

**MINUTES OF MEETING**  
**Task Force on Coordination of Medicaid Fraud Detection**  
**& Prevention Initiatives**

Act 420 of the 2017 Regular Session

**Wednesday, September 6, 2017**  
**10:00 AM - House Committee Room 2**  
**State Capitol Building**

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The items listed on the Agenda are incorporated and considered to be part of the minutes herein.

**CALL TO ORDER AND ROLL CALL**

Mr. Purpera called the meeting to order at 10:08 a.m. Ms. Liz Martin, Executive Assistant for the Louisiana Legislative Auditor (LLA) called the roll confirming quorum was present.

**Voting Members Present:**

Daryl Purpera, Legislative Auditor

Matthew Block, Executive Counsel, as Designee for Governor John Bel Edwards

Senator Fred Mills, Designee for Senate President John Alario

Representative Tony Bacala, Designee for House Speaker Taylor Barras

Ellison Travis, Director of the Medicaid Fraud Control Unit (MFCU), Designee for Attorney General  
(AG) Jeff Landry

Michael Boutte, Medicaid Deputy Director over Health Plan Operations and Compliance, Designee for  
Louisiana Department of Health (LDH) Secretary Rebekah Gee

Tracy Richard, Criminal Investigator, Designee for Inspector General (IG) Stephen Street

**Advisory Members Present:**

Jarrod Coniglio, Program Integrity Section Chief – Medical Vendor Administrator, Appointed by LDH  
Secretary Gee

Luke Morris, Assistant Secretary for the Office of Legal Affairs, Appointed by Louisiana Department of  
Revenue (LDR) Secretary Robinson

Dr. Robert E. Barsley, D.D.S., Appointed by Governor Edwards

**APPROVAL OF MINUTES**

Representative Bacala made a motion to approve the minutes for the August 17, 2017, meeting. The motion was seconded by Senator Mills and with no objection, the motion was approved.

**PRESENTATION BY LOUISIANA ASSOCIATION OF HEALTH PLANS  
ON MANAGED CARE ORGANIZATIONS**

Mr. Jeff Drozda, Chief Executive Officer (CEO) of the Louisiana Association of Health Plans (LAHP) explained that LAHP is the trade association for all the major health plans that operate in the State of Louisiana. LAHP covers not only the five Managed Care Organizations (MCOs) but also all the commercial and Medicare plans as well. He would share what the plans do in terms of program integrity and how they manage fraud, waste and abuse (FWA).

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Mr. Purpera questioned why none of the MCOs chose to attend the meeting. Mr. Drozda responded that the MCOs belong to LAHP so rather than five people speaking for about 4 ½ hours because all the plans do something similar in program integrity, he would provide information for all the MCOs in a clear succinct manner. Mr. Drozda said if anyone had any questions for more specific information to let him know. The LAHP has a close working relationship with the AG and LDH and all three work together on issues. Mr. Purpera said that the state pays the five companies roughly \$6B and personally would have liked for the MCOs to be present to answer questions themselves.

Mr. Drozda said between LAHP, LDH and AG's office they work very closely to identify any FWA issues. He wanted to make the presentation as efficient as possible because the five MCOs have a lot of redundancy in their policies based on federal regulations. He provided background information on the LAHP and said it is committed to a broad based membership including all models of health care organizations that embrace the provisions of quality, cost effective health care benefits. He pointed out health care changes may occur depending on what happens in Washington D.C.

Mr. Drozda began his powerpoint presentation explaining that *Healthy Louisiana*, formerly known as *Bayou Health*, is the state's Medicaid managed care program. There are 1.4 million beneficiaries and if broken into parishes, approximately 1 in every 3 persons would be participants in *Healthy Louisiana*.

The five MCO plans are paid a flat monthly rate determined by LDH which can be determined by region, population, and it is a very complex formula. LDH also sets the provider payment rates. The legislators receive calls from providers not happy with the Medicaid rates, and obviously no one is happy with the rates, but that is set by the state and not the MCOs. However, the MCOs do have flexibility to offer quality incentive payments in terms of trying to give the best care to the members.

Mr. Drozda explained that the five MCOs operate in numerous states and have been operating for decades. He discussed the economic, care, human and community impacts of the MCOs. On an annual basis the MCOs save the state over \$400M compared to the fee-for-service costs. Fee-for-service had little to no accountability, and a limit on doctor visits and unlimited cost to the state. Louisiana and other states realized that moving to managed care does make sense compared to the old fee-for-service model.

Mr. Purpera asked for data on the \$400M in savings. Mr. Drozda referred the members to LAHP's website which has a link to the Wakely Consulting Group's report and offered to pass it out at the next meeting or send a link to the report to the members. The Wakely Consulting Group is an independent actuarial firm for the healthcare industry.

Mr. Drozda said competition between the MCOs regarding free market principles of the program leads to the reduction of overall cost of care. The plans do have flexibility to be as competitive as possible because whenever there is an open enrollment it is up to the plans to offer the best services and benefits to the members across the state. On LDH's website it shows that the enrollment changes month to month based on competition which provides the best care for beneficiaries across the state.

The five MCOs are judged on a national basis for their HEDIS scores which is quality scores that include factors such as the number of visits to the primary care physician; how many individuals are identified with breast cancer or colon cancer; and meeting other chronic care thresholds. The plans are under constant scrutiny to be sure they are meeting these quality measures. The quality of care has surpassed the fee-for-service. The Medicaid recipients have unlimited visits to their primary care physicians with the

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hope to keep them out of the emergency rooms for any nonemergency visits. LDH's website has a wonderful dashboard for *Healthy Louisiana* that shows HEDIS quality threshold measures and scores by each plan.

Mr. Purpera questioned the statement, "The five MCOs are able to offer quality-based payments to physicians...". Mr. Drozda explained that on the commercial side there are star ratings based on the quality measures and outcomes so the plans which are based on millions of claims' data are able to see which doctors show results from their care. The MCOs look for the best doctors and providers and when the budget allows they offer incentive payments

Mr. Drozda explained that the rebate process is complicated and based on a drug by drug and dosage basis. Representative Bacala requested more data about rebates and how they are split between MCOs and LDH because the larger the population then the larger the rebates should be. He also asked if contracts for the MCOs are identical or customized by plan. Mr. Drozda said that the contracts are uniform for all five MCOs to some degree but no one knew the rates at the time when the RFP's came out so the MCOs assumed the risk.

Representative Bacala said it is important for the MCOs to attend the next meeting to answer questions. He asked Mr. Drozda what changes could the state make to save money because he had previously been told that Louisiana requests many more reports than other state. Mr. Drozda responded that the plans have looked at several ways to save money including payment reform within the hospitals, and setting up triage care in emergency rooms for people who are there for less than a full blown emergency. Representative Bacala asked for Mr. Drozda to bring specific information about those ideas for saving costs.

Mr. Drozda said that he received an email from LDH Medicaid Director Jen Steele stating that the current average payment per month per member for MCO's is \$559.44 which includes behavioral services and medications.

Representative Bacala asked if the MCOs are responsible for Medicaid eligibility. Mr. Drozda deferred to LDH to answer that question.

Senator Mills commented that the rebate process is very complicated and the Senate Health and Welfare Committee had spent a lot of time on that issue. He asked Mr. Drozda how MCOs integrate with eligibility from LDH. Mr. Drozda explained that LDH gives a list of eligible persons to the MCOs who work immediately to enroll the people into the health plan.

Senator Mills asked if the MCOs also work with the recipients on goal setting since Louisiana is ranked #1 in obesity, HIV, etc. so the state can only save money if people get healthier. Mr. Drozda responded that they do as many preventive measures as possible working with the hospitals. Based on how many recipients have chronic diseases the payment of \$559.44 is very low.

Mr. Drozda said the MCOs use algorithms and program integrity to find fraud, waste and abuse (FWA) and have turned over numerous cases to the state for investigating. But the plans assume all the risk.

Mr. Purpera asked if the plans work closely with LDH on eligibility because a report from his office showed that about 500 people on Medicaid had no claims for four years and were found to have not lived in the state during that time. Mr. Drozda said that some folks do not utilize their Medicaid benefits and new members need education. If they notice underutilization, they try to find the individuals because

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many are transient and difficult to track down. It is LDH's responsibility to determine eligibility and the plans send out letters immediately to new Medicaid eligible persons when LDH provides that information.

Mr. Purpera suggested the five plans partnering with the state and doing their own data mining to determine if real people. Mr. Drozda said that the information is only as good as received from LDH but difficult if there is no forwarding address. Mr. Purpera asked if any of the five MCOs do work in the state of Washington because that state auditor looked at the MCOs when making improper payments. Mr. Drozda responded that the plans will go after improper payments to get that money back.

Representative Bacala asked about cases for out-of-state care. Mr. Drozda responded that some people live on the state borders and if closer to the metropolitan area in another state, they may visit those physicians and hospitals but must be in the network.

Mr. Drozda resumed his presentation explaining that 2,300 organizations are supported by the five MCOs, which has a large impact on the state. They use many tactics to detect potential FWA, but their goal is to identify FWA before the claims are paid. They have expensive programs to review real time pharmacy activity to curtail the opioid epidemic. Education is the key and they go through great lengths to ensure providers are filling out forms correctly because they do not want to turn a provider over to law enforcement for simple mistakes. Open investigations are referred to LDH and MFCU. Federal regulations guide most processes and govern all FWA for managed care. Louisiana is one of the top in the country for going after FWA. All five MCOs and LDH's program integrity shares information to identify doctor shopping, etc.

Mr. Purpera asked if the five MCOs receive internal or external audits. Mr. Drozda agreed that oversight is important and the MCOs do have audits but could increase onsite audits but that is determined by LDH. Mr. Purpera said that the five MCOs do not get five external audits to look over their processes. Mr. Drozda responded that he can get information about their external audits. He added that the state is taking over credentialing by providers.

Representative Bacala asked for the number of cases turned over to the state. Mr. Drozda said that he prefers to let the state give that number. Mr. Coniglio provided the stats of FWA cases turned over to MFCU from MCO's: 27 cases were turned over in January–March 2017; and 16 cases in April-June 2017.

### **PRESENTATION BY LOUISIANA DEPARTMENT OF HEALTH ON ELIGIBILITY PROCESS**

Ms. Diane Batts, LDH Medicaid Deputy Director – Eligibility Division, and Ms. Shirley Ranger, Medicaid Program Manager 2, and Mr. Chris Chase, Medicaid Program Manager 2, went to the table to make their presentation. Ms. Batts explained that their presentation would be at a high level because there are many ways to apply for Medicaid and a lot of variables. Mr. Purpera asked if there is one place to look for income guidelines. Ms. Batts referred to the links on LDH's website. She gave the percentage breakdown of how applications are received including online, telephone, paper (mail, fax, email or scan), and in person. The eligibility staff must verify missing data, and verify income through Federal Data Services HUB, Louisiana Workforce Commission, DCFS and State Online Query.

Mr. Purpera asked if LDH uses income tax data. Ms. Batts said only if the applicant is self-employed do they request verification from LDR. She explained some of the issues with using tax filings because within one household there may be two tax filing units and it can be very complicated. Representative

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Bacala asked if LDH requests income for everyone in the household. Mr. Chase responded that they use data sources for each person separately and it depends on each situation. Ms. Ranger explained the Modified Adjusted Gross Income (MAGI) federal exception if a child lives with a parent but not claimed on their taxes.

Representative Bacala asked if LDH gets income verification. Ms. Batts explained that if there is a dispute between the applicant's income and what is shown on the sources they use, then LDH will contact the applicant for an explanation. Mr. Chase added that if the explanation is not sufficient, they would also ask for documentation. Mr. Purpera asked if LDH's system continually checks the recipient's income to verify eligibility. Ms. Batts responded that the applicant is required to report any changes to income.

Mr. Morris asked if a self-employed person's state or federal tax returns are accepted at face value. Ms. Ranger said that under MAGI, they accept Schedule C. Mr. Morris asked if tax returns for self-employed persons are being confirmed and Ms. Ranger responded not at this time because they accept the applicant's statement.

Mr. Purpera pointed out that other states use the tax returns to verify income. Ms. Batts explained that a Memorandum of Understanding (MOU) had been put in place between LDH and LDR but it would not work. Only the total household income on the return and number of dependents could be confirmed. LDR was helpful but could not give the necessary information. Medicaid can only use income at the time of application for verification.

Representative Bacala pointed out that LDH must check databases to accurately verify eligibility. Ms. Batts responded that the Centers for Medicare & Medicaid Services (CMS) allow self-attestation. Mr. Chase added that not everyone is a tax filer. Representative Bacala asked what stops or prevents LDH from taking verification a step farther. Ms. Batts explained that LDH and LDR spent a lot of time trying to work out the verification of data, but could not get it to work. Representative Bacala asked why LDH could not ask for all tax filers for a specific address. Ms. Batts said she would check with staff and LDR to answer.

Mr. Purpera pointed out that 28 states currently uses their state tax data to identify residents who are eligible for Medicaid. Senator Mills asked about CMS' minimum requirements for eligibility and if they would allow a higher level of verification. Ms. Batts said that years ago LDH asked for a light bill but CMS wants LDH to accept self-attestation, so a state plan amendment with CMS may be required.

Senator Mills asked for CMS' allowable standards, minimal standards and not only what other states are doing but also other venues. Mr. Purpera stated that LDH chose a variance of 25% between what is self-attested and what the workforce system shows. He asked if LDH had to get approval by CMS since Louisiana is the only state that uses 25%. Ms. Batts responded that the verification plan was reviewed by CMS and does vary by state because some use 0%, 5% or 10%. The state had a 26% reduction in eligibility so LDH had to streamline the process, and the Payment Error Rate Measurement (PERM) rate did not go up.

Senator Mills noted that the Supplemental Nutrition Assistance Program (SNAP) population automatically qualified for Medicaid. Ms. Batts agreed that most people did meet the requirements for Medicaid, so they sent a notification and maintained contact. The health plans will try to find persons within 30 days.

Mr. Purpera asked about the 13,000 out-of-state persons receiving Medicaid benefits from Louisiana but

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had no claims for a four year period. Ms. Batts said that LDH established new processes but some are on state borders and still eligible for Medicaid. Also some people work out of state but are still Louisiana residents. Currently 1.7 million people in Louisiana are on Medicaid and LDH only has 450 Medicaid analysts. Approximately 300 people are on the monthly reports being reviewed and LDH works with the Social Security Administration to verify Supplemental Security Income (SSI).

Representative Bacala asked for further explanation of reasonable compatibility. Ms. Ranger said they review the applicant's income and if under 25% variance between self-attestation and verified income in the system, they can still qualify.

Senator Mills asked if a Medicaid enrollee is on the system but has not utilized any services for 12 months, does the health plan report that information to LDH and how do they handle recoupment processes. Ms. Batts explained that if anyone gives false information that is grounds for fraud. LDH receives many complaints but only has a very small team to investigate complaints so they partner with many agencies. However, eligibility cannot be taken away, but only closed prospectively because of information received, unless they reapply later. Mr. Ellison asked for the number of complaints sent to law enforcement. Ms. Batts said she can find out.

Representative Bacala asked if LDH saw opportunities for improvement in eligibility. Mr. Jeff Reynolds, LDH Undersecretary, responded that LDH only has about 400 eligibility workers and over 1.7 million participants. Representative Bacala commented that there are legislative and other issues but at the very least getting information from LDR about household income and dependents and verifying income quarterly should be done to ensure the right people are on Medicaid. Mr. Reynolds responded that the ultimate problem is the use of data sources. Even if they receive data from LDR the staff must pick and choose data systems and they could still get fraudulent information.

Representative Bacala asked Mr. Reynolds if LDH could come to the next meeting to do a presentation on reasonable compatibility and Mr. Reynolds said they would. Representative Bacala also asked if a random sampling of about 100 applicants including household income and home addresses could be done with LDR and determine the percentage of errors. Mr. Purpera suggested using 300-350 to be statistically valid.

Mr. Morris said that a new exception to RS 47:1508 was added and he would reinitiate the efforts to verify with LDH. LDR can pull tax returns by addresses and wants to help provide the necessary verification. If LDH could provide the name, social security number, and the number of dependents, then LDR can give a percentage that matches but cannot tell which ones do not match or specific details.

Mr. Purpera pointed out that Minnesota's Department of Health did receive access to tax data and found 36% to be ineligible. Representative Bacala asked if LDH could provide 1,000 names to LDR. Mr. Reynolds responded affirmatively and would try to have that verification done by the next Task Force meeting. Mr. Purpera said that his auditors would like to help choose the sample for testing.

Senator Mills asked about the external contractors helping LDH with eligibility. Ms. Batts said the University of New Orleans eligibility staff sits with LDH's eligibility staff to help choose which MCO would be best for each applicant. Also Maximus is an enrollment broker that helps connect people to the health plans. Mr. Reynolds pointed out that LDH determines eligibility and auto assigns the applicants to the MCOs.

Senator Mills mentioned the Myers Stauffer audits on MCOs and that he may want it on a future agenda.

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Mr. Reynold said that Jen Steele would need to be at the meeting to answer questions. Senator Mills commented that it looks like a huge amount of non-allowable costs and would be something for this committee to discuss. Mr. Reynolds said to put it on the next agenda and he will be glad to bring people to discuss.

**DISCUSSION OF ACCESS TO DATA**

Mr. Purpera said that they had already discussed the issue of access to data. Mr. Travis said that part of the mission of the Task Force is data mining, so future discussions about how the agencies can help each other would be good in a future meeting.

**PUBLIC COMMENT**

No public comments were offered.

**CONSIDERATION OF ANY OTHER MATTER THAT MAY COME BEFORE THE TASK FORCE**

Mr. Travis also suggested for a future meeting to discuss behavioral health issues. Mr. Purpera recapped some issues for the next meeting included inviting the MCOs and discussing the Myers Stauffer audits.

Mr. Purpera thanked the task force members for coming to the meeting and they tentatively set the next meeting on October 4, 2017.

**ADJOURNMENT**

Senator Mills offered the motion to adjourn and with no objection, the meeting adjourned at 12:35 pm.

**Approved by Act 420 Task Force on: October 4, 2017**

The video recording of this meeting is available in House of Representatives Broadcast Archives:  
[http://house.louisiana.gov/H\\_Video/VideoArchivePlayer.aspx?v=house/2017/sep/0906\\_17\\_MedFraudDetect](http://house.louisiana.gov/H_Video/VideoArchivePlayer.aspx?v=house/2017/sep/0906_17_MedFraudDetect)