2016 Annual Report
July 20, 2017

Linda Seemeyer, Secretary
Wisconsin Department of Health Services
1 W. Wilson Street
Madison, WI 53703

Dear Secretary Seemeyer:

It is my pleasure to present the annual report on the achievements of the Office of the Inspector General (OIG) for calendar year 2016. Since Governor Scott Walker and the Wisconsin Legislature created OIG in October 2011, our teams of auditors and investigators have sought to enhance the Department of Health Service’s program integrity and fraud prevention efforts. OIG continues to be a national leader in the prevention and detection of fraud, waste, and abuse in public assistance programs.

Since the creation of OIG, we have saved taxpayers well over $150 million with our fraud prevention and detection efforts, including savings and overpayments established of more than $51 million in 2016 alone. The attached chart summarizes the impact of OIG’s activities in 2016.

Last year, OIG made significant progress in harnessing the power of data analytics, building the capacity of our Internal Audit Section, and establishing partnerships with Wisconsin’s Medicaid managed care entities, all while maintaining high productivity in the areas of audits and investigations.

We wouldn’t be nearly as successful in our fraud prevention and detection efforts without the help of our investigative partners at the local level. This report also demonstrates that the success of OIG is due to the hard work and dedication of OIG employees and our local partners who have invested in building and maintaining effective fraud-fighting tools, as well as through the continued support of you, the Governor, and the Legislature.

Public assistance fraud is not fair to those who are genuinely in need. Fraudulent activities, like trafficking FoodShare benefits on social media or concealing income on benefits applications, reflect poorly on all those who seek government assistance and put programs with scarce resources at risk. OIG works to protect taxpayers and recipients by weeding out cases where people find ways to get benefits for which they are not qualified.
Thank you for supporting the efforts of fraud investigators at both the state and local level and for recognizing that we need to protect the integrity of public assistance programs for those in need.

Sincerely,

Anthony J. Baize, Inspector General
Office of the Inspector General
Wisconsin Department of Health Services

2016 OIG IMPACT SUMMARY

Overpayments Established
$32,662,343

Cost Avoidance
$18,497,472

Total Impact $51,159,815

The above data does not include National Settlement Recovery dollars or WIC program integrity savings.
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Office of the Inspector General

Governor Scott Walker created the Department of Health Services (DHS) Office of the Inspector General (OIG) in October 2011 as part of a statewide initiative aimed at curtailing unchecked spending that helped create Wisconsin’s $3.6 billion deficit. The Governor signed an Executive Order on his first day in office, taking a first step in ensuring the state would become a good steward of taxpayer dollars, and worked to restore the people’s trust in government.

OIG is charged with protecting the taxpayers of Wisconsin by preventing and detecting fraud, waste, and abuse of public assistance programs, including Medicaid and FoodShare. OIG works in partnership with local county agencies and investigators and law enforcement to protect the integrity of these safety-net programs for those who truly need them.

Between 2003 and 2011, according to federal data, enrollment in FoodShare (Wisconsin’s food stamp program) doubled to 800,000 participants, but the number of fraud investigations decreased by more than half.

When Governor Walker first took office in 2011, FoodShare benefits issued for Wisconsin alone topped $1 billion every year. And yet, Wisconsin had only one person at the state investigating claims of recipient fraud. Under Governor Walker, the new OIG increased the number of staff members investigating recipient fraud from one to 23, which has resulted in the prevention of overpayments and detection of fraudulent or improper payments totalling tens of millions of dollars. Those 23 staff members not only investigate fraud, but also provide training and technical support to county and tribal fraud units across the state.
Total FoodShare Benefit Payments
Statewide total FoodShare benefit payments by calendar year
(benefit payments do not include overpayments)

- $117 million in 2000
- $166 million in 2001
- $207 million in 2002
- $244 million in 2003
- $283 million in 2004
- $326 million in 2005
- $352 million in 2006
- $373 million in 2007
- $468 million in 2008
- $780 million in 2009
- $1,039 million in 2010
- $1,142 million in 2011
- $1,178 million in 2012
- $1,189 million in 2013
- $1,111 million in 2014
- $1,019 million in 2015
- $913 million in 2016

Fraud Prevention and Investigation Program (FPIP)
Total FoodShare program overpayments and future savings by calendar year

- $0.5 million in 2000
- $0.7 million in 2001
- $1.0 million in 2002
- $1.2 million in 2003
- $1.1 million in 2004
- $0.9 million in 2005
- $0.8 million in 2006
- $0.8 million in 2007
- $0.9 million in 2008
- $1.2 million in 2009
- $1.3 million in 2010
- $1.3 million in 2011
- $9.6 million in 2011*
- $14.2 million in 2012
- $15.1 million in 2013
- $15.7 million in 2014
- $19.3 million in 2015
- $19.3 million in 2016

*The Office of the Inspector General was created in October 2011 to consolidate and improve public assistance program integrity and fraud prevention efforts.
2000-2011: Represents all FoodShare overpayments, not limited to overpayments for fraud. Overpayments are based on the month the overpayment was processed.
2012-2016: Represents overpayments due to fraud and future savings. Overpayments are based on the month entered into the fraud tracking system.
OIG: The First Five Years

Led by the Inspector General, OIG is accomplishing its mission of fighting and eliminating fraud while saving Wisconsin taxpayers millions of dollars. Housed within one office, OIG coordinates and continually works to improve DHS’s public assistance program integrity and fraud prevention efforts.

OIG’s primary responsibilities include:

- Monitoring, investigating, and referring recipient and retailer fraud allegations.
- Reviewing all complaints received through the fraud hotline and portal.
- Overseeing the enrollment and reenrollment of providers in the Wisconsin Medicaid Program.
- Overseeing and enforcing the prior authorization policies of the Wisconsin Medicaid Program.
- Monitoring and auditing providers who participate in Wisconsin Medicaid.
- Performing independent, objective assurance and consulting engagements for DHS programs and operations.

In its first five years, OIG:

- Established a fraud reporting hotline and web-based portal, leading to thousands of reports of fraud complaints from the general public.
- Increased identification of recipient fraud overpayments by 80 percent and identified $38 million in overpayments to Medicaid and FoodShare recipients.
- Increased monitoring of Medicaid providers to ensure compliance of rules and regulations and increased the number of audits to more than 2,000 each year.
- Collected nearly $90 million through national settlements.
- Began a personal care oversight improvement initiative, including home visits to verify needs.
- Designed and piloted a FoodShare QUEST card replacement project that was enacted by legislation to permanently become a DHS FoodShare program integrity activity.
OIG: Top Accomplishments of 2016

In 2016, OIG built on the successes of the first five years. Working closely with local investigators and law enforcement agencies, OIG has:

1. Established the highest amount ever in overpayments as a result of FoodShare and Medicaid investigations completed by the statewide Fraud Prevention and Investigation Program in 2016 of almost $21 million, 75 percent more than the $12 million in 2015.

2. Identified a record $17.5 million in future savings (cost avoidance) as a result of FoodShare and Medicaid investigations with local partners in 2016 compared to $14.5 million in 2015, an increase of 21 percent.

3. Identified more than $9 million in Medicaid provider overpayments and recovered nearly $8 million in overpayments to Medicaid providers.

4. Completed a proof-of-concept model in partnership with the United States Department of Agriculture Food and Nutrition Service (FNS) to improve OIG’s ability to identify and investigate recipients suspected of trafficking FoodShare benefits. This resulted in a 100-percent success rate in administrative hearings and disqualification of 20 recipients for trafficking FoodShare benefits. In addition, OIG was able to recoup over $37,000 in trafficking claims and generate over $20,000 in cost savings.

5. Referred 12 cases of Special Supplemental Nutrition Program for Women, Infants and Children (WIC) fraud to the Wisconsin Department of Justice (DOJ) for collection. DOJ is now collecting approximately $427,000 in claims and fines as a result of these 12 investigations.

6. Increased the number of fraud investigations by 58 percent by collaborating with our local partners to complete a record 16,870 investigations through the statewide Fraud Prevention and Investigation Program in 2016, up from 10,665 in 2015.

7. Working in partnership with DOJ, collected a record $43,676,361 through national settlement recoveries.

8. Received a record 3,846 complaints through the fraud reporting hotline and web-based portal. Each complaint was evaluated and referred to the appropriate OIG section for investigation.

9. Assisted Wisconsin retailers in the identification of shopping behaviors that indicate trafficking of FoodShare benefits, and began receiving referrals in 2016 from different retailers throughout the state for the first time.

10. Increased internal resources used to identify and track fraud, waste, and abuse by creating OIG’s Data Analytics Section and adding four staff members to the Internal Audit Section.

11. Strengthened local partnerships through the Fraud Investigation and Recovery Enforcement Section by providing training and technical assistance at state (Wisconsin Association of Public Assistance Fraud) and national (United Council on Welfare Fraud) conferences, as well as with individual county and tribal fraud units on topics including how to calculate overpayments, desk investigation techniques, identity theft, and how to effectively pursue suspensions of persons that intentionally violate public assistance program rules.
Strong Partnerships to Fight Fraud

Collaboration with Counties and Tribes to Operate the Fraud Prevention and Investigation Program

Fighting fraud in public assistance programs requires commitment and dedication to maintaining the integrity of these programs for those who are truly in need, and much of this work happens at the local level. County-level fraud prevention is funded in part by increases in the past two state biennial budgets. OIG provides $1,000,000 annually to 10 fraud prevention and investigation program consortia and nine tribal agencies. This funds local agency investigators, private investigators, and police. In 2016, Fraud Prevention and Investigation Program investigators completed 16,780 investigations compared to 10,665 in 2015.

The goal of this initiative is to reduce payment errors by establishing local programs that investigate suspected fraudulent activity by recipients of the Wisconsin Medicaid, BadgerCare Plus, and FoodShare programs. Local programs may utilize private investigators, local sheriff’s departments, or in-house staff to conduct investigations. Investigations conducted by the Fraud Prevention and Investigation Program can establish overpayments or cost avoidance (the amount of benefits that would have been paid to recipients committing fraud was stopped as a result of an investigation) and result in case denials, reductions, and/or terminations.
Additional Funding for Local Units of Government

DHS provides funding to local units of government to conduct Medicaid and FoodShare fraud prevention and investigation activities. In 2016, local units of government saw their funding increase to $1 million. This additional funding doubled the annual funding to support statewide fraud prevention activities conducted by agencies, other than Milwaukee Enrollment Services, that administer Medicaid and FoodShare. Each income maintenance consortium determines what staff will conduct the Fraud Prevention and Investigation Program investigations, which may include agency staff, contracted staff, local law enforcement, or a combination of these staff. Recoveries made as a result of these activities are divided between the federal government, the state, and the local agencies. The federal, state, and local share of these recoveries depends
on whether the recovered benefits were initially paid from FoodShare or Medicaid and whether the recovery was the result of client error, fraud, or other error. These recoveries are reflected in the total statewide Fraud Prevention and Investigation Program recoveries mentioned earlier.

Local Agency Fraud Units are the Cornerstone of the Fraud Prevention and Investigation Program

On August 30, 2016, Governor Walker visited Eau Claire County Human Services to highlight the strong efforts of state and local agency fraud prevention and investigation staff in protecting the integrity of the Medicaid and FoodShare programs in Wisconsin.

Eau Claire County’s fraud unit is an excellent example of what local agencies are accomplishing with the support provided by OIG through fraud funding and technical assistance. Since 2012, Eau Claire County has established program savings resulting from FoodShare and Medicaid fraud investigations totaling more than $4.3 million, and the Great Rivers Fraud Prevention and Investigation Program Consortium (consisting of Barron, Burnett, Chippewa, Douglas, Dunn, Eau Claire, Pierce, Polk, St. Croix, and Washburn counties) has saved almost $10 million, collectively, in the same time period.

For more information: [www.dhs.wisconsin.gov/oig/recipients.htm](http://www.dhs.wisconsin.gov/oig/recipients.htm)
Providing Training and Technical Assistance to Local, State, and National Partners

In addition to working directly with local agencies and tribes, OIG staff also provide training and technical assistance to statewide and national audiences. OIG has been recognized as a national leader in preventing and detecting fraud, waste, and abuse in public assistance programs and is frequently asked to share best practices at large conferences and meetings.

- OIG’s WIC Vendor and Integrity Unit staff presented two sessions at the FNS WIC EBT User Group meeting: “Living Happily Ever After – Life After APL” and “Impact of WIC EBT Implementation on Vendor Compliance.” The Approved Product List (APL) is the Wisconsin WIC-maintained list of over 13,000 eligible WIC-approved items, including universal product codes (UPCs) and product lookups (PLUs). It is the backbone of WIC EBT redemption at retail stores.
- The WIC contract manager led a workgroup to create policy and procedures on participant social media fraud and abuse and coordinated a panel discussion and poster presentation at the biennial WIC conference.
- Fraud Investigation and Recovery Enforcement Section staff provided training and technical assistance at state (Wisconsin Association of Public Assistance Fraud) and national (United Council on Welfare Fraud) conferences, as well as with individual county and tribal fraud units on topics including how to calculate overpayments, desk investigation techniques, identity theft, and how to effectively pursue suspensions of persons that intentionally violate public assistance program rules.
- The Fraud Investigation and Recovery Enforcement Section presented at the 2016 Public Assistance Reporting Information System (PARIS) National Conference about how the PARIS match has evolved in Wisconsin and described how six PARIS agents have saved Wisconsin approximately $2.6 million annually since the unit’s creation.
- OIG staff presented at the 2016 National Association for Medicaid Program Integrity Conference and discussed Wisconsin’s success in the area of Medicaid recipient fraud prevention and investigation, one of the first times the National Association for Medicaid Program Integrity has spotlighted recipient fraud as a workshop topic.

Partnering with Medicaid Managed Care Companies

Approximately 70 percent of Wisconsin’s Medicaid recipients receive insurance coverage through 19 Medicaid managed care companies, also referred to as health maintenance organizations (HMOs). Throughout the United States, more and more Medicaid programs are turning to managed care to control costs, provide coordinated benefits, and offer innovative treatment options. Just like Wisconsin’s Medicaid fee-for-service program, managed care companies deal with medical providers who overbill due to billing errors, upcoding of claims, and outright fraud.

In 2016, Inspector General Anthony Baize, in conjunction with the Wisconsin Department of Justice’s Medicaid Fraud Control Unit, began conducting antifraud trainings and information-sharing sessions around the state for the staff of Special Investigations Units (SIUs) of Wisconsin’s Medicaid HMOs. Each quarter, OIG and the Wisconsin Department of Justice’s Medicaid Fraud Control Unit staff meet with all 19 HMOs to discuss fraud
trends, investigative techniques, auditing, and case examples. OIG staff also conducts one-on-one meetings with HMOs who request assistance or want to discuss potential fraud referrals.

As Wisconsin’s long-term care programs continue to expand, it is paramount that DHS and its managed care partners continue to work to ensure that our most vulnerable citizens receive appropriate and cost-effective care.

**Public Assistance Reporting Information System (PARIS)**

PARIS is a federal database that matches recipients of public assistance from across the nation to determine if benefits are being received in two or more states. In 2016, OIG’s PARIS agents suspended 119 individuals from the FoodShare program for fraud, and 54 of those suspensions were for 10 years.

**2016 OIG Success Story**

*Using PARIS, investigators found a child claimed for benefits in Wisconsin was actually living in Texas, and the family failed to report income received by both adults in the household for several years. OIG determined this family was overpaid $127,000 in FoodShare and Medicaid benefits and has taken steps to recoup those benefits.*
Based on information gained from a PARIS match with Nevada, an OIG PARIS investigator determined that a man living in Wisconsin reported that his grandchild lived with him, but the grandchild was actually living in Nevada. This resulted in a combined FoodShare and Medicaid overpayment of approximately $37,000.
Fighting Fraud

Detecting FoodShare Intentional Program Violations

OIG closely monitors the FoodShare program to detect recipients who have intentionally violated FoodShare program rules in order to fraudulently receive benefits. OIG is required by federal law to suspend recipients from the program who intentionally violate FoodShare program rules. Since its creation, OIG has increased monitoring and training to ensure consistent application of the intentional program violation sanction policy statewide, which has resulted in an increase in intentional program violations pursued each year.

FoodShare Program Intentional Violations
Number of Persons Suspended

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Persons Suspended</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>203</td>
</tr>
<tr>
<td>2013</td>
<td>549</td>
</tr>
<tr>
<td>2014</td>
<td>1,184</td>
</tr>
<tr>
<td>2015</td>
<td>1,313</td>
</tr>
<tr>
<td>2016</td>
<td>1,382</td>
</tr>
</tbody>
</table>

OIG actively monitors social media platforms to identify people who are actively trafficking FoodShare benefits, often selling them for cash. Below are two real examples of Facebook posts by people attempting to sell their Foodshare benefits online.

Real Social Media Examples

<table>
<thead>
<tr>
<th>Example 1</th>
<th>Example 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imma need some stamps next week. Who selling some #hopehedsaintwatching 😝😝خطرة I prefer 300 for $150</td>
<td>Hungry? food in the fridge? low on money? Hit me up got some stamps for you.. put money in my pocket and food in your stomach.</td>
</tr>
</tbody>
</table>

Like · Share

2 people like this.
Protecting Those in Need by Stopping Fraud

OIG investigators and local partners are skilled in ways to detect fraud, even when the offender goes to great lengths to conceal it. Investigators use wage matches, property records, credit bureau information, and other sources that allow them to conduct many investigations from their desks, saving time and money. Referrals received through fraud hotlines and websites provide some of our best leads.

2016 OIG Success Story

In Milwaukee County, a FoodShare recipient was investigated for collecting benefits fraudulently by failing to report that her husband, the father of her children, lived in the home. His income put them over the income limit for the FoodShare program. The investigator collected Division of Motor Vehicle records, voter registration records, credit reports (which showed joint accounts), utility bills in both adults’ names, the children’s school enrollment records, reports from the local police department, and the husband’s employment records, which all showed the husband was in the home with his wife and children. This ultimately resulted in overpayment of $58,500, FoodShare case closure, and suspension from the FoodShare program for one year.

2016 OIG Success Story

In Milwaukee County, the OIG Investigation and Technical Assistance Unit conducted a joint investigation with the federal Bureau of Alcohol Tobacco and Firearms (ATF) in which defendants suspected of drug activity were found in possession of large amounts of cash and jewelry, as well as QUEST cards. Several defendants were convicted of various offenses and are now serving prison time on felony charges.

Fraud Hotline and Portal – Record Year

OIG makes it easy for the public to report complaints of fraud, waste, and abuse in Wisconsin’s public assistance programs through the fraud reporting hotline at 1-877-865-3432 or at www.reportfraud.wisconsin.gov.

OIG investigates fraud tips for any type of abuses of public resources, such as:

• Billing Medicaid for services or equipment not provided.
• Filing a false application for DHS-funded assistance programs, including Medicaid; BadgerCare Plus; Women, Infants and Children; and FoodShare.
• Trafficking of FoodShare benefits (trading the benefit card for cash, tobacco, or alcohol or buying ineligible, nonfood items).
• Crime, misconduct, or mismanagement by a DHS employee, official, or contractor.
Fighting Fraud Through Proof of Concept

In 2014, OIG partnered with the Food and Nutrition Service (FNS) on a project to enhance recipient fraud detection in the FoodShare program. The primary objective of the project was to improve how effectively recipients suspected of trafficking FoodShare benefits were identified and investigated and to create an analytics proof-of-concept model. This model provided new insights, and predictive models focused on FoodShare benefit trafficking. The proof-of-concept model was completed and used by OIG for the first set of 20 pilot investigations in 2016. As a result of these new investigative analysis techniques, OIG had a 100-percent success rate in administrative hearings and disqualified 20 recipients for trafficking their FoodShare benefits. In addition, OIG was able to recoup more than $37,000 in trafficking claims and generate more than $20,000 in cost savings.

FoodShare Benefits: Not for Sale

The OIG Trafficking Unit contacted several retailers in Wisconsin to assist in the identification of shopping behaviors indicative of trafficking FoodShare benefits. As a result of this collaboration, OIG received referrals from different retailers throughout the state.

2016 OIG Success Story

In Milwaukee County, investigators found a participant was purchasing large quantities of fryer oil and French fries with FoodShare benefits. Investigators learned she used her FoodShare benefits for three years to stock her food truck business. The woman signed a waiver to be removed from the FoodShare program and had to repay $14,000.

For more information: www.dhs.wisconsin.gov/fraud/index.htm
Protecting Benefits for Mothers and Children

The WIC (Women, Infants and Children) program offers supplemental nutrition for pregnant women, mothers, and children. Benefits include healthy foods for moms and babies, but investigators find some vendors and recipients do not use the program as intended. The WIC electronic benefits transfer system was successfully implemented statewide in 2015, and OIG’s WIC Vendor and Integrity Unit continues to serve as a resource to correct transaction issues for participants and provide retailers technical support.

In 2016, the WIC Vendor and Integrity Unit reauthorized 1,159 vendors for new three-year contract periods. The unit regularly provides technical support, reviews new applications, approves cost containment pricing, creates training material, and provides face-to-face training to these vendors.

WIC Vendor and Integrity Unit staff conducted eight audits and a total of 280 compliance buys involving 52 vendors. As a result of these activities, the WIC Vendor and Integrity Unit conducted 47 investigations, of which 13 are ongoing. Of those investigations, 10 resulted in disqualifications from the WIC program, and OIG issued three warning letters. Six of the disqualifications were for trafficking benefits. Of the six disqualifications for trafficking, five also provided alcohol and/or tobacco for benefits. Wisconsin was the only state in the Midwest region to disqualify vendors for trafficking, alcohol, or tobacco violations during Fiscal Year 2016. There were nine vendors disqualified nationally for trafficking, and six of those were from Wisconsin. The WIC Vendor and Integrity Unit has referred 12 cases to the Wisconsin Department of Justice for collection. The amount remaining to be collected from these vendors is approximately $427,000.

2016 OIG Success Story

An OIG WIC compliance investigator worked with the Mount Pleasant Police Department and the Racine County District Attorney’s Office in 2016 to file criminal charges against a vendor for trafficking WIC benefits in exchange for cash, alcohol, and tobacco products. The individual owner is awaiting trial; however, the store was disqualified from redeeming WIC benefits, agreed to a stipulated settlement, and paid the administrative fine in full.

Enhancement of Data Analytics

OIG’s top priority is to maximize public assistance funding through fraud prevention and program integrity activities. During the first five years, it became clear that OIG could improve upon data use. To most efficiently and effectively use the additional funds provided by the Governor and Legislature and to improve data analytics within OIG, a dedicated data analytics section was created in 2016. The new section consolidated OIG data analytic staff that were spread across four OIG sections and the Director’s Office and moved them into
one section. The Data Analytics Section has seven full-time staff, including four information systems professionals (ISPs), two nursing consultants who provide technical and medical expertise, and the Section Chief. The staff assigned to the data analytics section retained their duties of supporting data analysis, systems, and project management in their former sections.

In addition, Data Analytics Section staff are overseeing the implementation and management of the new fraud analytic vendor, which was part of the 2015-2017 biennial budget of $5,000,000 allocated to procure and implement an advanced analytics system for the purpose of minimizing provider and beneficiary fraud in the state’s Medicaid program. In 2016, DHS issued an intent to award the contract to LexisNexis. The Data Analytics Section is currently assisting with the design, development, and implementation phase of this large data analytics project.

**Medicaid Provider Audits**

In 2016, OIG conducted nearly 3,000 audits of Medicaid providers. These audits may focus on any of the services Medicaid provides to recipients, such as pharmacy, home health, personal care, primary care, transportation, durable medical equipment, and therapies. After an audit is completed, findings may show that a recovery is necessary.

In 2016, due to completed provider audits, provider overpayments totaled $9,311,090. Additionally, provider overpayments that were established in previous years and recovered in 2016 totaled $7,899,260.

If there is a suspicion of fraud, OIG is required by federal law to refer Medicaid providers to the Wisconsin Department of Justice. OIG has referred more than 160 cases since 2012, with 68 cases in 2016 alone. Of those 68 cases, 30 of those cases were for credible allegations of fraud that resulted in providers’ payments being suspended.

**2016 OIG Success Story**

In Milwaukee County, a care coordinator employed by two Medicaid providers made a series of false statements between August 2009 and January 2014 in applications for Medicaid payments totaling $15,698.83. She fabricated names and birth dates of children and submitted claims for services that were never rendered. She was sentenced on September 2, 2016, to two years in state prison, three years of extended supervision, and three years of probation, and ordered to pay restitution in the amount of $16,483.77, which includes collection costs.
Recovery Audit Contractors to Identify and Recoup Overpayments

Medicaid recovery audit contractors are required by federal law and expand the Medicare Recovery Audit Contractor program to include auditing Medicaid providers. Wisconsin is required to contract with a recovery audit contractor to identify overpayments and underpayments by the Wisconsin Medicaid program and to recoup overpayments. This contractor is used as a resource extender for OIG audits. Medicaid recovery audit contractors expand the Medicare Recovery Audit Contractor program to include audits of Medicaid providers to identify overpayments and underpayments by the state Medicaid agency. Since its implementation in 2013, Wisconsin has recovered more than $2.5 million in inappropriate Medicaid payments. With the addition of the contractor’s audit experience and its data mining and data analysis resources, OIG is able to strengthen program integrity efforts in Wisconsin.

Audits of the Electronic Health Record Incentive Program

OIG conducts audits on behalf of the federal government to verify the federal incentive payments made to Eligible Professionals and Eligible Hospitals through the Electronic Health Record (EHR) Incentive Program are in compliance with the guidelines. The goal of this program is to ensure that incentives given to providers and hospitals to adopt, implement, and upgrade EHR software are being used appropriately and meaningfully. In total, Wisconsin providers and hospitals have received $839.7 million from this program.

This program is fairly complex, and OIG auditors often find misunderstandings of the rules, which leads to providers receiving incentive payments that they were not eligible to receive. This misunderstanding of rules often necessitates auditors to contact providers and provider groups. OIG auditors have developed a strong partnership with providers and provider groups. If an audit finds a provider who inappropriately received an incentive payment from a group, it is recommended that other similar providers check for this as well so they can voluntarily return incentive payments.

National Corporate Settlements

OIG provides support and assistance to the Wisconsin Department of Justice in its pursuit of settlements with national corporations involving actions such as off-label marketing of drugs, misreported best prices impacting Medicaid rebates, and average wholesale pricing manipulations. These activities result in national companies reimbursing Wisconsin’s Medicaid program for their improper actions.
When DHS receives a settlement, it is deposited into one of the appropriations that support the Medicaid program. Settlement revenues have been used to fund Medicaid benefit costs, and at other times, portions have been returned to the general fund. OIG continued this support and assistance in 2016.

**Provider Certification Program**

OIG coordinates provider certification for the Medicaid program in Wisconsin, ensuring compliance with federal regulations to avoid disallowances of millions of dollars in federal reimbursement and misuse of state funds. OIG assures that federal certification standards and procedures are appropriate to ensure Medicaid recipients have access to a sufficient number of qualified providers in Wisconsin and out of state. Approximately 75,000 providers are currently certified in Wisconsin.

In 2016:

- Twenty-five providers were terminated.
- Eleven specialized medical vehicle providers were sanctioned for no insurance.
- Twelve providers were terminated from participation for issues related to state licensure.
- One clinical laboratory was terminated at the direction of the Centers for Medicare and Medicaid Services.
- One mental health clinic’s participation was terminated as the provider had previously been suspended from Wisconsin Medicaid under another name.

Two major initiatives to enhance program integrity related to provider enrollment activities were initiated in 2016. These initiatives will enhance OIG’s ability to monitor provider activities and prevent potential fraud, waste, and abuse in the Medicaid program. The initiatives include: (1) The development of an automated process for the enrollment of personal care workers. Once implemented, this will enhance the data integrity and analysis activities of OIG. (2) Implementation of the federally required fingerprint-based criminal background checks on high-risk Medicaid providers. OIG can now deny or terminate a provider based on the criminal history data obtained through this process.

For more information: [www.dhs.wisconsin.gov/oig/providers.htm](http://www.dhs.wisconsin.gov/oig/providers.htm)
Internal Audits

OIG’s Internal Audit Section provides independent, objective assurance and consulting activities that are designed to add value to and improve DHS’s operations. The Internal Audit Section is responsible for internal audits of the DHS $11 billion annual budget and over 6,000 positions spread across seven institutions, five divisions, and four offices. The engagements conducted by the Internal Audit Section include operational, compliance, fiscal, and performance audits, in addition to fraud investigations and other special assignments.

Additional Staff in OIG’s Internal Audit Section

As a result of approvals by Governor Walker and the Legislature’s Joint Committee on Finance, OIG’s Internal Audit Section was increased from five to nine full-time staff. The Internal Audit Section Chief coordinates all the activities of the section. With these new resources, the Internal Audit Section will complete an annual DHS risk assessment and conduct proactive internal audits of DHS programs to identify areas where there is risk for fraud. During 2016, the Internal Audit Section completed 5 audits and special assignments.

Audit Guidance

In 2016, the Internal Audit Section made a substantial revision to the DHS Audit Guide, an authoritative manual that is used by independent auditors who conduct required audits of DHS providers. The revision was necessary to bring the guide into alignment with new federal requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR § 200 (2013). The guide was also revised to present a risk-based approach to auditing DHS programs, which brought it into alignment with accounting industry practices.

Desk Reviews of Provider Agencies

The Internal Audit Section conducts desk reviews of approximately 500 independent audits required of governments, tribes, educational institutions, nonprofit agencies, and for-profit concerns that receive DHS funding. This review process was converted from an obsolete database system to an electronic audit management system, TeamMate, in late 2015. The objective of these reviews is to provide fiscal oversight over the agency’s administration of our programs and a level of assurance that taxpayer funding is being spent appropriately.

Internal Audit Section staff works with provider agencies to resolve audit findings noted in the audit reports, with the goal of improving operations and controls and eliminating future findings. The new electronic audit management system, TeamMate, will allow us to better manage this process as 2017 audits are received. The previous system did not track these types of metrics. All desk reviews received in 2016 were reviewed, resolved, and closed within deadlines established by the federal government and DHS.

For more information: www.dhs.wisconsin.gov/oig/contracts.htm