley Hospital	Hamilton County	\$514,098
Woodridge Psychiatric Hospital	Washington County	\$273,842
OTHER ACUTE CARE HOSPITALS		
Athens Regional Medical Center	McMinn County	\$234,198
Baptist DeKalb Hospital	DeKalb County	\$101,446
Baptist Hospital Of Coker County	Coker County	\$370,163
Baptist Memorial Hospital Huntingdon	Carroll County	\$149,276
Baptist Memorial Hospital Lauderdale	Lauderdale County	\$199,467
Baptist Memorial Hospital Tipton	Tipton County	\$305,866
Baptist Memorial Hospital Union City	Obion County	\$389,305
Bedford County Medical Center	Bedford County	\$332,951
Blount Memorial Hospital	Blount County	\$455,644
Bolivar General Hospital	Hardeman County	\$105,423
Bradley Memorial Hospital	Bradley County	\$407,828
Camden General Hospital	Benton County	\$129,536
Centennial Medical Center	Davidson County	\$1,634,744
Claiborne County Hospital	Claiborne County	\$529,935
Cleveland Community Hospital	Bradley County	\$383,105
Coffee Medical Center	Coffee County	\$349,129
Cookeville Regional Medical Center	Putnam County	\$575,661
Crockett Hospital	Lawrence County	\$211,882
Cumberland Medical Center	Cumberland County	\$541,742
Cumberland River Hospital	Clay County	\$64,380

Decatur County General Hospital	Decatur County	\$135,928
Delta Medical Center	Shelby County	\$538,481
East Ridge Hospital	Hamilton County	\$614,666
Emerald Hodgson Hospital	Franklin County	\$86,142
Fentress County General Hospital	Fentress County	\$522,415
Fort Sanders Loudon Medical Center	Loudon County	\$167,027
Fort Sanders Parkwest Medical Center	Knox County	\$465,868
Fort Sanders Regional Medical Center	Knox County	\$1,346,139
Fort Sanders Sevier Medical Center	Sevier County	\$599,223
Gateway Medical Center	Montgomery County	\$601,834
Gibson General Hospital	Gibson County	\$105,680
Grandview Medical Center	Marion County	\$197,036
Hardin County General Hospital	Hardin County	\$442,827
Harton Regional Medical Center	Coffee County	\$395,990
Hendersonville Medical Center	Sumner County	\$243,732
Henry County Medical Center	Henry County	\$387,256
Hillside Hospital	Giles County	\$163,485
Horizon Medical Center	Dickson County	\$235,318
Humboldt General Hospital	Gibson County	\$233,356
Indian Path Medical Center	Sullivan County	\$602,790
Jackson Madison County General Hospital	Madison County	\$1,971,690
Jefferson Memorial Hospital	Jefferson County	\$265,703
Jellico Community Hospital	Campbell County	\$493,264
Johnson City Specialty Hospital	Washington County	\$54,008
Lakeway Regional Hospital	Hamblen County	\$535,412
Laughlin Memorial Hospital	Greene County	\$536,704
Lincoln Medical Center	Lincoln County	\$162,968
Livingston Regional Hospital	Overton County	\$217,752
Marshall Medical Center	Marshall County	\$74,198
Maury Regional Hospital	Maury County	\$994,874
Medical Center Of Manchester	Coffee County	\$81,668
Methodist Healthcare Brownsville	Haywood County	\$130,967
Methodist Healthcare Dyersburg	Dyer County	\$376,496
Methodist Healthcare Fayette	Fayette County	\$214,638
Methodist Healthcare Jackson	Madison County	\$376,629

Methodist Healthcare Lexington	Henderson County	\$123,564
Methodist Healthcare McKenzie	Carroll County	\$206,507
Methodist Healthcare McNairy	McNairy County	\$184,729
Methodist Healthcare North	Shelby County	\$462,994
Methodist Healthcare South	Shelby County	\$564,117
Methodist Healthcare Volunteer	Weakley County	\$158,149
Methodist Medical Center Of Oak Ridge	Anderson County	\$752,668
Methodist University Healthcare	Shelby County	\$2,318,895
Middle Tennessee Medical Center	Rutherford County	\$411,203
Morristown Hamblen Hospital Assoc	Hamblen County	\$564,270
North Side Hospital	Washington County	\$174,879
Northcrest Medical Center	Robertson County	\$1,501,020
Rhea Medical Center	Rhea County	\$115,064
River Park Hospital	Warren County	\$261,336
Roane Medical Center	Roane County	\$268,806
Saint Francis Hospital	Shelby County	\$1,935,838
Saint Mary's Health System	Knox County	\$612,484
Scott County Hospital	Scott County	\$480,042
Skyline Medical Center	Davidson County	\$485,378
Smith County Memorial Hospital	Smith County	\$102,602
Southern Hills Medical Center	Davidson County	\$608,326
Southern Tennessee Medical Center	Franklin County	\$259,988
St. Mary's Medical Center Of Campbell County	Campbell County	\$426,616
Stones River Hospital	Cannon County	\$186,187
Summit Medical Center	Davidson County	\$521,903
Sumner Regional Medical Center	Sumner County	\$374,925
Sweetwater Hospital Assoc	Monroe County	\$620,049
Sycamore Shoals Hospital	Carter County	\$378,997
Takoma Adventist Hospital	Greene County	\$277,137
Tennessee Christian Medical Center	Davidson County	\$1,408,161
Tennessee Christian Medical Center Portland	Sumner County	\$91,679
Trinity Hospital	Houston County	\$67,763
Unicoi County Memorial Hospital	Unicoi County	\$98,335
University Medical Center	Wilson County	\$879,915
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	\$186,058

Wayne Medical Center	Wayne County	\$160,581
Wellmont Bristol Regional Medical Center	Sullivan County	\$1,160,706
Wellmont Hawkins County Memorial Hospital	Hawkins County	\$99,823
Wellmont Holston Valley Medical Center	Sullivan County	\$1,156,688
White County Community Hospital	White County	\$155,519
Woods Memorial Hospital	McMinn County	\$152,260
TOTAL		\$100,000,000

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

Renewal Status

The renewal process has been “on hold” for this quarter in order to focus on the disenrollment process.

Sources of information for this section: Ken Barker, Director of Information Services, Bureau of TennCare.

Status of Filling Top Leadership Positions in the Bureau

During the quarter Thom Holter was appointed to the position of Director of Contract Compliance and Analysis—Managed Care. In this position, he is responsible for management and oversight of the MCOs and BHOs. He is an attorney with 17 years experience in managed care (commercial, Medicare, and Medicaid), as well as fraud and abuse and health care transactions. He has three postgraduate degrees, including a JD and a PhD.

Karen Carothers began work at the Bureau during the quarter as the Director of the Division of Developmental Disabilities Services. She moved to Nashville from Memphis five months ago to work as the Executive Director of a local MR/DD service provider. While in Memphis she worked for Methodist Healthcare as the Title IV Director for the West Tennessee Region. (This program is a federally funded intervention program for individuals infected with HIV/AIDS.) She has experience in several MR/DD areas, including early intervention, residential habilitation, ICF/MR, and supported employment.

Kerry Pogue recently joined the Solutions Unit as Manager of DCS Appeals and the Triage Unit. She has a MBA from the University of Phoenix in Nashville, with an emphasis in Human Resources Management. She has spent the past four years working at law firms in the Nashville area as a paralegal and office manager.

Number of Recipients on TennCare and Costs to the State

As of the end of the quarter, there were 1,261,751 enrollees on TennCare: 1,185,109 Medicaid eligibles and 76,642 Uninsureds and Uninsurables (Medically Eligibles).

During the third quarter of 2005 (July through September), TennCare spent \$1,457,276,900 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 (DBM), and payments to the pharmacy benefits manager (PBM).

Source of information for this section: Scott Pierce, Budget Director, Bureau of TennCare.

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% 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% 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% of all clean claims within 20 calendar days of receipt and the remaining 5% of clean claims within the following 10 calendar days.

TDCI requested data files of all TennCare processed claims from TennCare MCOs, BHOs, the DBM and the PBM for the months of May, June and July. TDCI also requested data files of pended TennCare claims and a paid claims triangle from May 1, 2004 through July 31, 2005. The results of the prompt pay tests were as follows:

May 2005

The MCOs, BHOs, DBM and PBM were all in compliance.

June 2005

UAHC was not in compliance. All other companies were in compliance.

July 2005

The MCOs, BHOs, DBM and PBM were all in compliance.

Net Worth Requirement

As of June 30, 2005, TennCare MCOs/BHOs reported net worth as indicated in the table below. 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, 2004, including payments made under the "stabilization plan."

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Unison Health Plan (formerly Better Health Plan) (A)	2,956,800	4,723,881	1,767,081
John Deere Health Plan	17,310,028	99,933,058	82,623,030
Memphis Managed Care	9,464,285	25,946,921	16,482,636
UAHC Health Plan (formerly OmniCare Health Plan)	7,314,949	13,105,556	5,790,607
Preferred Health Partnership	7,338,566	28,653,568	21,315,002
Windsor Health Plan (formerly Victory Health Plan)	2,691,461	5,051,919	2,360,458
Volunteer (BlueCare & Select)	26,903,259	30,481,609	3,578,350
Premier Behavioral Systems	7,544,284	10,773,656	3,229,372
Tennessee Behavioral Health	6,428,171	9,497,233	3,069,062

Note:

A. Unison'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. Unison's calculated statutory net worth requirement is \$2,682,218. Because Unison's statutory net worth requirement is less than the enhanced net worth requirement, TDCI will enforce the requirement at the higher level.

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 of April 1, 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 30, 2005, Xantus paid \$34,072,247 for run-out claims.

Effective August 31, 2005, Mr. Burton resigned as the Special Deputy Receiver for the liquidation. He continues to provide services to the liquidation on a limited, as-needed basis as an independent contractor. The liquidation is now being conducted by TDCI staff with the assistance of independent contractors as needed.

Securing the remaining assets of Xantus and developing procedures for the distribution of assets is still in process.

Tennessee Coordinated Care Network d/b/a 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. On February 23, 2005, the appellate court upheld Chancellor Lyle's ruling. The Special Deputy Liquidator is currently working on a settlement with the bankruptcy estate.

With the resolution of this issue, 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, then-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. Chancellor 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 was contracted to process claims received for both dates of service before and after April 12, 2002; however, because all of the run-out claims have been processed, the contract with the outside vendor has been terminated. All remaining pre-April 12, 2002 claims and disputed paid run-out claims are being processed by the Liquidation staff. As of September 30, 2005, the Liquidation has processed and paid \$13,712,152.99 of claims with dates of service on and after April 12, 2002.

Source of information for this section: Lisa Jordan, Assistant Commissioner, Tennessee Department of Commerce and Insurance.

Success of Fraud Detection and Prevention

The Office of Inspector General (OIG) has been in place for 15 months (since July 1, 2004). During this time, staff members were interviewed, screened, hired, and trained. The OIG staff moved to a new location in order to provide adequate work space for all three divisions: Intake/Case Management/Program Integrity, Criminal Investigation, and the Legal Division.

The OIG staff receives case information from a variety of sources including local law enforcement, the Tennessee Bureau of Investigation (TBI), Health Related Boards (HRB), other state agencies, health care providers, Managed Care Contractors (MCC), and the general public via the OIG web site, faxes, letters, and phone calls to the OIG hotline. The statistics for the first quarter of the 2005 - 2006 fiscal year are as follows:

NOTE: Included are the fiscal year totals (FYTD) and the grand totals -- since the OIG was created (7/04 TD)

Summary of Enrollee Cases

	Quarter	FYTD	7/04 TD
Cases received	3,441	3,441	18,271
Cases closed*	5,236	5,236	27,160

**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, or prosecuted by the OIG..*

Summary Relating to Provider Cases

	Quarter	FYTD	7/04 TD
Cases opened	43	43	323
Cases closed	77	77	365
Cases referred to TBI*	6	6	27
Cases referred to HRBs**	8	8	31

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

***Health Related Boards*

There is an aggressive push to pursue enrollees who have committed fraud against the TennCare program. The primary criminal case types are: drug cases (drug diverters, drug seekers, and forged prescriptions), reporting a false income, access to insurance, and living outside the State of Tennessee.

Summary of Arrests

	Quarter	FYTD	7/04 TD
Arrests	48	48	101
Convictions	17	17	23

Note: *There was not a fully staffed Criminal Investigation Division until January 2005. Once hired, screened, and trained, these agents began receiving case assignments in February.*

TennCare Referrals & Recoupments

	Quarter	FYTD	7/04 TD
Pharmacy Lock-in (1)	128	128	412
Recoupment (2)	\$100,366.61	\$ 100,366.61	\$ 409,007.70
Recommended TennCare Terminations (3)	1,805	1,805	8,537
Potential Savings (4)	\$7,546,772.00	\$7,546,772.00	\$35,693,538.00

(1) The total in the last column is from September 2004 through September 30, 2005. Pharmacy lock-in referrals are sent to the TennCare Bureau for consideration.

(2) The total in the last column reflects dollars collected by the OIG and sent to the TennCare Bureau from February 15, 2005, through September 30, 2005, when a Fiscal Manager and an attorney joined the OIG staff to facilitate and document this process.

(3) 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, and the Paris Report).

(4) There were 1,805 enrollee terminations recommended for this quarter. The TennCare Bureau uses \$4,181.04 as the average annual cost per enrollee (Medical & Pharmacy Services - FY 2005 expenditure projections).

Investigative Sources

	Quarter	FYTD	7/04 TD
OIG Hot Line	1,720	1,720	5,252
OIG Mail Tips	285	285	2,048
OIG Web Site	430	430	1,393
OIG Email Tips	389	389	1,263

The OIG staff provided presentations for the following organizations/contacts during this quarter:

- a. Retired Bell South employees
- b. Zodiac Club (a Nashville organization)
- c. National Association of Drug Diversion Investigations (NADDI)
- d. Managed Care Contractors Roundtable - twice
- e. Harpeth Hall Leaders
- f. National Surveillance & Utilization Review System (SURS) Conference
- g. Media interviews - 13
- h. Meetings with local law enforcement - 15

The OIG participated in the recent Centers for Medicaid/Medicare Services (CMS) site visit. The CMS Team Leader was especially interested in and complementary of the OIG's criminal investigations and prosecutions.

The OIG staff continues to work with the state's contractors, EDS and Medstat, to develop the fraud and abuse detection software system. The OIG is working daily with these vendors to initiate proactive reports for identifying TennCare fraud. Ad hoc reports would greatly improve the speed and efficiency of investigations. Targeted queries are generated on a routine basis. The goal behind these reports and queries is to assist with a successful OIG prosecution of individuals who have violated the law.

The newly created OIG Case Intake and Management Division was busy during this quarter with the following tasks: developing a standard operating procedure for the

intake of new cases, defining solvability factors to assist with sorting cases, reviewing case dispositions, implementing a statistical reporting system to the Inspector General, and improving the current electronic case management system.

Training was held for the non-commissioned personnel of the OIG at the State Law Enforcement Academy. The training agenda included information regarding: law enforcement data systems such as NCIC, TIBRS, and NIBRS; law enforcement accreditation; the use of the case management system; and a mock courtroom session for those members of the staff who may be called upon to testify in court for the OIG.

The Legal Division has assisted other divisions within the OIG by providing legal advice on issues, including how to meet the requirements of various statutes and drafting and reviewing documents that have legal implications. They provided legal training for the OIG Program Integrity Division. The Legal Division facilitates the case preparation process.

An updated outline of TennCare fraud laws and related offenses was developed by the Legal Division. This outline was distributed to the District Attorney Conference, the Tennessee Chiefs of Police Association, and the Tennessee Sheriff's Association.

The OIG's website was updated with a new address: <http://www.tn.gov/tnoig/>. The goal is to make it more user friendly for individuals who want to report TennCare fraud.

New OIG information posters have been designed for distribution to: MCC's, local law enforcement, providers, district attorneys, TennCare, members of the General Assembly, members of the media, and other State agencies (DHS, DCS, TBI, Commerce, etc.). This poster will provide information regarding the TennCare fraud law and the new State law concerning the tips for cash program (TCA 71-5-2512).

The OIG made application for law enforcement accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). The OIG was accepted. Staff members have been busy assembling the files documenting the OIG's compliance with the CALEA standards. Preparation continues for an on-site inspection during 2006.

Plans for next quarter:

- a. Continue to exchange information with local, state, and federal government agencies.
- b. 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 for our teams.
- e. Continue to implement the newly created pay incentive program for tips that lead to a successful conviction for TennCare fraud. This program is a result of legislation from the 104th General Assembly and is a law.

Source of information: Deborah Y. Faulkner, EdD, Inspector General