

**OFFICE OF THE INSPECTOR GENERAL,
HEALTHCARE AND FAMILY SERVICES
REPORT ON UNAUTHORIZED USE OF MEDICAL ASSISTANCE**

I. Legislative and Rulemaking History

In July 1994, the General Assembly established the Office of Inspector General (“OIG”) for the Department of Healthcare and Family Services (“the Department”) (Public Act 88-554). The OIG’s mission is to prevent, detect, and eliminate fraud, waste, abuse, mismanagement, and misconduct in programs administered by the Department. The Inspector General has general oversight responsibilities over the Department’s integrity functions, which include investigating fraud or intentional program violations committed by program recipients.

The Illinois Medicaid Reform Law (P.A. 096-1501) was signed into law in January 2011. The program integrity section of the Medicaid Reform Law, located at 305 ILCS 5/8A-2.5, authorizes the OIG to seek to recover any and all State and federal monies for which it has improperly and erroneously paid benefits as a result of a fraudulent action, as well as authorized civil penalties.

In September 2011, the Department filed its proposed rules amending 89 Ill. Adm. Code Sections 104 and 140, in order to establish the procedural framework for Department hearings regarding the unauthorized use of medical assistance, enforcement of Final Administrative Decisions, and collection of repayment and penalty amounts. The Administrative Rules became effective on May 7, 2012.

II. Results and Case Summaries

Since the Illinois Medicaid Reform Law was signed into law in January 2011, the OIG’s Bureau of Investigations (“BOI”) and attorneys from the OIG’s Bureau of Administrative Litigation (“BAL”) have aggressively pursued identification and recovery of improperly and erroneously paid benefits as a result of fraudulent action. The following is a summary of the combined effort:

<u>CATEGORY</u>	<u>CASES</u>	<u>TOTALS</u>
1. Collections	10	\$62,605.55
2. Pending Administrative Actions	19	\$213,163.35
3. Cases Referred for Administrative Action	35	\$197,527.13
Total	64	\$535,323.30

The following is a summary of pending administrative actions to recover state and federal monies expended as a result of the unauthorized medical assistance.

- **Unauthorized Use Recovery: \$5,746.20 - Failure to Report Income and Citizenship Status**

BAL recovered \$5,746.20 in alleged unauthorized use of medical assistance. A BOI investigation revealed that the Program recipient had improperly reported income and received medical assistance, despite not being a citizen of the United States. Allegations against the Program recipient included the making of false statements to the Department, in order to receive medical assistance. The Program recipient allegedly used unauthorized medical assistance to obtain prenatal and maternity services for the period of January 1, 2011 through March 2012.

- **Unauthorized Use Recovery: \$7,187.25 - Failure to Report Income and Citizenship Status**

BAL recovered \$7,187.25 in alleged unauthorized use of medical assistance. A BOI investigation revealed that the Program recipient had improperly reported income and received medical assistance, despite not being a citizen of the United States. The Program recipient used the medical assistance to obtain medical services for the period of January 1, 2011 through March 2012.

- **Unauthorized Use Action: \$43,796.41 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$43,796.41 in unauthorized use of medical assistance for the period of September 1, 2009 through April 10, 2012. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. Using school records and other evidence, BOI determined that the child lived in Wisconsin during the period of medical assistance.

- **Unauthorized Use Action: \$37,463.26 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$37,463.26 in unauthorized medical assistance for the period of August 1, 2009 through February 28, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. Using school records and other evidence, BOI determined that the child lived in Texas during the period of medical assistance.

- **Unauthorized Use Action: \$16,315.59 - Alleged False Reporting of Household Status**

BAL issued its notice to recover \$16,315.59 in unauthorized medical assistance for the period of August 1, 2008 through April 1, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. While the mother had reported that the dependent resided with her, the investigation revealed a court order dated August 18, 2008, awarding temporary custody to the father.

- **Unauthorized Use Action: \$16,496.28 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$16,496.28 in unauthorized medical assistance for the period of August 18, 2005 through October 31, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. While the mother had reported that the child resided with her, the investigation revealed a school records and a court awarding custody to the father in 2005.

- **Unauthorized Use Action: \$13,299.04 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$13,299.04 in unauthorized medical assistance for the period of September 2009 through September 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance.

- **Unauthorized Use Action: \$9,057.63 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking \$9,057.63 in unauthorized medical assistance for the period of January 1, 2009 through June 30, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. The investigation revealed a court order stating that the Respondent's guardianship of the child was terminated and the child placed in foster care.

- **Unauthorized Use Action: \$6,800.15 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$6,800.15 in unauthorized medical assistance for the period of August 2010 through January 2012. A BOI

investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. The investigation revealed a copy of an affidavit of transfer of custody, school records, and other evidence that the children did not live with the recipient.

- **Unauthorized Use Action: \$3,825.06 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover \$3,825.06 in unauthorized medical assistance for the period of May 1, 2010 through April 12, 2012. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance. The investigation revealed a court order dated May 10, 2010, proving that the child no longer lived with the recipient.

- **Unauthorized Use Action: \$5,736.00 - Alleged False Reporting of Residence**

BAL issued a Notice to recover \$5,736.00 in unauthorized medical assistance for the period of December 1, 2005 through January 27, 2011. A BOI investigation revealed employment, government, and school records proving that the respondent and her children had moved to Missouri and no longer lived in Illinois.

- **Unauthorized Use Action: \$1,273.33 - Alleged False Reporting of Residence**

BAL issued a Notice to recover \$1,273.33 in unauthorized medical assistance for the period of September 1, 2007 through May 5, 2011. A BOI investigation revealed employment, government, and school records proving that the respondent and her children had moved to Minnesota and no longer lived in Illinois.

- **Unauthorized Use Action: \$1872.33 - Alleged False Reporting of Household Status**

BAL issued a Notice to recover \$1872.33 in unauthorized medical assistance for the period of December 1, 2005 through January 27, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical assistance.

- **Unauthorized Use Action: \$2,058.62 - Alleged False Reporting of Household Status**

BAL issued a Notice seeking to recover unauthorized use of medical assistance for the period of August 1, 2008 through April 29, 2011. A BOI investigation found that a recipient falsely reported that a child living outside of the recipient's home was a member of the recipient's household, in order to receive medical

assistance. The investigator obtained statements from the father that his son had been living with him and obtained school attendance records which confirmed that the child did not live with the recipient.

- **Unauthorized Use Action: \$235.70 - Alleged Unauthorized Use of Medical Card**

BAL issued a Notice seeking to recover \$235.70 in unauthorized medical assistance. The investigation revealed improper transfer of the Program recipient's medical card. The investigation revealed that the Program Recipient gave her medical card to a family member so that the family member could receive unauthorized dental treatment. Dental records identified a discrepancy between radiographic records of the Program recipient and the unauthorized user of the medical card.

- **Unauthorized Use Action: \$457.27 - Alleged False Reporting of Residence**

BAL issued a Notice seeking to recover \$457.27 in unauthorized medical assistance for the period of February 2010 through January 2012. A BOI investigation revealed employment records proving that the respondent had moved to Indiana and no longer lived in Illinois.

III. The Investigatory Process

BOI investigates the eligibility of recipients in categorical assistance programs involving cash, Medical Assistance, Supplemental Nutrition Assistance Program ("SNAP"), and the legacy programs now administered by the Department of Human Services ("DHS"). The primary functional areas are client eligibility investigations, prosecution investigations, medical investigations, and child-care investigations.

Client eligibility investigations result from a number of sources, including local DHS offices (Family Community Resource Centers), hotlines, referrals from citizens, other state and federal agencies, and law enforcement entities. These referrals involve the false reporting of information or the failure to report changes in various eligibility factors, in order to qualify for public assistance programs. These referrals typically include allegations of employment, unreported income and assets, absent household members, residency changes, and changes in marital status. Medical investigations generally result from referrals received by the Department's Hotline indicating abuse of a medical card or unauthorized use of medical assistance. Typical allegations include loaning a medical card to ineligible persons, selling prescription drugs, submitting false prescriptions, doctor or pharmacy shopping in order to obtain prescriptions that are not medically necessary, or the inappropriate use of emergency rooms or transportation.

Upon the conclusion of a preliminary analysis, cases involving potential overpayment are referred to BOI for full investigation. In unauthorized use cases, the Department may inspect medical, hospital, personnel, and billing records in order to gather evidence sufficient to conclude an investigation. In cases involving client

eligibility, BOI may implement various investigative techniques, such as confirmation of property or leasing records, employment and payroll records, bank records, school records, tax documents, court documents, and other records and surveillance.

The primary source for unauthorized use referrals from BOI to BAL are from client eligibility and medical recipient investigations. Since January 2011, BOI completed 1241 investigations (1179 client eligibility and 62 medical investigations). Of the client eligibility cases, an estimated 75% were reviewed for a medical eligibility issues either related to past eligibility and possible fraud or overpayment, or current and continuing eligibility for medical assistance. Of the medical recipient investigations, 100% were reviewed for a medical issue.

IV. Analysis as to the Use of Private Sector Resources

The Department was also asked to analyze the efficacy of the use of private resources in the identification, prosecution, and collection of unauthorized medical assistance. The short time frame does not allow the Department to adequately analyze the applicability of the use of private resources. The OIG currently uses private resources to collect overpayments for various audits of specific provider types and will continue to analyze the efficacy of the use of private resources in these civil remedies cases. However, the current structure of the OIG and the expected expansion of BOI with regard to recipient investigations is expected to be more than adequate in the interim.