

# TennCare Quarterly Report

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

October 13, 2006

<b>Status of TennCare Reforms and Improvements</b>
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### **Progress on the SSD (“Standard Spend Down”) Proposal**

On January 11, 2006, TennCare submitted a proposed waiver amendment to the Centers for Medicare and Medicaid Services (CMS). This amendment would allow the state to enroll up to 100,000 non-pregnant adults in TennCare if they meet criteria patterned after the criteria used in the Medically Needy (Spend down) program. The new eligibility group would be called the “Standard Spend Down,” or SSD, group.

Most of the negotiations with CMS on the various programmatic aspects of this proposal occurred during the April-June quarter. The major topic of discussion during this quarter was budget neutrality. As of the end of the quarter, the proposal continued to be under review by the Office of Management and Budget (OMB).

### **Awarding of Contracts to Two New MCOs in the Middle Tennessee Region**

On July 26, 2006, the Bureau of TennCare awarded two new managed care organization (MCO) contracts in the Middle Tennessee Region through a first-time competitive bid process. The MCO bid winners were AmeriGroup Corporation (AmeriGroup) and UnitedHealth Plan of River Valley, Inc. (United). These companies will accept full financial risk and will be paid set monthly rates, or capitation payments, to manage and deliver care to approximately 170,000 TennCare enrollees each. They are expected to begin serving enrollees on April 1, 2007.

Both of the new MCOs bring a wealth of experience to the TennCare program. AmeriGroup is a Virginia-based corporation that manages more than 1 million Medicaid lives in nine states. It has total assets of \$1.2 billion. United, headquartered in Minnesota, manages more than 1.2 million Medicaid lives in 13 states and has total assets of \$45 billion. United recently acquired John Deere Healthplan, a current TennCare MCO in the eastern region of the state.

One feature of the new MCOs that will be different for TennCare is the use of an integrated behavioral health model. Physical health and mental health services will be managed together, rather than separately, in order to improve coordination of care to enrollees. The state has placed emphasis on management and coordination of care and

intends to include a strengthened disease management strategy designed to manage high cost conditions and care across the continuum of services.

Each of the two Middle Tennessee MCOs must complete a readiness review to ensure the plans have operationalized the contract requirements for the Middle Tennessee region. The first component of these reviews, referred to as Desk Audits, addresses required policies, procedures, and related deliverables. The second will be an Onsite Review focusing on claims administration, information systems testing, financial audits, medical management and customer services processes and workflows, and provider network development and network adequacy.

### **Long Term Care Changes**

Long Term Care, meaning care provided in a Nursing Facility or in a program that is an alternative to a Nursing Facility, is delivered outside of the TennCare waiver. However, a significant change occurred in Long Term Care during this quarter that is relevant to the TennCare program.

During the second quarter, an application was submitted to CMS to renew and expand the statewide Home and Community Based Services (HCBS) waiver that is administered by the Commission on Aging and Disability. The original waiver was for three years (maximum allowable for new waivers), and the requested renewal was for five years (maximum allowable for renewal waivers). The application also sought to increase the maximum number of approved slots from 2871 to 3700 and to add several new services such as adult day care, in-home respite, personal care attendant services, and assisted living.

In early September, TennCare received notice from CMS that the renewal, slot increase, and service expansion requests were all approved effective October 1, 2006 (effective date of the waiver renewal). TennCare and the Commission on Aging and Disability will now begin developing provider networks and making computer system modifications to support the delivery of the new services.

### **Provider Rate Increase**

The Tennessee General Assembly appropriated a 2.5% provider increase in payment effective for dates of service on and after July 1, 2006. The 2.5% increase was applied across the board to all providers.

### **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 06 are shown in the following table.

### FY 2006 Essential Access Hospital Payments (July 2005 – June 2006)

Hospital Name	County Name	FY 2006 YTD Payout + *\$50 Million Supplemental Pymt
<b>Safety Net Hospital</b>		
Erlanger Medical Center	Hamilton County	\$9,265,871
Johnson City Medical Center Hospital	Washington County	\$4,219,954
Metro Nashville General Hospital	Davidson County	\$6,064,226
Regional Medical Center (The Med)	Shelby County	\$29,160,635
University of Tennessee Memorial Hospital	Knox County	\$9,948,113
Vanderbilt University Hospital	Davidson County	\$16,341,202
<b>Psychiatric Hospital</b>		
Community Behavioral Health	Shelby County	\$496,570
Indian Path Pavilion	Sullivan County	\$258,703
Pathways Of Tennessee	Madison County	\$578,838
Peninsula Psychiatric Center	Blount County	\$794,803
Ridgeview Psychiatric Hospital and Center	Anderson County	\$307,358
Woodridge Psychiatric Hospital	Washington County	\$563,729
<b>Children's Hospital</b>		
East Tennessee Childrens Hospital	Knox County	\$2,456,225
Methodist Healthcare Lebonheur	Shelby County	\$5,043,775
<b>Other Hospitals</b>		
Athens Regional Medical Center	McMinn County	\$346,001
Baptist Dekalb Hospital	DeKalb County	\$160,395
Baptist Hospital of Cocke County	Cocke County	\$716,032
Baptist Memorial Hospital Huntingdon	Carroll County	\$200,109
Baptist Memorial Hospital Lauderdale	Lauderdale County	\$37,727
Baptist Memorial Hospital Union City	Obion County	\$649,777
Bedford County Medical Center	Bedford County	\$487,209
Bolivar General Hospital	Hardeman County	\$147,781
Bradley Memorial Hospital	Bradley County	\$564,734
Camden General Hospital	Benton County	\$124,591

**FY 2006 Essential Access Hospital Payments  
(July 2005 – June 2006)**

<b>Hospital Name</b>	<b>County Name</b>	<b>FY 2006 YTD Payout + *\$50 Million Supplemental Pymt</b>
Claiborne County Hospital	Claiborne County	\$715,042
Cleveland Community Hospital	Bradley County	\$824,350
Cookeville Regional Medical Center	Putnam County	\$753,215
Copper Basin Medical Center	Polk County	\$26,664
Crockett Hospital	Lawrence County	\$354,611
Cumberland Medical Center	Cumberland County	\$801,974
Cumberland River Hospital	Clay County	\$83,192
Decatur County General Hospital	Decatur County	\$146,790
Dyersburg Regional Medical Center	Dyer County	\$464,878
Emerald Hodgson Hospital	Franklin County	\$127,761
Gibson General Hospital	Gibson County	\$145,960
Hardin County General Hospital	Hardin County	\$564,984
Harton Regional Medical Center	Coffee County	\$661,973
Haywood Park Community Hospital	Haywood County	\$255,006
Henderson County Community Hospital	Henderson County	\$157,017
Henry County Medical Center	Henry County	\$589,667
Hillside Hospital	Giles County	\$294,807
Humboldt General Hospital	Gibson County	\$340,251
Jamestown Regional Medical Center	Fentress County	\$533,109
Jefferson Memorial Hospital	Jefferson County	\$446,970
Jellico Community Hospital	Campbell County	\$775,613
Lakeway Regional Hospital	Hamblen County	\$865,738
Laughlin Memorial Hospital	Greene County	\$600,498
Lincoln Medical Center	Lincoln County	\$290,058
Livingston Regional Hospital	Overton County	\$283,245
Maury Regional Hospital	Maury County	\$1,406,737
McKenzie Regional Hospital	Carroll County	\$229,817
McNairy Regional Hospital	McNairy County	\$192,760
Milan General Hospital	Gibson County	\$595,242
Morristown Hamblen Healthcare System	Hamblen County	\$1,238,141
River Park Hospital	Warren County	\$488,453
Roane Medical Center	Roane County	\$431,146
Scott County Hospital	Scott County	\$431,205
Smith County Memorial Hospital	Smith County	\$178,707
Southern Tennessee Medical Center	Franklin County	\$396,653
St. Marys Medical Center of Campbell County	Campbell County	\$661,349
Stones River Hospital	Cannon County	\$358,319
Sweetwater Hospital Assoc	Monroe County	\$905,679
Takoma Adventist Hospital	Greene County	\$373,096
United Regional Medical Center	Coffee County	\$398,503
Volunteer Community Hospital	Weakley County	\$178,549
Wayne Medical Center	Wayne County	\$211,161

**FY 2006 Essential Access Hospital Payments  
(July 2005 – June 2006)**

<b>Hospital Name</b>	<b>County Name</b>	<b>FY 2006 YTD Payout + *\$50 Million Supplemental Pymt</b>
White County Community Hospital	White County	\$257,810
Woods Memorial Hospital	McMinn County	\$316,366
Baptist Memorial Hospital Tipton	Tipton County	\$573,032
Blount Memorial Hospital	Blount County	\$803,486
Centennial Medical Center	Davidson County	\$2,094,815
Delta Medical Center	Shelby County	\$833,445
East Ridge Hospital	Hamilton County	\$964,627
Fort Sanders Loudon Medical Center	Loudon County	\$290,143
Fort Sanders Parkwest Medical Center	Knox County	\$624,124
Fort Sanders Regional Medical Center	Knox County	\$1,615,750
Fort Sanders Sevier Medical Center	Sevier County	\$985,704
Gateway Medical Center	Montgomery County	\$857,184
Grandview Medical Center	Marion County	\$357,714
Hendersonville Medical Center	Sumner County	\$359,123
Horizon Medical Center	Dickson County	\$436,268
Indian Path Medical Center	Sullivan County	\$866,669
Jackson Madison County General Hospital	Madison County	\$2,799,481
Methodist Healthcare Fayette	Fayette County	\$260,534
Methodist Healthcare North	Shelby County	\$646,587
Methodist Healthcare South	Shelby County	\$793,626
Methodist Medical Center of Oak Ridge	Anderson County	\$1,156,980
Methodist University Healthcare	Shelby County	\$3,008,133
Middle Tennessee Medical Center	Rutherford County	\$1,277,677
North Side Hospital	Washington County	\$393,486
Northcrest Medical Center	Robertson County	\$930,909
Regional Hospital of Jackson	Madison County	\$814,192
Saint Francis Hospital	Shelby County	\$2,388,837
Saint Mary's Health System	Knox County	\$1,128,866
Skyline Medical Center	Davidson County	\$1,022,813
Southern Hills Medical Center	Davidson County	\$922,038
Summit Medical Center	Davidson County	\$804,869
Sumner Regional Medical Center	Sumner County	\$801,235
Sycamore Shoals Hospital	Carter County	\$574,049
Tennessee Christian Medical Center	Davidson County	\$2,022,189
Tennessee Christian Medical Center Portland	Sumner County	\$117,675
Unicoi County Memorial Hospital	Unicoi County	\$143,268
University Medical Center	Wilson County	\$1,330,176
Wellmont Bristol Regional Medical Center	Sullivan County	\$1,507,111
Wellmont Hawkins County Memorial Hospital	Hawkins County	\$454,605
Wellmont Holston Valley Medical Center	Sullivan County	\$1,577,477
Johnson City Specialty Hospital	Washington County	\$80,985
Women's East Pavilion	Hamilton County	\$69,449

**FY 2006 Essential Access Hospital Payments  
(July 2005 – June 2006)**

<b>Hospital Name</b>	<b>County Name</b>	<b>FY 2006 YTD Payout + *\$50 Million Supplemental Pymt</b>
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	<b>\$354,273</b>
Saint Jude Childrens Research	Shelby County	<b>\$1,239,599</b>
Stonecrest Medical Center	Rutherford County	<b>\$429,378</b>

**TOTAL** **\$150,000,000**

\* The \$50 million supplemental pool payment, appropriated by the General Assembly, was distributed in April 2006.

**Renewal Status**

The renewal process has been “on hold” for this quarter in order to focus on the continuation of the disenrollment process begun in 2005.

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

**J. D. Hickey**, Director of TennCare since July 2004, left the Bureau during this quarter to accept a position in the private sector. During his two year tenure at TennCare, Dr. Hickey helped restore fiscal stability to the program and placed TennCare on track to achieve its third consecutive balanced budget. He also played a lead role in returning the managed care network to risk, reducing pharmacy expenditures by 60 %, and implementing performance and quality requirements on managed care contractors.

**Darin Gordon** was appointed July 17, 2006, as Deputy Commissioner. Mr. Gordon is currently serving as the Director of TennCare with responsibility for the overall operations of the agency. He is a graduate of Middle Tennessee State University, with a Bachelor of Science in Political Science. Mr. Gordon, who has approximately 10 years experience in finance and budget related positions, has been with the Bureau of TennCare since 1999, serving as both Chief Financial Officer and Director of Managed Care Programs.

**Margaret Heaney** was appointed July 17, 2006, as Personnel Director. Ms. Heaney is responsible for the coordination of all personnel activities within the Bureau of TennCare. She has been employed by the State of Tennessee for 23 years, with 10 years experience in Human Resources. Ms. Heaney has worked in a variety of administrative roles involving personnel, policy development and compliance, quality management, contract management and budget preparation, review and maintenance.

**Marilyn Wilson** was appointed August 16, 2006, as TennCare Public Affairs Director. Ms. Wilson is responsible for all media relations and media planning applicable to the Bureau of TennCare, working to ensure that accurate and positive facets of the department are communicated throughout state government and to the citizens of

Tennessee. She possesses more than five years of experience in media relations, having previously served as Information Officer for both the Department of Commerce and Insurance and the Bureau of TennCare.

### **Number of Recipients on TennCare and Costs to the State<sup>1</sup>**

As of the end of the quarter, there were 1,183,052 enrollees on TennCare: 1,142,400 Medicaid eligibles and 40,652 Uninsureds and Uninsurables (Medically Eligibles).

During the third quarter of calendar 2006 (July through September), TennCare spent \$617,927,400 for managed care organization (MCO) services, \$96,479,000 for behavioral health organization (BHO) services, \$34,816,500 for dental benefit manager (DBM) services, and \$158,480,000 for pharmacy benefits manager (PBM) services. The state's Medicare clawback payment was \$52,800,000. (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.)

### **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 2006. TDCI also requested data files of pended TennCare claims and a paid claims triangle from May 1, 2005 through July 31, 2006.

Except for Memphis Managed Care Corporation ("MMCC") and Doral Dental Services of Tennessee, ("Doral") all MCOs, BHOs and the PBM were in compliance with the prompt pay requirements for May, June and July 2006. MMCC was out of compliance for May

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<sup>1</sup>These figures are as of Sept. 30, 2006, and are unaudited.

2006, processing only 99% of all claims within 60 calendar days of receipt. MMCC was in compliance for the months of June and July 2006. Nonetheless, MMCC is required to submit claims data files monthly until MMCC processes claims timely for three consecutive months.

Doral was out of compliance with the prompt pay requirements for the month of July 2006, processing only 99.4% of all claims within 60 calendar days of receipt. As with MMCC, Doral is required to submit claims data files monthly until Doral processes claims timely for three consecutive months.

**Net Worth Requirement**

As of June 30, 2006, 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, 2005, including payments made under the “stabilization plan.”

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
UnitedHealthcare Plan of the River Valley (formerly John Deere)	16,589,552	132,289,525	115,699,973
Memphis Managed Care	9,180,832	31,346,214	22,165,382
Preferred Health Partnership	7,247,122	34,346,132	27,099,010
UAHC Health Plan	7,578,682	11,240,656	3,661,974
Unison Health Plan	3,079,859	5,167,547	2,087,688
Volunteer (BlueCare & Select)	27,775,339	30,566,963	2,791,624
Windsor Health Plan	4,172,221	5,612,495	1,440,274
Premier Behavioral Systems	7,104,270	15,538,536	8,434,266
Tennessee Behavioral Health (A)	7,005,128	13,140,329	6,135,201

NOTE:

(A) On April 11, 2006, TDCI approved TBH to repay a \$11,168,341 subordinated loan to an affiliate which resulted in TBH’s net worth being reduced by the payment amount. Even after the payment of the subordinate loan, TBH had net worth in excess of the statutory requirement.

**Financial Issues**

The following TennCare health maintenance organizations remain in liquidation.

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



During the period July 1, 2006 through September 30, 2006, Xantus paid \$1,505 to providers for run-out claims, bringing the total run-out claims paid during the period August 1, 2003 through September 30, 2006 to \$34,684,941.

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

*No change from prior report.*

**Universal Care of Tennessee (Universal)**

*No change from prior report.*

<b>Success of Fraud Detection and Prevention</b>
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The Office of Inspector General (OIG) was established two 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 Tennessee Bureau of Investigation (TBI), 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 first quarter of the 2006 - 2007 fiscal year are as follows:

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

**Summary of Enrollee Cases**

	<b>Quarter</b>	<b>FYT</b>	<b>Grand Total</b>
Cases Received	3,183	3,183	59,870
Cases Closed*	2,819	2,819	61,140

*\*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**

	<b>Quarter</b>	<b>FYT</b>
Abuse Cases Received	3,183	3,183
Abuse Cases Closed	2,819	2,819
Abuse Cases Referred <sup>1</sup>	1,155	1,155

<sup>1</sup> *Abuse cases may be referred to the MCO, the TennCare Bureau, or DHS for further review.*

**Summary of Provider Cases**

	Quarter	FYT	Grand Total
Cases opened	77	77	719
Cases closed	13	13	622
Cases referred to TBI*	2	2	60
Cases referred to HRBs**	14	14	57

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

\*\*Health Related Boards

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 diverters, drug seekers, and forged prescriptions), reporting a false income, access to insurance, and living outside the State of Tennessee.

### Summary of Arrests & Convictions

	Quarter	FYT	Grand Total
Arrests	25	25	301
Convictions	15	15	98
Diversions*	5	5	34

**Note:** Special Agents were not in the field making arrests until 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

### Arrest Categories

Drug Diversion/Forged Prescription	<b>212</b>
Access to Insurance	<b>42</b>
False Income	<b>15</b>
Ineligible Person Using Card	<b>14</b>
Living Out of State	<b>6</b>
Theft of Services	<b>5</b>
Asset Diversion	<b>4</b>
ID Theft	<b>3</b>
<b>GRAND TOTAL</b>	<b>301</b>

### TennCare Referrals & Recoupments

	Quarter	FYT	Grand Total
Pharmacy Lock-in (1)	65	65	738
Recoupment (2)	\$108,390.88	\$108,390.88	\$700,616.11
Recommended TennCare Terminations (3)	849	849	11,309
Potential Savings (4)	\$2,801,700	\$2,801,700	\$46,535,377

### Footnotes for the above table

(1) The total in the last column is from September 2004 through September 30, 2006. 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, (when a Fiscal Manager and an attorney joined the OIG staff to facilitate and document this process) through September 30, 2006.

(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). Reports are run upon availability on *file net*. The PARIS Report was not loaded by the TennCare Bureau this quarter so the OIG was unable to run these numbers.

(4) There were **849** enrollee terminations recommended for the first 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 only (an average of \$3,300 was used for this total figure). [NOTE: Previous reports reflected the number \$4,181.04 as the average annual cost per enrollee.]

#### Investigative Sources

	Quarter	FYT	Grand Total
OIG Hot Line	1,012	1,012	10,183
OIG Mail Tips	115	115	2,510
OIG Web Site	546	546	3,310
OIG Email Tips	83	83	1,672

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

- a Morgan County Sheriff's Office
- b Smyrna Rotary Club
- c Finance & Administration Executive Leadership Team
- d National Association of Surveillance Officials
- e Commission on Accreditation for Law Enforcement Agencies
- f TennCare Bureau Executive Staff
- g Meetings with local law enforcement officials:
  - \*19 of the 31 Judicial Task Forces
  - \*4 new District Attorneys
  - \*6 new Sheriffs and 2 Chiefs of Police

The OIG staff continues to work with the state's contractor, Medstat, to develop the fraud and abuse detection software system. 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.

The OIG Information Services Section was busy this quarter expanding and improving the current electronic case management system. Testing and implementation of this new system was completed during the first quarter of fiscal year 2006/2007.

Training has continued for OIG personnel during this quarter. The Special Agents will complete an annual In-Service training that will include POST required courses, new policies and procedures, all qualifications with approved weapons, a legal update, etc. There was also a full day of training regarding the latest "best practices" in detecting drug diversion and fraud.

The Criminal and Civil Legal Divisions have assisted 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 Divisions facilitate the case preparation process and work 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 made application for law enforcement accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA) and was accepted in the fall of 2005. Staff members were extremely busy this quarter in preparation for an on-site inspection by representatives from CALEA. This inspection did occur: August 26 - 30, 2006. The OIG Executive Staff was advised by the on-site team they will recommend to CALEA that the OIG become an accredited agency. This will occur at the November meeting of the full Commission.

A new OIG website was placed on line. The ability to run data reports from this site should be in place next quarter. This will also assist with the Tips for Cash Program.

**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. Track 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.
- f. Prepare to investigate possible fraud and abuse of the newly created programs: CoverTn, Cover Kids, and Access Tennessee.
- g. Implement newly legislated programs pertaining to the OIG: data mining and providing administrative hearings for the recovery of money owed to the TennCare program.
- h. Be awarded accreditation by the Commission on Accreditation for Law Enforcement Agencies at their November meeting. Start the process for re-accreditation (a three year process).