

TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

October 15, 2009

Status of TennCare Reforms and Improvements
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Amendment #7. Amendment #7 is the proposed amendment to the TennCare demonstration that lays out the terms of the new CHOICES program, which is the managed Medicaid long-term care program outlined by the General Assembly's Long-term Care and Community Choices Act of 2008. Under Amendment #7, the state will offer new community alternatives to people who would otherwise require Medicaid-reimbursed care in a Nursing Facility. Tennessee will become one of the few states in the country to deliver managed Medicaid long-term care and the only state to do so in a manner that does not require enrollees to change their MCOs.

On July 22, after a year of intense and frequent discussions with CMS, Amendment #7 was finally approved. The state accepted CMS's approval documents on August 6.

The implementation date of the CHOICES program is scheduled for March 1, 2010, in Middle Tennessee, with implementation in the other regions occurring somewhat later.

Major activities that occurred during this quarter in preparation for the implementation of the CHOICES program included:

- Completion of MCP contract amendments and approval by the Fiscal Review Committee
- Preparation of training materials
- Development of required systems changes
- Discussions with the Fiscal Employer Agency that will work with the MCOs on consumer direction activities
- Working with the MCOs to execute provider agreements with Nursing Facilities and HBCS providers
- Working with the MCOs on the Electronic Visit Verification (EVV) system to be used to document home visits by HCBS providers

Amendment #8. During this quarter the Bureau of TennCare solicited input from the TennCare Oversight Committee, the Tennessee Justice Center, and the general public regarding a proposed Amendment #8 to the TennCare waiver. Waiver amendment #8 was submitted to CMS on September 28. Its purpose is to ensure compliance with the Mental Health Parity requirements of the Emergency Economic and Stabilization Act of

2008 by removing, effective January 1, 2010, the current limits on inpatient and outpatient substance abuse treatment benefits for adults.

Beneficiary survey. A report entitled “The Impact of TennCare: A Survey of Recipients 2009” was published in August by the Center for Business and Economic Research (CBER) at the University of Tennessee, Knoxville. The survey has been done each year since 1993, the year before TennCare began, so it is a rich source of longitudinal data about the TennCare program.

The survey found that during the past year, the number of uninsured children in Tennessee has declined, while the number of uninsured adults has increased. According to CBER’s report, there are an estimated 616,967 uninsured Tennesseans, which represents about 10 percent of the state’s population. Although the number of uninsured persons is somewhat higher now than a year ago, the difference is not statistically significant. However, the percentage of uninsured children (3.7 percent) is down more than 1 percent from last year (4.9 percent), and the percentage of uninsured adults (11.9 percent) is higher than last year (10.6 percent).

“The substantial decrease in the number of uninsured children can be partially attributed to the CoverKids program and an increase in the number of children covered by TennCare as a result of declining economic conditions,” the report noted.

The study also looked at where Medicaid/TennCare recipients initially seek medical care — the doctor’s office or the hospital emergency room. Since 1994, there has been a general decline in the percentage of Medicaid/TennCare recipients who seek initial health care at hospital emergency rooms.

Interestingly, TennCare recipients continue to see doctors more regularly than other people. Eighty-seven percent of TennCare heads of household see a physician at least every few months, as do 69 percent of TennCare children. By comparison, 63 percent of all other heads of household and 61 percent of all children see doctors that frequently.

“More frequent usage of physicians may indicate increased preventative medical care through annual visits but may also reflect that the population of TennCare adults is one that has greater need for medical services,” the report said.

In summary, the report notes that “TennCare recipients’ experience with medical care remains positive, with the gap between their experiences and those of all Tennesseans narrowing somewhat compared to 2008. TennCare continues to receive positive feedback from its recipients, indicating the program is providing health care in a satisfactory manner and up to the expectations of those it serves.” The report is available on-line at <http://cber.bus.utk.edu/tncare/tncare09.pdf>.

HEDIS/CAHPS report. During this quarter TennCare published the annual report of HEDIS/CAHPS data. The full name for HEDIS is Healthcare Effectiveness Data Information Set, and the full name for CAHPS is Consumer Assessment of Health Plans Surveys.

In 2006 Tennessee became the first state in the nation to require that all of its MCOs be accredited by NCQA (the National Committee for Quality Assurance). This report

provides data that enables the state to compare the performance of its MCOs against national norms and benchmarks and also to compare performance among MCOs. This report is shared with CMS each year and also posted on the TennCare website at <http://www.tn.gov/tenncare/forms/hedis09.pdf>.

As with last year's report, improved performance was noted for most child health measures, many of which exceeded the HEDIS 2008 Medicaid National Average. Specifically, there was an increase in rates from HEDIS 2008 to HEDIS 2009 for the following:

- Childhood immunization status (all antigens with the exception of Hepatitis B)
- Appropriate testing for children with pharyngitis
- Appropriate treatment of children with upper respiratory infection
- Well-child visits in the first 15 months of life
- Children and adolescents' access to primary care practitioners (ages 12-24 months and 25 months-6 years)

For the last measure named above, performance declined slightly for two other age strata (7-11 years and 12-19 years). The rates of well-child visits in the third, fourth, fifth, and sixth years of life and adolescent well care visits also declined. Statewide averages for child CAHPS results exceeded the prior year's results for all repeated measures except "Rating of All Health Care."

Chronic disease management, an area of opportunity identified first in the 2008 HEDIS/CAHPS Report, continues to improve across the state. All numerators of the "Comprehensive Diabetes Care" and "Use of Appropriate Medications for People with Asthma" measures that could be compared with HEDIS 2008 rates demonstrated improvement. Additionally, all of the asthma numerators were higher than the HEDIS 2008 Medicaid National Average. Conversely, the diabetes rates were generally lower than that average, indicating the need to better manage this disease.

Targeted preventive care—as measured by HEDIS 2009 rates for women's health screenings—presents additional opportunities for improvement. Compared to HEDIS 2008, however, there were improvements in screening rates for breast cancer and chlamydia screening among 21 to 24-year old women. Rates for cervical cancer declined.¹

Bus Pass Program (BPP). Beginning in August, 2009, the Bureau of TennCare began a Bus Pass Program (BPP) as a part of an effort to provide more cost effective non-emergency medical transportation (NEMT) to its members. The BPP is designed to operate in localities, primarily metropolitan areas, that have existing public transportation to serve the general community. The first location to use BPP was the Memphis/Shelby County area. Additional locations were to be added to BPP on October 1, 2009. These areas included Nashville/Davidson County, Murfreesboro, Clarksville, Franklin and Chattanooga. Knoxville, Kingsport and Jackson are scheduled to join BPP on December 1, 2009.

The general requirements for enrollees to participate in BPP are as follows:

¹ Source of material: *2009 HEDIS/CAHPS Report: A Comparative Analysis of Audited Results from TennCare Managed Care Organizations*, Bureau of TennCare, September 2009.

- Members must be within ¼ mile of a bus stop on both the origination and destination stops;
- The member will not be required to change buses or trolleys more than once each leg of the trip; and
- The use of a bus or trolley cannot increase travel time more than 60 minutes as compared to transportation directly between the origination and destination of the trip.

In addition, if the member's needs are such that bus transportation is not appropriate, he can provide a written physician's statement to that effect to his Managed Care Organization and be excluded from BPP.

As of the end of the quarter, approximately 2000 NEMT trips per month have been assigned to BPP in the Memphis area. These trips represent a savings of at least \$30.00 per trip for the members being served by BPP as opposed to conventional NEMT. The MCOs have established systems to determine whether additional members can take advantage of BPP.

Completion of statewide medical and behavioral integration. On September 23, the Bureau of TennCare announced that BlueCross BlueShield of Tennessee (BCBST) would take over behavioral health care for enrollees receiving services through TennCare Select. This transition to using a single managed care entity to provide all of the care an enrollee needs, including physical and behavioral health coverage, marks TennCare's completion of the shift to a fully-integrated service delivery model.

The Bureau began integrating behavioral and medical health care delivery for Middle Tennessee members in 2007 with the implementation of two expanded MCOs. TennCare continued the process with the execution of new MCO contracts in West Tennessee in November 2008 and East Tennessee this January. The transferring of behavioral health services to BCBST for TennCare Select members completes the Bureau's phased implementation of a fully-integrated service delivery system that works with health care providers, including doctors and hospitals, to ensure TennCare members receive all of the services they need in a coordinated and cost-effective manner.

TennCare Select, which is operated by BlueCross BlueShield of Tennessee, serves approximately 71,733 TennCare enrollees statewide including foster children, children receiving SSI benefits and nursing facility or ICF-MR residents under age 21. It also serves as the state's back-up MCO should there be capacity problems with any of the other MCOs, and it maintains a statewide provider network.

John B. There was a significant development in the *John B.* lawsuit during this quarter. *John B.* deals with the adequacy of services provided by TennCare to children under 21.

On September 15, 2009, the United States Court of Appeals for the Sixth Circuit, in response to a Mandamus Petition filed by the state seeking an order directing the District Court to rule on a motion to vacate the *John B.* Consent Decree that had been pending since November 2006, issued an order directing the District Court to respond in writing as to why the Mandamus Petition should not be granted or to submit a ruling on the state's pending motion to vacate.

Three days after this Sixth Circuit Order was issued, the District Court ruled on the state's Motion to Vacate, denying that motion in all respects. The state has since filed a Notice of Appeal, and will be asking the Sixth Circuit to determine whether the Decree should be vacated in whole or in part. Briefing on this appeal will occur through December 2009 with an oral argument to the Sixth Circuit to follow some time next year.

Daniels. Work continued during this quarter on redetermining the eligibility of *Daniels* class members, who are Medicaid enrollees who lost their eligibility for SSI benefits at any time since November 1987 and who have remained on the TennCare program pending settlement of the *Daniels* lawsuit.

As of September 18, 66,000 of the 147,000 *Daniels* class members were still enrolled in TennCare. About 40,000 have been determined eligible in another TennCare category, while 26,000 are in the process of having their eligibility redetermined. Of those who have been found not to be TennCare eligible, almost two-thirds are eligible for Medicare, which is a significant source of health care coverage.

Essential Access Hospital (EAH) 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 (\$36,265,000 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 (MCO), 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.

The projected Essential Access Hospital payments for the first quarter of State Fiscal Year 2010 are shown in the following table.

Essential Access Hospital Payment -- October 2009	
Hospital Name	Amount
Regional Medical Center at Memphis	\$4,429,229
Vanderbilt University Hospital	\$3,252,198
Erlanger Medical Center	\$1,872,702
University of Tennessee Memorial Hospital	\$1,285,659
Metro Nashville General Hospital	\$942,950
Methodist Healthcare - LeBonheur	\$829,099
Johnson City Medical Center	\$717,262
Jackson - Madison County General Hospital	\$682,261
Saint Francis Hospital	\$516,445

East Tennessee Children's Hospital	\$420,901
Methodist University Healthcare	\$393,803
Saint Jude Children's Research Hospital	\$371,506
Wellmont Holston Valley Medical Center	\$360,297
Fort Sanders Regional Medical Center	\$307,299
Middle Tennessee Medical Center	\$302,696
Methodist Healthcare - South	\$284,231
Centennial Medical Center	\$272,404
Wellmont Bristol Regional Medical Center	\$240,446
Parkridge East Hospital	\$223,461
Methodist Healthcare - North	\$220,691
Delta Medical Center	\$207,122
Saint Mary's Medical Center	\$187,432
Baptist Hospital	\$183,893
Gateway Medical Center	\$180,107
University Medical Center	\$178,899
Cookeville Regional Medical Center	\$174,913
Regional Hospital of Jackson	\$173,731
Maury Regional Hospital	\$172,340
NorthCrest Medical Center	\$171,030
Skyridge Medical Center	\$159,723
Skyridge Medical Center - West	\$153,041
Methodist Medical Center of Oak Ridge	\$151,192
Baptist Memorial Hospital for Women	\$150,756
Sweetwater Hospital Association	\$149,040
Morristown - Hamblen Healthcare System	\$148,295
Claiborne County Hospital	\$136,742
Blount Memorial Hospital	\$134,321
Fort Sanders Sevier Medical Center	\$133,289
Southern Hills Medical Center	\$132,717
Summit Medical Center	\$132,159
Peninsula Psychiatric Center	\$132,137
Dyersburg Regional Medical Center	\$126,218
Skyline Madison Campus	\$122,529
Hardin Medical Center	\$122,246
Sumner Regional Medical Center	\$120,345
Lakeway Regional Hospital	\$118,621
Baptist Hospital of Cocke County	\$111,328
Parkridge Valley Hospital	\$110,039
Baptist Memorial Hospital - Tipton	\$106,950
Jellico Community Hospital	\$105,606
Humboldt General Hospital	\$104,464
Bolivar General Hospital	\$95,402
Saint Mary's Medical Center of Campbell County	\$93,982
Horizon Medical Center	\$92,018
Cumberland Medical Center	\$89,702
Sycamore Shoals Hospital	\$86,189
StoneCrest Medical Center	\$84,180
Henry County Medical Center	\$79,526
Athens Regional Medical Center	\$75,639

Takoma Regional Hospital	\$75,361
Laughlin Memorial Hospital	\$72,656
Indian Path Medical Center	\$71,658
Harton Regional Medical Center	\$69,880
Pathways of Tennessee	\$69,147
Grandview Medical Center	\$67,032
Baptist Memorial Hospital - Union City	\$65,501
Jefferson Memorial Hospital	\$65,128
Roane Medical Center	\$64,906
Bedford County Medical Center	\$63,418
Livingston Regional Hospital	\$62,949
Crockett Hospital	\$62,375
River Park Hospital	\$59,223
Woodridge Psychiatric Hospital	\$58,872
United Regional Medical Center	\$58,821
Southern Tennessee Medical Center	\$57,726
Volunteer Community Hospital	\$55,020
Lincoln Medical Center	\$46,987
McKenzie Regional Hospital	\$46,254
Hillside Hospital	\$45,634
Wellmont Hawkins County Memorial Hospital	\$45,143
Ridgeview Psychiatric Hospital and Center	\$45,119
Baptist Memorial Hospital - Huntingdon	\$44,910
McNairy Regional Hospital	\$44,448
Woods Memorial Hospital	\$44,355
Community Behavioral Health	\$39,922
Jamestown Regional Medical Center	\$37,702
Gibson General Hospital	\$36,531
Haywood Park Community Hospital	\$34,877
Decatur County General Hospital	\$28,124
Wayne Medical Center	\$28,113
Henderson County Community Hospital	\$26,532
Methodist Healthcare - Fayette	\$26,515
ABS Lincs TN, Inc.	\$25,858
White County Community Hospital	\$24,528
Riverview Regional Medical Center - North	\$23,374
Indian Path Pavilion	\$18,906
Emerald Hodgson Hospital	\$18,022
Portland Medical Center	\$17,013
Johnson City Specialty Hospital	\$15,921
Erlanger East	\$13,089
Baptist Treatment Center of Murfreesboro	\$4,788
Baptist Women's Treatment Center	\$4,259
TOTAL	\$25,000,000

Reverification Status

Work continued on redetermining the eligibility of *Daniels* class members. As of September 18, 66,000 of the 147,000 original *Daniels* class members were still enrolled in TennCare.

Status of Filling Top Leadership Positions in the Bureau

Raymond G. McIntire, R. Ph was appointed August 23, 2009, as the Associate Director of Pharmacy Operations and is responsible for overseeing the day to day operations of the pharmacy program, including point of sale claims processing and related messaging, provider and member communications, and pharmacy network issues. Dr. McIntire possesses a Bachelor of Science degree in Pharmacy from Northeast Louisiana University. He has over seven years experience as a Manager of Clinical Services for RESTAT, a PBM where he gained extensive knowledge in managed care pharmacy, specifically in the areas of formulary management and pharmacy claims analysis, and over 15 years of experience with retail pharmacy as a staff pharmacist, pharmacy manager, district manager, and account manager.

Jeanine C. Miller, PhD was appointed August 23, 2009, and serves as the Director of MR HCBS Waiver Programs responsible for the day-to-day administrative oversight of the state's three 1915(c) HCBS Waiver Programs (Arlington, Statewide, and Self-Determination) for persons with Mental Retardation. Ms. Miller most recently served as the Director of Mental Health for the Tennessee Department of Correction and has strong operational and administrative experience as both a psychologist and administrator of mental health programs, serving the needs of people with mental illness, mental retardation, and the special needs population. Ms. Miller possesses a PhD of Philosophy in Clinical Psychology and a Master of Arts in Clinical Psychology from Vanderbilt University, and a Bachelor of Arts degree in Psychology from Skidmore College. In addition, she is a graduate of the Tennessee Government Executive Institute.

Number of Recipients on TennCare and Costs to the State

At the end of the period July 1 through September 30 2009, there were 1,142,868 Medicaid eligibles and 32,036 uninsured/uninsurable persons enrolled in TennCare, for a total of 1,174,904 persons.

Projections of TennCare spending for the first quarter of FY2009-2010 are summarized in the table below.

	1st Quarter*
Spending on MCO services**	\$883,644,300
Spending on BHO services***	\$4,352,400
Spending on dental	\$28,247,200

	1st Quarter*
services	
Spending on pharmacy services	\$121,930,800
Medicare “clawback”	\$40,654,200

* These figures are cash basis as of Sept. 30 and are unaudited.

**This figure includes both integrated Managed Care MCO expenditures, as well as “run-out” of non-integrated services.

***Since BHO expenditures are now integrated into MCOs, this amount will continue to decline to zero.

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 Managed Care Organization (“MCO”) and Behavioral Health Organization (“BHO”) ensure that 90 percent 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 percent of all provider claims are processed within 60 calendar days of receipt. TennCare’s contract with its Dental Benefit Manager requires the DBM to also process claims in accordance with this statutory standard. TennCare’s contract with its Pharmacy Benefits Manager (“PBM”) requires the PBM to pay 100 percent of all clean claims submitted by pharmacy providers within 10 calendar days of receipt.

TDCI’s analyses of the claims data found that all TennCare plans were in compliance with the prompt pay requirements.

Net worth requirement. By statute, the minimum net worth requirement for each TennCare MCO and BHO is calculated based on premium revenue for the most recent calendar year. TDCI’s calculations for the net worth requirement reflect payments made for the calendar year ended December 31, 2008, including payments made under the “stabilization plan.” During this quarter, the MCOs and BHOs submitted their NAIC Quarterly Financial Statement for the quarter ended June 30, 2009. As of December 31, 2008, TennCare MCOs/BHOs reported net worth as indicated in the table below.

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
AMERIGROUP Tennessee	18,170,414	74,764,562	56,594,148
UnitedHealthcare Plan of the River Valley (AmeriChoice)	41,501,178	266,233,181	224,732,003
Preferred Health Partnership	6,715,961	18,819,817	12,103,856
UAHC Health Plan	7,159,013	8,411,384	1,252,371
Unison Health Plan	6,120,722	13,748,066	7,627,344
Volunteer (BlueCare & Select)	25,326,692	49,064,848	23,738,156
Premier Behavioral Systems	3,450,696	5,842,594	2,391,898
Tennessee Behavioral Health	6,699,629	18,354,279	11,654,650

All TennCare MCOs and BHOs met their minimum net worth requirements as of June 30, 2009.

Terminated MCOs. On July 23, 2009, Chancery Court of Davidson County issued Order of Termination of Liquidation and Discharge of Liquidator of Tennessee Coordinated Care Network d/b/a Access MedPlus (TCCN).

Success of Fraud Detection and Prevention

The Office of Inspector General (OIG) was established five 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 TennCare Bureau, Health Related Boards (HRBs), the Department of Human Services (DHS), other state agencies, health care providers, Managed Care Contractors (MCCs), and the general public via the OIG web site, fax, written correspondence, and phone calls to the OIG hotline. The statistics for the first quarter of the 2009 - 2010 fiscal year are as follows:

NOTE: *Included are the fiscal year totals (FYT) and the grand totals to date -- since the OIG was created (July 2004)*

Summary of Enrollee Cases

	Quarter	FYT	Grand Total
Cases Received	1,839	1,839	122,827
Cases Closed*	1,692	1,692	120,044

**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.*

Summary of Enrollee Abuse Cases

	Quarter	Grand Total ²
Abuse Cases Received	1,566	54,339
Abuse Cases Closed	1,344	15,902
Abuse Cases Referred ¹	222	39,284

¹ *Abuse cases may be referred to the appropriate Managed Care Organization (MCO), the TennCare Bureau, or DHS for further review.*

² *Totals are for the last 39 months (thirteenth quarterly reports)*

Summary of Provider Cases

	Quarter	FYT	Grand Total
Cases opened	57	57	1,372
Cases closed	19	19	1,081
Cases referred to TBI*	2	2	169
Cases referred to HRBs**	1	1	100

	Quarter	FYT	Grand Total
Cases referred to*** Provider Fraud Task Force	5	5	5

*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

***Provider Fraud Task Force – this group is made up of representatives of the Attorney General's Office, the TennCare Bureau, the Tennessee Bureau of Investigation, and the OIG; OIG's participation began during the 4th quarter of FY 2008-2009.

Summary of Arrests & Convictions

	Quarter	FYT	Grand Total
Arrests	76	76	1,049
Convictions	31	31	507
Diversions*	15	15	193

Note: Special Agents were in the field making arrests effective 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

Court Fines & Costs Imposed

	QUARTER	FYT	GRAND TOTAL
Fines	\$36,610.50	\$36,610.50	\$294,082.00
Court Costs & Taxes	\$14,185.38	\$14,185.38	\$105,186.71
Restitution (ordered)	\$91,024.27	\$91,024.27	\$1,516,655.26
Drug Funds	\$1,027.00	\$1,027.00	\$42,496.00

The OIG aggressively pursues enrollees who have apparently committed fraud or abuse against the TennCare program. The primary criminal case types are: drug cases (drug diversion, drug seekers, doctor shopping, and forging prescriptions), reporting a false income, access to other insurance, and ineligible individuals using a TennCare card.

Arrest Categories

Drug Diversion/Forgery RX	55
Drug Diversion/Sale RX	370
Access to Insurance	362
Doctor Shopping	87
Operation Falcon III	32
Operation Falcon IV	16
False Income	47
Ineligible Person Using Card	17
Living Out Of State	13
Asset Diversion	7
Theft of Services	11

ID Theft	29
Aiding & Abetting	3
GRAND TOTAL	1,049

TennCare Case Referrals & Recoupments

	Quarter	FYT	Grand Total
Recoupment 1	\$90,643.31	\$90,643.31	\$1,389,281.97
Civil Case Recoupment 2	\$47,386.29	\$47,386.29	\$482,535.89
Recommended TennCare Terminations 3	98	98	48,760
Potential Savings 4	\$358,323.28	\$358,323.28	\$171,593,629.78

Footnotes for the *TennCare Case Referrals and Recoupments* table

1 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, 2009.

2 Grand Total is based on recoupment tracked by the OIG Legal Division since FY 2006.

3 Enrollee recommendations sent to the TennCare Bureau for consideration based on information from the State Wage Report, the Deceased Report, Department of Human Resources information, and the PARIS report.

4 There were 98 enrollee terminations *recommended* by the OIG to the TennCare Bureau for their review during the first quarter. The TennCare Bureau uses \$3,656.39 as the average annual cost per enrollee for MCO, Pharmacy, BHO, and Dental services (**effective FY 08-09**). [NOTE: Prior reports reflect \$3,351.96, as the average annual cost per enrollee.]

Investigative Sources

	Quarter	FYT	Grand Total
OIG Hot Line	918	918	21,801
OIG Mail Tips	70	70	3,425
OIG Web Site	250	250	7,365
OIG Email Tips	215	215	3,241

Other Investigative Sources for this Quarter

Fax.....218
Cash for Tips (pending).....12

Case Types for this Quarter (*sample*)

Drug Diversion.....364
Drug Seeker.....92

Income/Other Assets.....	278
Using Another Person's Card.....	21
Out of State.....	105
Transfer of Assets.....	8
Abusing ER.....	43
Dr. Shopping.....	335
Insurance.....	152

The Office of Inspector General participated in the following activities during the first quarter:

Meetings with Law Enforcement Officials and other State Agencies

- *Various Judicial Task Forces, District Attorneys, Sheriffs, and Chiefs of Police
- *Provider Fraud Task Force meeting at the TennCare Bureau
- *TBI Drug Diversion Task Force
- *Middle Tennessee Law Enforcement Committee (in Brentwood)
- *FBI National Academy Graduates – Meeting in Nashville
- *Law Enforcement Accreditation Coalition of Tennessee (LEACT)
- *MCC Roundtable
- *Nursing Home Meeting with TennCare Bureau and Mental Health

Media

- *Interview – Fox 17 television
- *Radio interview – Springfield, Tennessee; Washington County, Tennessee
- *Electronic and print media throughout the State of Tennessee reported the arrests and convictions of the OIG.

Training

- *Leadership Nashville
- *Leadership Franklin
- *Tennessee Government Executive Institute
- *POST certified training for all commissioned personnel
- *OIG personnel attended various Edison classes

Presentations

- *Walgreens Loss Prevention and District Managers for the State of Tennessee
- *National Association of Medicaid Program Integrity Agencies - Maine

Other OIG Activities

- *The OIG passed the 1,000 mark on arrests for TennCare fraud.
- *Inspector General Deborah Faulkner was selected for the 2009–2010 *Leadership Franklin* class.
- *Deputy Inspector General David Griswold (CID) was selected for the 2009 – 2010 *Leadership Nashville* class and the *Tennessee Government Executive Institute (TGEI)*.

*Currently the OIG has 19 fewer positions than the original staffing level:

- 3 employees took the Voluntary Buyout in 2008
- 8 positions have been eliminated
- 8 are currently vacant
- 3 employees transferred to another State agency

The OIG had 1 Special Agent on light duty and one on maternity leave during this quarter.

*Training continued for OIG personnel during this quarter. The Special Agents continued their annual In-Service training that includes POST required courses, instruction regarding new policies and procedures, firearm qualification, a legal and accreditation update, etc.

*CEU training continued for OIG "professional" staff members, i.e. attorneys, an accountant, registered nurses, and information technology personnel.

*The Inspector General and the Deputy Inspector General over Criminal Investigations have continued to make 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 *Doctor Shopping* legislation (approved by the Governor and the General Assembly, June 2007) has generated 87 arrests as of this writing for Doctor Shopping. The OIG continues to mail letters and posters and provide presentations to notify licensed medical providers and law enforcement agencies in the state about this new law. As a result, positive feedback has been received.

Case Narrative EXAMPLES

The following are a few examples of TennCare fraud investigations, arrests, and prosecutions conducted by the Office of Inspector General during the first quarter of FY 2009–2010 (there were 76 arrests during this quarter):

Drug Seeker/Drug Diversion/Fraud

A ***Claiborne County*** woman was charged with 5 counts of doctor shopping. She apparently went to several medical providers within a 30 day period and received prescriptions for Hydrocodone.

Two women from ***Putnam County*** were charged with 4 counts of TennCare prescription drug fraud. They both apparently used forged prescriptions to obtain: Hydrocodone, Humulin, Insulin Syringes, and Novolin.

A ***Shelby County*** couple was arrested on 15 counts of obtaining a controlled substance by fraud and 1 count of TennCare fraud. The prescription was Lortab.

A ***Lincoln County*** woman was arrested a second time for doctor shopping. She faces 3 counts of fraudulently using TennCare to obtain a controlled substance and she received prescriptions for Diazepam and Clonazepam.

A **Cheatham County** man was charged with 3 counts of TennCare fraud for selling prescription drugs paid for by TennCare. The drugs involved were: Morphine and Hydrocodone.

A **Davidson County** woman was arrested and charged with doctor shopping when she went to see a medical provider office 3 different times in a 30 day period to obtain prescriptions for Hydrocodone, Morphine Sulfate, Carisoprodol, and Alprazolam.

Identity Theft

A **Tipton County** woman was charged in Lauderdale County with using another person's TennCare benefits to receive medical treatment at an eye clinic in Ripley, Tennessee.

A **Davidson County** woman was arrested on warrants charging her with 2 counts of TennCare fraud, 2 counts of identity theft, 2 counts of forgery, and 2 counts of theft of property worth \$500 or less.

Round Ups

The OIG arrested five people in **Washington County** during a round up with the Washington County Sheriff's Office and the Unicoi County Sheriff's Office. Each of the 5 arrested had apparently used their TennCare benefits to obtain prescriptions for: Oxycontin, Hydrocodone, and Suboxone.

Four people were charged by the OIG with TennCare fraud as a result of an uncover investigation in **Warren County**. Each of the arrests involved individuals selling prescription drugs paid for with their TennCare benefits.

Five people were arrested by the OIG during a round up in **Sequatchie County**. All faced drug charges for selling their prescriptions paid for by TennCare.

Plans for next quarter:

- a. Continue to exchange information with local, state, and federal government agencies.
- b. Provide presentations and training for interested parties regarding TennCare fraud and the role of the OIG.
- c. Continue staff training and develop best practices.
- d. Continue to track the *Tips for Cash* incentive program regarding information that leads to a successful arrest and conviction for TennCare fraud. This program is a result of legislation from the 104th General Assembly.
- e. The OIG had a re-accreditation on-site inspection by assessors from the Commission on Accreditation for Law Enforcement Agencies (CALEA). They conducted a thorough review and issued a report regarding the OIG's continued compliance with the standards. The OIG was originally accredited in November 2006. Following this process, the OIG will be reviewed by the full 21 member Commission at their Fall meeting.
- f. Continue using the Doctor Shopping Law on investigations regarding suspected chronic abusers of the TennCare program.
- g. The OIG will continue to participate as an active member of the TennCare Provider Fraud Task Force with other members including the Attorney General's Office, the TennCare Bureau, and the Tennessee Bureau of Investigation.

