MARYLAND
Department of Health and Mental Hygiene

OFFICE OF THE INSPECTOR GENERAL

ANNUAL REPORT

Fiscal Year 2008

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
John M. Colmers, Secretary

Thomas V. Russell, Inspector General

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STATEMENT FROM THE INSPECTOR GENERAL

I am pleased to issue the second annual report of the Department of Health and Mental Hygiene's Office of the Inspector General.

Maryland's residents are entitled to a government that is committed to the highest standards of integrity, efficiency, and accountability. In the Office of the Inspector General, we have been entrusted with the responsibility of ensuring that the Department of Health and Mental Hygiene's programs, facilities, boards, local health departments, and its employees meet these fundamentally important standards. It is a responsibility we take very seriously. The Office of the Inspector General is committed to promoting an environment that instills public confidence in the Department of Health and Mental Hygiene. We are proud to work with and for the Department's employees and the citizens of Maryland.

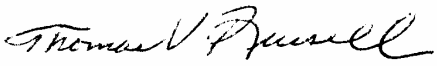
The attached report provides information about the audits, reviews, investigations, referrals, and other information initiated and completed by the Office of the Inspector General. Additionally, the report includes statistical information regarding audits, cost avoidance, and outcomes.

In fiscal year (FY) 2008, we invested an increased effort to build systems, train staff, and increase outreach efforts to meet the goals set forth in our last annual report. Furthermore, we increased our identified Medicaid fraud and abuse recoveries. With the cooperation and support from our Departmental partners and other State of Maryland agencies, we expect that we will continue to improve fraud and abuse recoveries, as well as, program integrity efforts in all fiscal operations within the Department.

We intend to accomplish these goals with a professional staff of trained auditors, investigators, clinicians, and skilled forensic analysts, all of whom possess commitment and a broad range of expertise in combating fraud, waste, and abuse. In addition, the OIG is dedicated to promoting greater efficiency in the operation of its Departmental programs.

The Office of the Inspector General could not succeed without the assistance and support of Departmental employees and other State agencies. We look forward to continuing our work and strengthening our partnerships in the future as we pursue improved accountability, effective fiscal controls, and protecting Departmental resources. We welcome any questions or comments you may have regarding items contained in this report.

Sincerely,



Thomas V. Russell
Inspector General

ORGANIZATIONAL PROFILE

About the Maryland State Department of Health and Mental Hygiene

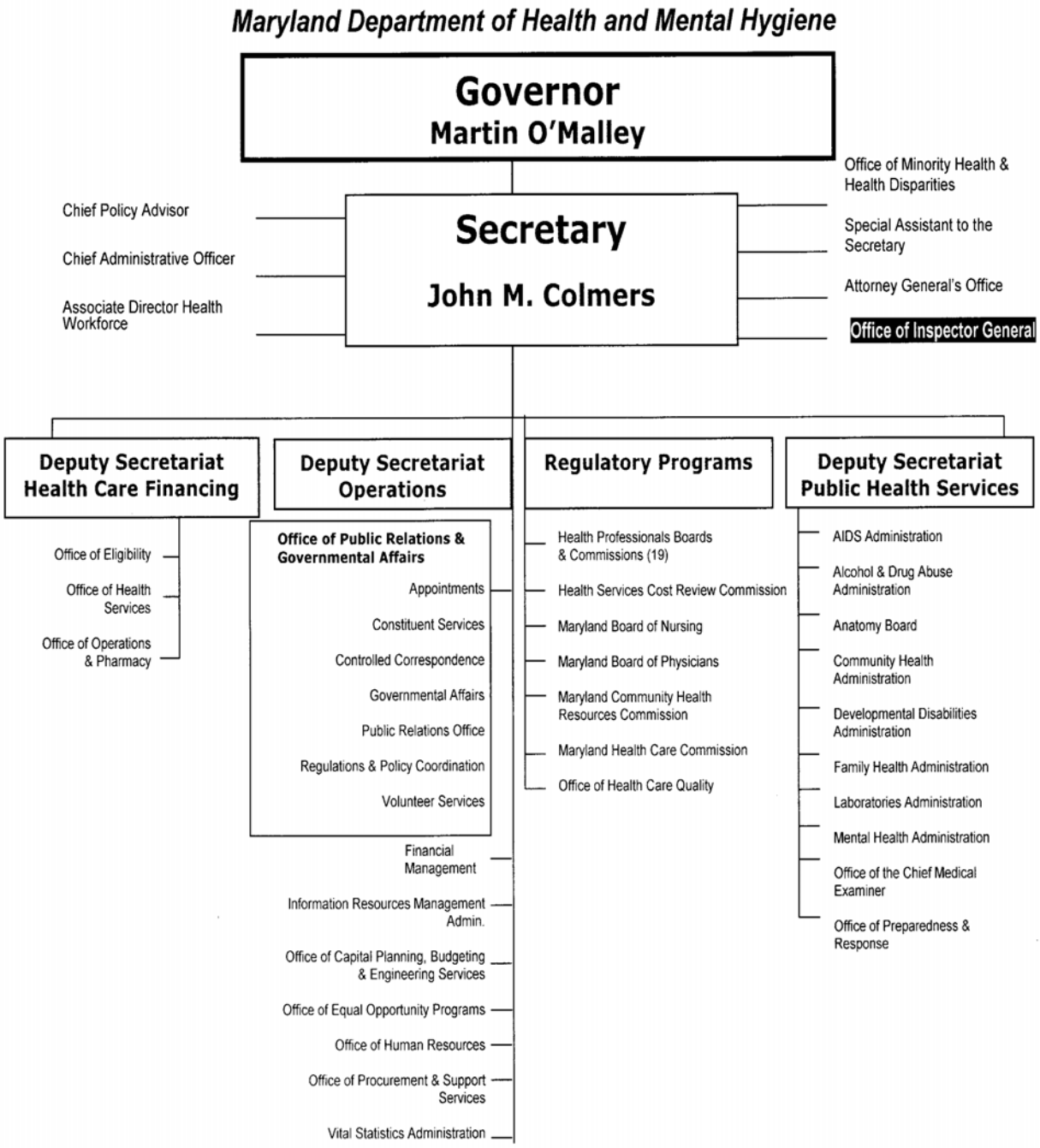
Mission To protect, promote and improve the health and well-being of all Maryland citizens in a fiscally responsible way.

Vision Leading The Way To A Healthy Maryland In The New Millennium.

Principles The principles of the Maryland health care delivery system are to:

- Assure every citizen of Maryland financial and clinical access to health care;
- Provide services at a reasonable cost;
- Maintain the high quality of Maryland's health care system;
- Improve the health status of individuals, with emphasis on prevention and early intervention services;
- Assure public accountability through use of reporting criteria such as health status, outcomes, and financial reports;
- Promote sharing of public responsibility costs equitably; and
- Assure long-term financial accountability.

Maryland's health care delivery system consists of public and private hospitals, nursing homes, outpatient clinics, home health care services, hospices, providers (such as physicians, dentists, nurse practitioners, and physician assistants), health educators, other health professionals, and many others. The mission of the Maryland Department of Health and Mental Hygiene touches the life of every citizen of Maryland. The Department is responsible for ensuring each Maryland resident may live free from the threat of communicable diseases, tainted foods, and dangerous products. The Department also regulates health care providers, facilities, and organizations. In addition, it manages direct services to patients where appropriate. The Department of Health and Mental Hygiene is responsible for assuring that the people of Maryland have appropriate access to high quality health care at a reasonable cost to individuals, employers, and taxpayers. In order to fulfill this responsibility, a number of programs regulate health care providers and community services. There are twenty health occupational boards that license health care professionals and investigate complaints. In addition, health care facilities and community services are inspected and monitored through the Office of Health Care Quality.



Organizational Structure, Fiscal Year 2008

About the Office of the Inspector General

Mission
To protect the integrity of the DHMH and promote standards that benefit the citizens of Maryland and program beneficiaries.

Vision
To be a source of objective, relevant and reliable information in assessing the business practices of DHMH internal and external customers.

Core Values
Leadership, Accountability, and Integrity.

Key Products and Services

The primary duties of the OIG are to:

- Perform periodic examinations and follow-up reviews of the accounts, records, procedures, and policies of DHMH administrations, facilities, and Local Health Departments to help safeguard the Department's assets by minimizing various internal control risks, and ascertaining and monitoring corrective actions taken;
- Prevent fraud, waste, and abuse of Departmental funds;
- Ensure the Department and its employees comply with all applicable State and federal laws and regulations in its billing practices;
- Ensure that private health information entrusted to the Department is appropriately protected from disclosure;
- Ensure that human subject research funded by the Department is conducted according to State and federal laws and regulations; and
- Provide education and training for employees and providers.

Leadership

During FY 2008, the OIG leadership team consisted of:

Thomas V. Russell
Inspector General

Ellwood L. Hall, Jr.
Assistant Inspector General
Division of Audits

Pamela T. Owens, Esq.
Assistant Inspector General
Divisions of Corporate Compliance and Program Integrity

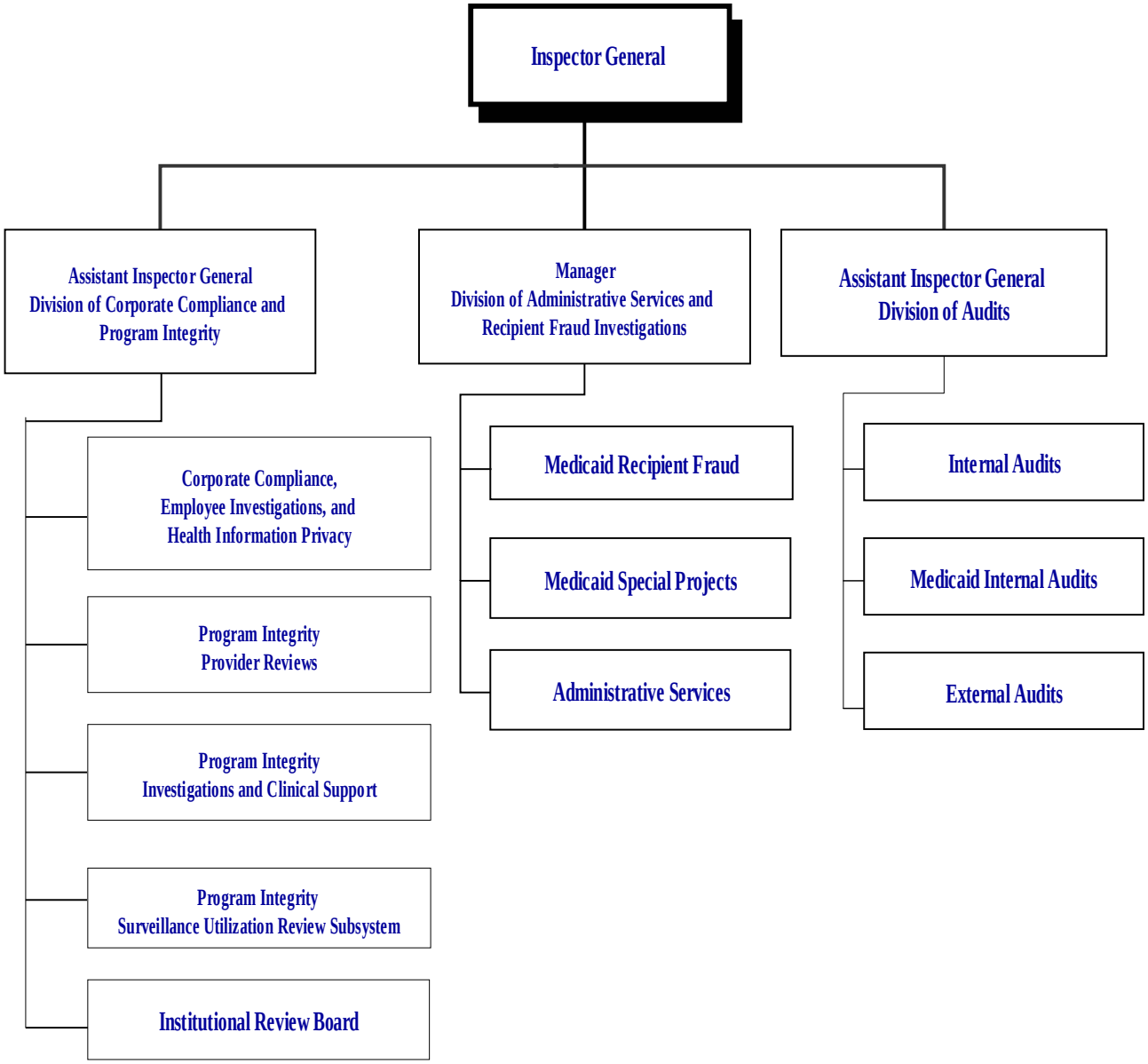
Michael Cuber, C.F.E
Manager
Administrative Services and Recipient Fraud Investigations

Staff Qualifications

During FY 2008, the OIG consisted of 62 professional staff distributed across numerous functional areas represented in the organizational chart below. As a whole, the OIG staff possesses an extensive level of professional experience in law enforcement, fraud investigation, clinical support, and auditing, as well as human subject research. Furthermore, the OIG staff possesses professional credentials and membership affiliations in a wide array of organizations, such as:

- National Association of Certified Fraud Examiners
- Association of Certified Fraud Examiners, Maryland Chapter
- Institute of Internal Auditors
- American Institute of Certified Public Accountants
- Health Care Compliance Association
- Association of Inspectors General
- Public Responsibility in Research and Medicine.

State of Maryland
Department of Health and Mental Hygiene
Office of the Inspector General



OIG Organizational Structure, FY 2008

Divisions At A Glance

The OIG is comprised of three major divisions, Audits, Corporate Compliance and Program Integrity, and Administrative Services and Medicaid Recipient Investigations. Within these three major divisions there are 11 smaller units.

The ***Division of Audits*** consists of three units, DHMH Internal Audits, Medicaid Audits, and DHMH External Audits. The DHMH Internal Audits and the Medicaid Audits perform periodic examinations and follow-up reviews of the accounts, records, procedures, and policies of DHMH administrations, facilities, and Local Health Departments to help safeguard the Department's assets by minimizing various internal control risks, and ascertaining and monitoring corrective actions taken. They also are responsible for external audit coordination and coordinating responses to external audit reports. The units seek to prepare DHMH units for legislative and federal audits. This is accomplished by ensuring that DHMH administrations have implemented corrective actions that are sufficient to resolve previously cited audit findings, and proactively review problem areas to prevent future audit deficiencies. Effective December 2007, the DHMH External Audits Division, which performs audits of human service vendors receiving funding from DHMH Administrations, was reorganized within the OIG reporting to the Assistant Inspector General of Audits. This unit previously reported to the DHMH Director of Fiscal Services. The External Audits unit ensures that State funds are expended in accordance with the Human Services Agreements Manual and determines overpayments and underpayments to providers.

The ***Division of Corporate Compliance and Program Integrity*** is the largest division within the OIG consisting of five units which are (1) Corporate Compliance, Employee Investigations, and Health Information Privacy; (2) Program Integrity Provider Reviews; (3) Program Integrity Investigations and Clinical Support; (4) Program Integrity Surveillance Utilization Review Subsystem (SURS); and (5) Institutional Review Board (IRB).

The Division of Corporate Compliance and Program Integrity receives cases from a variety of sources. The OIG maintains a toll-free "hotline" which allows individuals to refer instances of possible fraud, waste, and abuse by employees, providers, and Medicaid recipients. Employee misconduct is most often reported by other employees. Reports of provider fraud are often received from recipients, family members of recipients, and other practitioners. Individuals reporting such instances may remain anonymous.

- *The Corporate Compliance, Employee Investigations, and Health Information Privacy Unit* assures the Department complies with the Code of Conduct, Corporate Compliance policies, privacy policies and the Health Insurance Portability and Accountability Act (HIPAA). The unit provides Corporate Compliance and HIPAA privacy training and investigates suspected misconduct, fraud, waste, and privacy violations by DHMH employees. In addition, this unit seeks to ensure that DHMH employees comply with ethical standards of conduct. The unit serves as a liaison to the State Ethics Commission in filing Financial Disclosure Statements and addresses conflicts of interest.

- *The Program Integrity Provider Reviews Unit* addresses potential and actual fraud and abuse of DHMH programs by external providers. This unit works with DHMH programs to recover funds paid inappropriately. This unit seeks to prevent future fraud, waste and

abuse by encouraging and providing training for providers. In general, the unit reviews complaints indicating improper billing practices. Typically, sources of complaints are DHMH patients and clients, family members of patients and clients, other providers, former employees of a provider, and other State and federal agencies. In addition to reacting to complaints, the unit also receives and reviews information regarding aberrant billing from the Program Integrity Surveillance and Utilization Review System (SURS).

This Provider Review Unit is composed of reviewers who focus on areas with a high risk for abuse. To increase its effectiveness, the unit partners with other DHMH administrations to share information about questionable billing activity. In some cases, the unit conducts joint investigations or may refer certain activities to other regulatory agencies or prosecutorial units.

- The *Program Integrity Surveillance Utilization Review Subsystem (SURS) Unit* is a sub-system of the Medicaid Management Information System (MMIS), which maintains and stores Medicaid claims data. PI SURS detects potential misuse of Medicaid by program recipients and providers through data analysis; provides information to facilitate investigation of fraud, waste, and abuse; and produces comprehensive reports for the utilization review staff.

- The *Program Integrity Investigations and Clinical Support Unit* supports both the Provider Reviews Unit and the SURS Unit by assisting the auditors in conducting claims reviews of Medicaid providers and investigating non-conforming billing patterns detected by SURS.

- The *Institutional Review Board Unit* is committed to the protection of human subjects engaged in research. In accordance with federal regulations (45 CFR 46), the Institutional Review Board (IRB) is responsible for reviewing research to ensure that the rights, safety, and dignity of human subjects are protected. Under DHMH policy, the IRB reviews any research protocol involving human subjects: 1) if those subjects are patients or clients of the Department; 2) if the funding for the research project was provided by DHMH; 3) if the investigator is an employee of the Department; or, 4) if the investigator seeks data held by or for the Department. The DHMH IRB reviews approximately 125 new research protocols each year, and as required by federal regulation, conducts continuing reviews of ongoing projects at least once per year. Additionally, the IRB conducts on-site reviews of active research protocols to ensure that approved research is being conducted in the manner in which it was approved.

The ***Division of Administrative Services and Recipient Fraud Investigations*** is responsible for addressing and facilitating administrative activities (e.g., human resources, training services, and procurement) on behalf of the OIG with DHMH. The Recipient Fraud Investigations Unit is a component of this division responsible for responding to referrals submitted by Local Health Departments and Local Departments of Social Services, and investigating allegations of fraud and abuse by Medicaid recipients of the Maryland Medicaid Program. Furthermore, this unit refers fraud cases to the local States Attorney Offices for prosecutorial review. Another component of this division is the Medicaid Special Projects Unit which functions as the DHMH point of contact for the resolution of Public Assistance Reporting Information System (PARIS) matches.

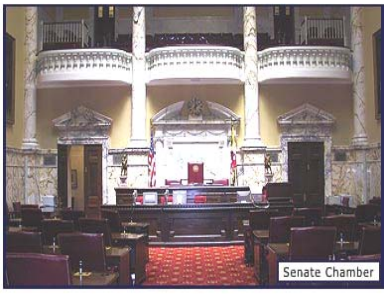
HIGHLIGHTS OF FISCAL YEAR 2008

Legislative Impact

MARYLAND SENATE BILL 215 OF 2008

The Deficit Reduction Act of 2005 (DRA) established an incentive for states to enact certain antifraud legislation. States that enact qualifying legislation are eligible to receive an increase of 10% of the recovery of funds (by a corresponding 10% reduction in the federal share). The DHMH OIG works closely with the Medicaid Fraud Control Unit to maximize efforts to contain fraud, waste, and abuse in the Maryland Medicaid Program and other departmental programs. Under the existing law, the OIG identified $13.4 million in FY 2006 and $17.5 million in FY 2007 in overpayments

To qualify, a States' false claims act must provide (1) liability to the state for false or fraudulent claims; (2) provisions for *qui tam* actions to be initiated by whistleblowers and for rewarding whistleblowers in amounts that are at least as effective as those provided by the federal FCA; (3) the placing of *qui tam* actions under seal for 60 days for review by the state Attorney General; and (4) civil penalties not less than those provided in the federal FAC, to be imposed on those who have been judicially determined to have filed false claims.



In response, the OIG proposed departmental legislation to the 2008 Maryland General Assembly that was introduced by the Chair of Judicial Proceedings Committee. Senate Bill 215, Maryland False Health Claims Act which would have: (1) established penalties and damages for any person submitting a false claim for a state-funded health benefit or contract; (2) authorized a person to file suit on behalf of the state for such false claims, and receive up to 30% of the proceeds of the suit, plus attorney's fees and costs; and (3) provided penalties and damages against an employer that retaliates against a whistleblower.

On March 18, 2008, Senate Bill 215 failed by a vote of 21-25 in the Senate on third reader. The DHMH anticipates introducing a state false claims bill for consideration in future sessions.

Excerpts from Jennifer B. Chasse, Department of Legislative Services, Maryland General Assembly 2008 Session, Fiscal and Policy Note, Senate Bill 215.

Federal Mandate

MEDICAID INTEGRITY PROGRAM

On February 8, 2006, the Deficit Reduction Act of 2005 (DRA) was signed into law. Congress created the Medicaid Integrity Program (MIP) under Title XIX of the Social Security Act, which dramatically increased resources available to the Centers for Medicare and Medicaid Services (CMS) to combat Medicaid fraud, waste and abuse, as well as CMS' responsibility and accountability to devise an effective national strategy to do so. Congress appropriated resources to the MIP as follows: $5 million in FY 2006; $50 million in FY 2007 and FY 2008; and, $75 million in FY 2009, and each year thereafter. From these funds, the DRA required CMS to enter into contracts with Medicaid Integrity Contractors (MIC) to review provider actions, audit provider claims, identify overpayments, and conduct provider education. Also from these funds, CMS was required to increase its staffing by 100 full-time equivalent employees. "…whose duties consist solely of protecting the integrity of the Medicaid program by providing effective support and assistance to States to combat provider fraud and abuse." Implicit in this second function is the provision by CMS of appropriate oversight of States' fraud and abuse efforts as well.

Excerpts from Michael O. Leavitt, Secretary of Health and Human Services, "Fiscal Year 2006 Report To Congress On The Medicaid Integrity Program", Version 2007.

Medicaid Integrity Group

The Centers for Medicare and Medicaid Services (CMS) established in June 2006 the Medicaid Integrity Group (MIG) housed in the Center for Medicaid and State Operations (CMSO). The Medicaid Integrity Program offers a unique opportunity to identify, recover, and prevent inappropriate Medicaid payments. It will also support the efforts of State Medicaid agencies through a combination of oversight and technical assistance. MIG is guided by the 5-year Comprehensive Medicaid Integrity Plan (CMIP) that focuses on four principles:

- National leadership of CMS over Federal and state Medicaid program integrity efforts;
- Accountability for CMS' own actions as well as the actions of its contractors and the states' accountability for its own program integrity efforts;
- Collaboration in that MIP will communicate and coordinate with both internal and external program integrity partners; and
- Flexibility in their efforts to combat fraud and abuse.

The MIG has identified its two main business operations reflecting two broad operational responsibilities required in the DRA, which are:

- Medicaid Integrity Contracting – review the actions of Medicaid providers; conduct audits of Medicaid claims; identify overpayments; and educate providers and others on payment integrity and quality of care.

- State Program Integrity Operations – provide support and assistance to States to improve Medicaid integrity activities and conduct oversight of State Medicaid integrity programs.

CMS is required to report to Congress annually on the use and effectiveness of the funds appropriated for the Medicaid Integrity Program (MIP). Specific actions completed in federal FY 2007 included:

- Continuing communications and collaborations with internal and external stakeholders of MIP;
- Publishing the first annual MIP Report to Congress;
- Developing protocols for reviewing providers, auditing claims, and identifying overpayments;
- Pilot testing information collected regarding State Medicaid Integrity Programs;
- Conducting test audits of Medicaid providers, in order to develop effective and efficient audit protocols;
- Developing a process, in collaboration with the Department of Health and Human Services' Office of the Inspector General (OIG), to refer potential case of fraud and abuse to the OIG;
- Developing an approach to house an information management system for MIP, including a Medicaid Fraud and Abuse Library;
- Developing data mining approaches for the Division of Fraud Research and Detection;
- Designing MIP internal performance assessment measures and performance measures to assess State Medicaid Integrity Program;
- Conducting Medicaid Integrity Program reviews in eight States; and
- Developing an initial set of best practices.

While the DRA requires that the CMIP be revised in five-year cycles, CMS will review and update the plan annually.

Excerpts from Centers for Medicare and Medicaid Services, Center for Medicaid and State Operations, Medicaid Integrity Group, Comprehensive Medicaid Integrity Plan of the Medicaid Integrity Program, FY 2007-2011, Version 08/2007, p. 1-2.

Excerpts from Kimberly Brandt, Director - Program Integrity Group, Centers for Medicare and Medicaid Services, Medicaid Integrity Group, April 24, 2007

State Program Integrity Reviews

In accordance with CMS and its CMIP, the MIP is required to conduct reviews of State Integrity Programs. Congress specifically required the use of contractors to review the actions of those seeking payment from Medicaid, conduct audits, identify overpayments, and educate providers and others on program integrity and quality of care.

CMS has hired several contractors such as the Helix Group to act as its State Program Integrity Assessment (SPIA) contractor. The SPIA contractor developed a baseline of information on the State agencies' efforts to combat fraud and abuse. Using this baseline, performance standards were developed against which the States' performances will be measured. The Catapult Consultants and Strategic Management Systems was hired as the CMS MIG Audit Program Development ("APD") contractor to design and develop a Medicaid program integrity audit program and develop audit protocols, methodologies, and standards for MIP. In December 2007, CMS hired two audit contractors to conduct full operational reviews of States' Integrity Program functions. The audit contractors will perform two unique functions, (1) to perform data mining functions analyzing provider claims data attempting to identify irregularities and refer leads to the second audit contractor, and (2) to receive leads and conduct the on-site State's audit. At this time, the name of the contractor who will perform the data analysis and lead generating function has not been announced. Booz Allen Hamilton was hired as the audit contractor who will receive leads and conduct the on-site State audits.

In May 2009, CMS has announced that the State of Maryland DHMH, Medicaid Program Integrity efforts will be audited.

Excerpts from Centers for Medicare and Medicaid Services, Center for Medicaid and State Operations, Medicaid Integrity Group, Comprehensive Medicaid Integrity Plan of the Medicaid Integrity Program, FY 2007-2011, Version 08/2007, p. 1-2.

Medicaid Integrity Institute (MII) at the National Advocacy Center

In September 2007, the Centers for Medicare and Medicaid Services (CMS), Medicaid Integrity Group established the Medicaid Integrity Institute (MII), the first national Medicaid program integrity training program. CMS executed an interagency agreement with the Executive Office for the United States Attorneys, Department of Justice to house the MII at the National Advocacy Center (NAC), located on the campus of the University of South Carolina in Columbia, South Carolina. The mission of the MII is to provide effective training tailored to meet the ongoing needs of State Medicaid Program Integrity employees, with the goal of raising national program integrity performance standards and professionalism. The MII focuses on developing a comprehensive program of study addressing aspects of Medicaid program integrity to include: fraud investigation, data mining and analysis, and case development. Instructors at the MII include state Medicaid program administrators and subject matter experts, federal and state law enforcement officers, private consultants, and academia.

The DHMH OIG supports the efforts of CMS in establishing this educational resource and is committed to interagency collaboration. DHMH Assistant Inspector General, Ms. Pamela Owens, Esq. has been appointed the MII Training Coordinator for Maryland.

OIG ACCOMPLISHMENTS OF FISCAL YEAR 2008

Division of Audits Accomplishments

DHMH Internal Audits Units' Accomplishments

One of the primary functions of the DHMH Internal Audits Units is to coordinate audits of the Department such as legislative, federal, single state, etc., which also includes arranging and attending all audit entrance and exit conferences. The units must also review and approve all audit report responses prior to sign-off by the DHMH Secretary. The unit has audit oversight for all administrations and facilities within the Department to include the State's Medicaid Program.

For FY 2008, (see Chart 1) the Office of Legislative Audits (OLA) completed and published seven audit reports of DHMH Administrations and facilities although more audits were in process. These seven audits resulted in 32 audit findings which represent 60 separate recommendations that must be tracked and reviewed. This is a decrease from the 72 findings and 144 recommendations reported in FY 2007.

CHART 1
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
LEGISLATIVE AUDITS COMPLETED
FOR PERIOD FY 2008

Unit	Report Issued	Total Findings	Total Recommendations
AIDS Administration	10/24/07	4	7
Office of the Secretary	08/08/07	14	29
Potomac Center	08/17/07	1	2
Community Health Administration	05/02/08	2	4
RICA - John L. Gilden	05/05/08	0	0
Mental Hygiene Administration	05/21/08	11	18
Chief Medical Examiner, Office of	05/23/08	0	0
Totals		**32**	**60**

The Department is also subject to a yearly single state audit that assesses the Department's compliance level with federal laws in its expenditure of the federal dollars received. In the report received April 1, 2008 for the year ending June 30, 2007, the Department received only seven findings, which is a decrease from ten findings reported in FY 2007.

CHART 2
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
LEGISLATIVE AUDIT STATUS REPORT OF FINDINGS COMPLETED / CORRECTED
AS OF JUNE 30, 2008

Administration/ Facility	(1) Legislative Audit Report Issue Date	(2) % of Findings corrected as of 9/30/2007	(3) % of Findings Corrected as of 12/31/2007	(4) % of Findings Corrected as of 3/31/08	(5) % of Findings Corrected as of 6/30/08	Total Number of Findings in Audit Report reflected in Col. (1)	Number of Audit Findings Reported as Corrected
AIDS Administration	10/24/07	**A**	**A**	25.0%	25.0%	4	1
Alcohol and Drug Abuse Center	12/20/06	100.0%	100.0%	100.0%	100.0%	2	2
Cigarette Restitution Fund	11/1/05	**A**	**A**	**A**	**A**	4	4
Clifton T. Perkins Hospital Center	1/12/07	25.0%	25.0%	50.0%	50.0%	4	2
Community Health Administration	5/2/08	100.0%	**A**	**A**	0.0%	2	0
Deers Head Center	7/8/05	100.0%	100.0%	100.0%	100.0%	2	2
Developmental Disabilities Administration	5/4/07	60.0%	70.0%	70.0%	70.0%	10	7
Eastern Shore Hospital Center	11/29/05	100.0%	100.0%	100.0%	100.0%	1	1
Family Health Administration	11/1/05	**A**	**A**	**A**	**A**	7	6
Finan Hospital Center, Thomas B.	9/2/05	100.0%	100.0%	100.0%	100.0%	1	1
Health Services Cost Review Commission	3/7/06	100.0%	100.0%	100.0%	100.0%	1	1
Holly Center	9/30/05	100.0%	100.0%	100.0%	100.0%	1	1
Laboratories Administration	10/17/06	40.0%	62.5%	80.0%	80.0%	5	4
Maryland Health Care Commission	3/7/06	100.0%	100.0%	100.0%	100.0%	1	1
Medical Care Program Administration	7/28/06	65.0%	70.0%	70.0%	65.0%	20	12
Mental Hygiene Administration	5/21/08	**A**	**A**	**A**	**A**	11	11
Office of Chief Medical Center	5/23/08	**No Audit findings**				0	N/A
Office of the Secretary	8/8/07	36.0%	45.0%	45.0%	57.0%	14	8
Potomac Center	08/17/07	N/A	100.0%	100.0%	100.0%	1	1
RICA - John L. Gildner	5/5/08	**No Audit findings**				0	N/A
RICA-Baltimore	4/5/06	100.0%	100.0%	100.0%	100.0%	1	1
RICA-Southern Maryland	6/12/06	100.0%	100.0%	100.0%	100.0%	2	2
Rosewood Hospital Center	2/2/06	100.0%	100.0%	100.0%	100.0%	2	2
Health Professional Boards & Commission	8/23/06	50.0%	**A**	**A**	**A**	12	6
Spring Grove Hospital Center	4/2/07	70.0%	70.0%	100.0%	100.0%	10	10
Springfield Hospital Center	6/19/06	100.0%	100.0%	100.0%	100.0%	5	5
Walter P. Carter Center	1/8/07	100.0%	100.0%	100.0%	100.0%	3	3
Western Maryland Hospital Center	12/22/06	100.0%	100.0%	100.0%	100.0%	6	6
Totals						**132**	**100 (76%)**

A - *Undergoing a Legislative Audit - completion status based on last quarterly status report prior to audit.*

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The Division requires each DHMH unit to submit quarterly status reports of corrective actions taken to resolve its respective audit findings. Chart 2 shows the status of these submissions during FY 2008. Units are not required to submit status reports while they are undergoing a legislative audit, and therefore, the completion percentage reported for those units is the last status reported before the return of the auditors. The overall Department percentage of findings corrected as of the end of FY 2008 was 76%, which was six points higher than in FY 2007.

One of the Department's goals for its Managing for Results (MFR) Program is to reduce the number of repeat audit findings to below 30% (see Chart 3). The Department has been successful over the last four years in keeping its average below 30% as well as under the State's average except for a spike in FY 2007. For FY 2008, the Department was successful in decreasing its performance ratio of repeat findings from 42.6 to 31.6% which represents an 11% decrease from 2007.

CHART 3
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PERCENTAGE OF LEGISLATIVE AUDIT FINDINGS REPEATED
FOR PERIOD FY 2008

Unit	Date Legislative Audit Report Issued	Total Findings In Report	Total Prior Findings Repeated	Total Prior Findings	Percentage Of Prior Findings Repeated
AIDS Administration	10/24/07	4	1	4	25.0%
Chief Medical Examiner, Office of	05/23/08	0	0	0	0.0%
Community Health Administration	05/02/08	2	0	2	0.0%
Mental Hygiene Administration	05/21/08	11	3	11	27.3%
Potomac Center	08/17/07	1	0	1	0.0%
RICA - John L. Gilden	05/05/08	0	0	0	0.0%
Office of the Secretary	08/08/07	14	8	20	40.0%
Totals		**32**	**12**	**38**	**31.6%**

The units also coordinated, reviewed, and approved audit finding responses for seven ongoing or completed federal audits (see Chart 4). The audits covered topics ranging from "Maryland Children's Health Insurance Program" to "Hurricane Katrina Relief Program."

CHART 4
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
LIST OF FEDERAL AUDITS
FOR PERIOD FY 2008

Pending or in Process:
Maryland Children's Health Insurance Program: CMS (Region Three)
Non-Emergency Medical Transportation Services: CMS (Region Three)
State Program Integrity Review: CMS
Completed:
Medicaid Providers Delinquent on Federal Taxes: GAO
Medicare Part D- Calculation of State Phase Down Contribution: OIG
Services Provided in Multiple States: OIG (#A-03-07-00215)
Hurricane Katrina Relief Program: OIG (#A-03-07-00200)

DHMH External Audits Unit's Accomplishments

The External Audits Unit conducted audits of human services vendors receiving funding from the Department to ensure State funds were expended and reported in accordance with contract provisions, laws, regulations, and generally accepted accounting principles. The audits determined overpayments or underpayments.

For FY 2008, (see Chart 5) the External Audits unit completed 28 audit reports of health care providers and audited 910 grants administered by DHMH units totaling over $274 million. These audits rendered 115 audit findings and recommendations. These findings ranged from inadequate controls over the cash receipts to untimely deposit of collections. As a result of its reviews, the net amount due to the State was $735,855.

CHART 5
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
EXTERNAL AUDITS COMPLETED
FOR PERIOD FY 2008

Provider's Name	Fiscal Years Audited	Number of Grants Audited	Total Grant Dollars Audited	Total Amount Due To or (From) State	Total Number of Recommendations
Allegany County HD	04-06	123	$32,969,936	$0	4
Anne Arundel County Mental Health Agency, Inc.	04-07	20	23,400,598	0	3
Arc of Prince Georges' County	04-06	9	4,334,203	12,509	8
Carroll County HD	04-06	118	30,019,904	0	6
Center for Progressive Learning, Inc.	04-07	8	11,280,965	1,486	1
CHI Centers, Inc.	04-07	5	1,162,344	384,941	8
Chimes, Inc.	04-07	24	8,331,931	424	2
Community Support Services for Deaf, Inc.	04-07	4	2,529,316	0	2
Core Service Agency of Harford County, Inc.	04-06	12	4,215,781	0	9
Creative Options, Inc.	04-06	6	2,263,593	6,561	5
Delmarva Community Services, Inc.	04-06	16	1,525,601	0	1
Epilepsy Association of Eastern Shore, Inc.	04-06	11	2,285,546	0	1
Frederick County HD	04-06	108	25,952,816	386	5
Friends Aware, Inc.	04-06	3	755,733	11,437	6
Harford County HD	04-06	98	28,340,220	(27,735)	3
Hope House	2006	1	731,780	0	3
Howard County Mental Health Authority, Inc.	04-07	21	6,663,993	25,459	3
Humanim, Inc.	04-07	24	11,647,121	2,942	2
Johns Hopkins University/Hospital	04-05	5	6,803,653	154,038	2
Lt. Joseph P. Kennedy Institute, Inc.	04-07	8	1,113,255	6,646	1
Prince George's County Government, Department of Family Services	04-06	12	10,830,944	62,988	11
Second Genesis, Inc.	04-06	6	10,662,495	78,514	7
Spectrum Support, Inc.	04-06	9	1,622,010	0	3
St. Mary's County HD	04-06	77	11,670,466	136	6
Talbot County HD	2006	33	3,569,719	13,382	4
United Cerebral Palsy of Central Maryland, Inc.	04-06	6	1,465,233	1,741	3
United Cerebral Palsy of Prince George's and Montgomery Counties, Inc.	04-06	3	967,505	0	4
Wicomico County HD	04-06	140	27,635,105	0	2
Totals		**910**	**$274,751,766**	**$735,855**	**115**

Division of Corporate Compliance and Program Integrity Accomplishments

Corporate Compliance Unit's Accomplishments

When the Corporate Compliance Unit receives a report of employee fraud, waste, abuse, or misconduct, the unit may refer it directly to the employee's supervisor or another manager within the employee's chain of command for review. The unit may also elect to investigate the allegation directly. If the unit elects to review the allegation, it acts only as a fact-finder. The unit issues a report detailing the facts substantiated through the investigation and forwards that report to the employee's hiring authority. It is the employee's hiring authority, with the assistance of the DHMH Office of Human Resources, who makes disciplinary decisions. However, in some instances of employee misconduct, the unit is required by Executive Order 01.01.01 to report the conduct to the Criminal Investigative Division of the Office of the Attorney General and to the Office of the Governor.

During FY 2008, the Corporate Compliance Unit conducted many investigations into allegations of employee fraud, waste, abuse and misconduct. The allegations ranged from timesheet fraud to misuse of State equipment, to improper use of State funds. Two investigations resulted in the termination of an employee and the Unit currently has five cases under prosecutorial review with the Office of the Attorney General - Criminal Division.

CHART 6
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
CORPORATE COMPLIANCE CASES
NEWLY OPENED IN FY 2008

Case Openings By Source		Case Openings By Complaint Type		Case Openings By Agency Type	
Written	9	Misconduct	14	Health Care Facility	7
Telephone	1	Fraud	2	Administration	5
Hotline	4	Abuse	1	Local Health Department	4
Other	5	Waste	1	Private Entity	3
Totals	**19**		**19**		**19**

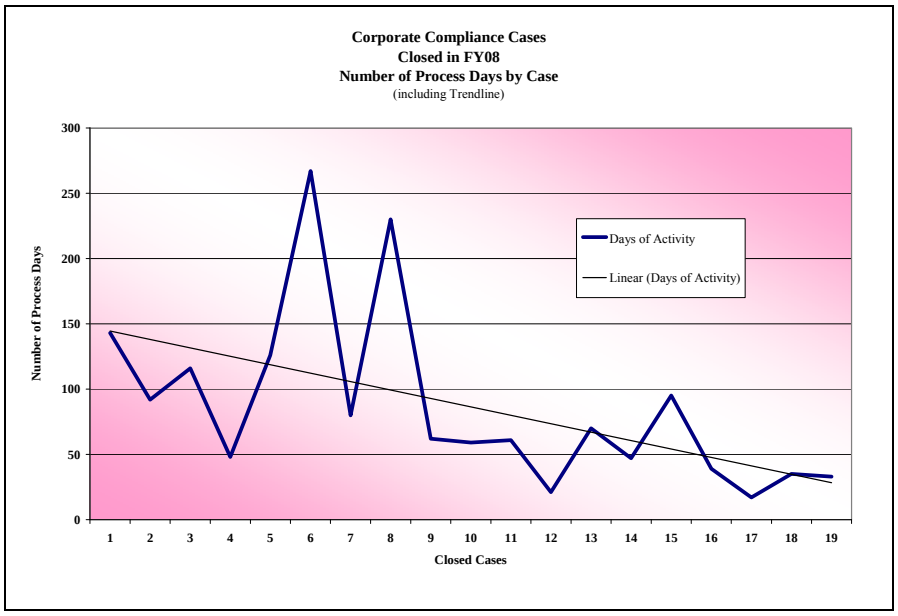
CHART 7
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
CORPORATE COMPLIANCE CASES
CASES ACTIVE DURING FY 2008

Active Cases By Source		Active Cases By Complaint Type		Active Cases By Agency Type	
Written	13	Misconduct	17	Health Care Facility	10
Telephone	2	Fraud	5	Administration	6
Hotline	4	Abuse	2	Local Health Department	4
Other	6	Waste	1	Private Entity	4
				Board	1
Totals	**25**		**25**		**25**

CHART 8 MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE CORPORATE COMPLIANCE – HOTLINE CALLS FOR PERIOD FY 2008 (JAN-JUN 2008 ONLY)	
Call Details	**Count**
Calls Received	100
Response to Calls	39
Calls Referred to Other Departments Within DHMH	5
Calls Referred to Other Departments Outside DHMH	14
Cases Generated from Calls	4
Calls Abandoned by Complainant	6
Other Issues Addressed (HIPAA, Privacy, etc)	10
No message received	61

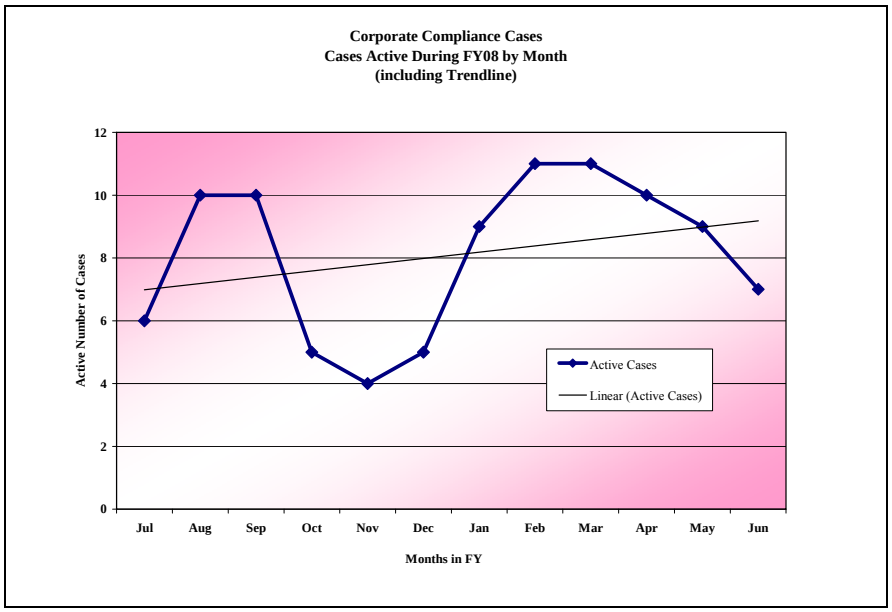
CHART 9 MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE CORPORATE COMPLIANCE – CLOSED CASE PROCESS DAYS FOR PERIOD FY 2008	
	Count
Total Number Of Process Days	1641
Average Number Of Process Days Per Case	86
Minimum Number of Process Days for all Closed Cases	17
Maximum Number of Process Days for all Closed Cases	267
Closed During Fiscal Year	19

CHART 10 MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE CORPORATE COMPLIANCE – ACTIVE CASES FOR PERIOD FY 2008	
	Count
Average Number Of Active Cases Per Month	8
Lowest Case Activity Per Month	4
Highest Case Activity Per Month	11
Active During Fiscal Year	25



Graph 1

Graph 1 displays all nineteen cases closed by Corporate Compliance for the fiscal year, in relation to the number of days each case was active. It demonstrates the trend of process days on the decline throughout the fiscal year, indicating a very efficient process.



Graph 2

Graph 2 above displays the 25 cases active during the fiscal year within the Corporate Compliance division in relation to the number of cases actively worked for each month. This demonstrates an upward trend in the overall number of active cases. The conclusion of the two charts shows a more efficient unit that is assuming more cases.

Institutional Review Board Unit's Accomplishments

The staff of the Institutional Review Board (IRB) conducts on site compliance reviews of approved research protocols. The Department holds a Federal Wide assurance (FWA) with Health and Human Services (HHS). In this assurance, the Department commits to HHS to comply with the terms and requirements set forth in 45 CFR 46. The assurance requires the Department to have mechanisms for monitoring compliance with human subject protection requirements. The site reviews are conducted to ensure that investigators are in compliance with confidentiality procedures, administrative record keeping and use of approved consent forms. The site reviews are educational in nature and used to enhance the quality of human subject protection. Chart 11 highlights the IRB protocols under review for FY 2008.

CHART 11
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
INSTITUTIONAL REVIEW BOARD
FY 2008 PROTOCOL REPORT

	Expedited	**Full Board**	**Total**
New	64	38	**102**
Modifications	59	16	**75**
Continuing	100	41	**141**
Reinstatement	3	4	**7**
Totals	**226**	**99**	**325**

Program Integrity Units' Accomplishments

In addition to the receipt of cases via the hotline, the Program Integrity Unit develops cases through data analysis provided by the SURS Unit. Regardless of the source of the referral, when the Program Integrity unit receives a report of provider fraud, waste, or abuse, the unit conducts a billing review of the provider. At the conclusion of the review, the unit issues a report to the DHMH program that paid the claims under review. If appropriate, the report recommends to the paying Program that it recover inappropriately paid funds from the provider. However, the Program makes the final determination about whether, and in what amount, funds will be retracted. Additionally, the Program's review may necessitate taking further administrative action against the provider. The Program Integrity Unit also refers certain cases to the Medicaid Fraud Control Unit of the Office of the Attorney General for prosecutorial review.

CHART 12
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PROGRAM INTEGRITY COST AVOIDANCE, RECOVERY AND RETRACTION FINANCIALS
FY 2008 COST SAVINGS BY MONTH

Month	Savings
July 2007	$3,674,342
August 2007	1,323,358
September 2007	151,582
October 2007	3,904,125
November 2007	719,699
December 2007	2,235,721
January 2008	1,834,329
February 2008	1,681,991
March 2008	704,452
April 2008	3,710,805
May 2008	720,292
June 2008	291,311
Total	**$20,952,007**

CHART 13
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PROGRAM INTEGRITY – PROVIDER CASES
CASES NEWLY OPENED IN FY 2008

Case Openings by Opening Reason	
Financial fraud	10
Incorrect billing	8
Up-Coding	2
Unbundling	1
Inappropriate provider misconduct	1
Total	**22**

CHART 14
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PROGRAM INTEGRITY – PROVIDER CASES
CASES ACTIVE DURING FY 2008

Active Cases by Complaint Type	
Fraud	34
Abuse	6
Misconduct	5
Waste	1
Total	**43**

Review of State Funded Aliens (X01)

Program Integrity SURS Unit produces quarterly data reports of Recipient Coverage Group X01 (State Legal Aliens) who received inpatient and outpatient emergency services, e.g., trauma and pregnancy related diagnoses. The State Medicaid Program receives 50% Federal matching funds for providing the above-mentioned services to this recipient coverage group. During FY 2008, the SURS Unit identified through recovery and cost savings for X01 Recipient Coverage Group $5,459,318.

Review of Out-of-State Hospitals

The OIG Division of Corporate Compliance and Program Integrity SURS Unit conducted a self-audit program of out-of-state hospitals. Through this self-audit program, the hospitals were required to review inpatient and outpatient claims paid by Maryland Medicaid that were billed and reimbursed at either 100% of charges or Maryland's rate, instead of the host state's Medicaid rate. During FY 2008, the Program Integrity SURS Unit recovered $654,650 from out-of-state hospitals.

Review of State Funded Subsidized Adoptions (E04)

Through periodic data runs, the Program Integrity SURS Unit identifies Medicaid coverage for children under 21years (who are U.S. citizens classified as E04s), in state subsidized adoptions. This coverage group is not eligible for Social Security, Medicaid, or do not have special needs for medical, mental health, or rehabilitative care. A registered nurse in the Division of Investigations and Clinical Support reviews the SURS-generated data reports to determine whether these children still meet the requirements, e.g., a chronic medical condition, to remain in the E04 Program coverage group. If they are found not to meet the requirements, they are removed from the E04 coverage group and enrolled in the E02 coverage group that receives matching federal funding. During FY 2008, recovery and cost avoidance was identified for this coverage group in the amount of $1,007,278.

CHART 15
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PROGRAM INTEGRITY
FOSTER CARE SUBSIDIZED ADOPTION (E04) STATE SAVINGS
FY 2008 COST SAVINGS BY MONTH

Month	Savings
July 2007	$245,361
August 2007	70,540
September 2007	20,204
October 2007	110,959
November 2007	73,835
December 2007	32,444
January 2008	39,369
February 2008	101,879
March 2008	68,239
April 2008	86,321
May 2008	107,793
June 2008	50,334
Total	**$1,007,278**

NOTEWORTHY CORPORATE COMPLIANCE AND PROGRAM INTEGRITY CASES

Review of the Maryland Dental Board Examiners

The Corporate Compliance Unit assures the Department complies with the Code of Conduct, Corporate Compliance policies, privacy policies and the Health Insurance Portability and Accountability Act (HIPAA). The Unit provides Corporate Compliance and HIPAA privacy training and investigates suspected misconduct, fraud, waste, and privacy violations by DHMH employees.

However, there are occasions when the Corporate Compliance Unit (CCU) of the Office of the Inspector General conducts audits and investigations that are not employee related. One such review performed by the CCU was that of the Maryland State Board of Dental Examiners (MSBDE). This particular investigation was requested by the Honorable Martin O'Malley following a gubernatorial veto of House Bill 988 – Maryland State Board of Dental Examiners - Restructuring and Licensee Protection, which was introduced during the 2007 legislative session of the Maryland General Assembly.

The objective of the legislation and audit was to determine whether bias and inequities were present in the disciplinary operations and sanctioning outcomes of the MSBDE for the period beginning July 1, 2001 through June 30, 2007. The OIG investigative team consisted of auditors, investigators, a data support specialist, and staff from the DHMH Cigarette Restitution Program and Minorities Health and Health Disparities Division.

The OIG investigative team spent seven months conducting this investigation and issued a report to Governor O'Malley in December 2007. The findings were as follows:

- No evidence was found that the MSBDE had exceeded its statutory or regulatory scope of authority in the sanctioning of licensees. The OIG audit determined that the Board had operated in accordance with Health Occupations (H.O.) §4-101 et. seq. of the Annotated Code of Maryland, and regulations outlined within COMAR 10.44.07.

- The Dental Board's data collection system was not well suited for analyzing patterns or analyzing consistencies in the handling of complaints. However, statistics demonstrated that in the determination of a sanction rate, African Americans received an overall higher rate than Caucasians for unduplicated sanctions (unadjusted for severity) for those complaints reviewed and analyzed in the study. The rate for African Americans was 1.9 times higher than that of Caucasians.

- There was an inability to precisely capture severity in terms of recidivism and multiple allegations made. In further analysis of cases receiving sanctions, there appeared to be no statistical difference between African Americans and Caucasians in the application of more severe sanctions (defined as effect duration of one year or more) both overall, and in categories of the severity of the violations.

The OIG presented these findings to the Maryland General Assembly in a hearing in the fall of 2007. Subsequently, the Maryland General Assembly introduced House Bill 811 and its companion, Senate Bill 764 entitled "*State Board of Dental Examiners Nomination and Disciplinary Processes - Task Force on the Discipline of Health Care Professionals and Improved Patient Care*." For more information please visit the Maryland General Assembly's Web site *http://mlis.state.md.us/*.

Review of a Developmental Disability Administration (DDA) Provider

In September 2007, a DDA Regional Office contacted the OIG and the Office of Health Care Quality (OHCQ) regarding complaints against a DDA provider of financial irregularities and of providing poor quality of care. In January 2008, the OIG and OHCQ notified the provider of their intent to conduct a joint on-site review of the provider's records for the period of FY 2006

and 2007. The OIG and OHCQ issued a formal request to the provider to supply the reviewers with required documentation (i.e., all current and past employee records, all recipients' records, Annual Cost Report data for FY 2006 and FY 2007, and any document of other expenses or services charged to DHMH). The provider failed to provide complete records as requested, which resulted in the reviewers' inability to conduct a complete assessment. The OIG recommended that DDA suspend future payments to the provider until fully compliant with COMAR 10.22.17.05, *Reporting and Record Keeping Requirements.* Furthermore, the OIG recommended that DDA recover all payments made to the provider in FY 2006 and FY 2007 totaling $822,785 and recommended penalties be applied.

Review of a Kidney Disease Program (KDP) Pharmacy Provider

In March 2006, the DHMH Kidney Disease Program (KDP) contacted the OIG alleging that one of their pharmacy providers bypassed third party payers by routinely entering nominal amounts of less than $2.00 into the KDP point-of-sale system in order to obtain full payment from KDP. KDP is an independent, totally state-only funded program and payer of last resort after Medicare and Medicaid. By virtue of their illness or disease, most KDP recipients are Medicare eligible. The OIG consulted with staff of Tri Centurion (a Medicare subcontractor), DHMH Pharmacy, and KDP Divisions, and referenced specific pharmacy criteria (Code of Maryland regulations, Code of Federal Regulations, and DHMH guidelines). The OIG conducted an on-site review and requested access to all supporting documentation for claims submitted (e.g., patient file, prescription claim data, patient co-payments paid, purchase records for prescriptions or medical supplies, etc.). The OIG reviewed paid provider claims and identified several violations. The KDP pharmacy provider, (1) failed to comply with regulations, which require providers to maintain prescriptions for a minimum of 6 years and produce them upon request for inspection; (2) failed to follow TPL (third party liability) billing procedures, thereby receiving almost 100% payment for claims from the KDP; (3) received co-payments from recipients that were not reported to KDP which would have reduced the amount billed and paid; and (4) received payment from Medicaid for prescriptions that were not reported to KDP and deducted from amount billed to KDP. The OIG recommended that KDP recover $182,067. Furthermore, the OIG recommended KDP implement internal controls to their point-of-sale system to detect attempts to bypass the TPL field.

Review of a Medicaid Transportation Provider

In June 2007, the OIG received complaints from DHMH Community Support Services regarding a Medicaid transportation provider that billed for numerous transportation assistants and possible over-stated mileage. The Local Health Departments utilize the services of contracted transportation providers responsible for transporting Medicaid recipients to and from medical appointments. The OIG reviewer requested from the referring program supporting documentation on the transportation provider (e.g., all invoices, driver trip tickets, daily recipient mileage reports, existing provider contract, Transportation Grant Program Guide). The OIG reviewed the billing records for four test months and found that the transportation provider did over-bill the Local Health Department for travel miles, assistant miles, and additional unaccounted miles totaling $17,020. The OIG forwarded this case to the Office of the Attorney General, Medicaid Fraud Control Unit for prosecutorial review.

Administrative Services and Recipient Fraud Investigations Accomplishments

The Administrative Services Division is responsible for addressing and facilitating numerous administrative activities on behalf of the OIG to improve operations while effectively and efficiently managing the OIG fiscal resources. On a daily basis, the division interfaces with a variety of internal and external customers in executing personnel actions, procurement and contract management, budget and finance issues, tracking and maintenance of assigned state vehicles, registration of employee trainings, and maintenance of network security access.

Administrative Services' Accomplishments

PROCUREMENT, CONTRACTS, AND GRANT AWARDS

Fraud and Abuse Tracking System
During FY 2008, the OIG completed the request for proposal for a Fraud, Waste and Abuse Case Management and Tracking System. The proposal was advertised through EMaryland Marketplace and DHMH websites for responses. In June 2008, the OIG Proposal Committee evaluated the proposal responses and, based upon the published technical and financial evaluation criteria, a contractor was selected. The recommended contractor, Aithent Incorporated, was submitted to the Maryland State Board of Public Works for approval. This system will be funded through a CMS Transformational Grant awarded to the DHMH OIG Program Integrity in FY 2007.

OIG Website Redesign
During FY 2008, the OIG initiated a redesign of its public information website. Because of 2006 Program Integrity consolidation and expansion of the OIG internal divisions, it was necessary to make immediate updates to the OIG website. The OIG website is routinely accessed by internal and external customers to obtain information and forms. It was important to make the transition as smooth as possible for the customer. The content previously available was extensive and would require sufficient time to review and update. Therefore, the OIG senior management decided to develop an abridged, yet updated, version of the website and make it available for immediate posting on the DHMH. As a working team, the OIG created a new user-friendly and highly functional operational tool to aid the OIG and DHMH staff, as well as external customers. Currently, the website displays the OIG published reports, promotes the OIG consumer hotline, and has the ability to complete and submit provider, employee, and Medicaid recipient complaints directly to the OIG through the internet. The process of redesigning the OIG website took approximately six months to complete.

System Development and Enhancements
Prior to the 2006 consolidation, the OIG and Program Integrity utilized four independent databases. During FY 2007, the OIG consulted with DHMH Information Resources Management Administration (IRMA) regarding the need to consolidate these existing database systems into a more effective system. In May 2008, the IRMA staff completed the design phase of the project. At the end of FY 2008, the project had progressed to the data conversion phase. The new system is programmed in SQL language that offers a higher level of security and password protection for sensitive data within the OIG. The OIG staff will be trained on the new system and the security access procedures in the next phase of the implementation.

Recipient Fraud Investigations' Accomplishments

MEDICAID RECIPIENT FRAUD UNIT

The OIG Recipient Fraud Investigations Unit is charged with the task of conducting investigations into allegations of Medicaid recipient fraud. The Recipient Fraud Investigations Unit identified through recovery and cost avoidance $2,441,882 in savings for the fiscal year ending June 30, 2008.

During FY 2008, six cases were referred to various Maryland States' Attorney Offices for prosecution in the following counties: three cases referred to Anne Arundel County, one case referred to Caroline County, and two cases referred to Washington County.

CHART 16
MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
PROGRAM INTEGRITY – RECIPIENT CASES
CASES CLOSED IN FY 2008

Case Closings by Closing Reason	
Case referred to Recoveries Division	189
Unable to substantiate complaint	26
Referred to appropriate department or agency for resolution	23
No fraud determined	21
Administratively closed	7
Recipient meets Medicaid eligibility criteria	4
No loss to the State of Maryland Medical Assistance Program	3
Recipient deceased	3
Total	**276**

The OIG Medicaid Recipient Fraud Unit received in March 2008 a commendation letter from the Baltimore County Office of the State's Attorney. The letter of commendation highlighted the outstanding work and attention to detail exhibited by the investigative staff. Specifically noted by Mr. Adam Lipped, Chief of the White Collar Crime Unit - Investigation Division, was "the fact that in a majority of the cases referred for prosecutorial review, full restitution has been paid".

In addition, the unit delivered outreach trainings to new workers employed by the Maryland Department of Human Resources, Family Investment Administration.

CHART 17 MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE PROGRAM INTEGRITY – RECIPIENT CASES CASES NEWLY OPENED IN FY 2008	
Case Openings by Allegation	
Failed to report current income	201
Failed to report current family composition	88
Failed to report current resources	43
Failed to report change in medical eligibility	25
Medicaid eligibility in 2 or more states	21
Failed to report current residency status	18
Failed to report TPL insurance coverage	12
Transfer resource after eligibility determination	5
Identity fraud	3
Failed to disclose financial information	3
Suspicious account activity	3
Failed to provided requested verification	1
Total	**423**

NOTEWORTHY RECIPIENT FRAUD INVESTIGATION CASES REVIEWED

Review of a Maryland Children's Health Program (MCHP) Recipient
In August 2006, the OIG received a referral from Department of Human Resources, Family Investment Administration regarding the Maryland Children's Health Program (MCHP) eligibility of a recipient. The allegation indicated on the referral was recipient fraud and under-reported household income that may affect continued program eligibility (e.g., Housing and Urban Development (HUD), Medical Assistance). Through a joint investigation conducted by the OIG and HUD, the investigators determined that this allegation was substantiated, which resulted in the recipient fraudulently acquiring benefits totaling $38,898. Subsequently, the recipient was charged, pleaded guilty, sentenced and fined.

Review of a Medical Assistance Program Recipient
In July 2006, the OIG received a referral from Calvert County Health Department alleging that a Medicaid recipient fraudulently obtained program benefits. An investigation was conducted and background information on recipient property records and financial history was obtained. The evidence gathered confirmed the allegation. The case was referred to the Calvert County State's Attorney for prosecutorial review. The recipient agreed to plead guilty to one count of felony theft and made restitution through the court in the amount of $32,767.

MEDICAID SPECIAL PROJECTS UNIT

In FY 2008, the Centers for Medicare and Medicaid Services (CMS) required Maryland and eight additional states to participate in the Payment Error Rate Measurement (PERM) Project. Under the PERM Project, a review is conducted of Medicaid payments for accuracy, provider medical records are audited for correct billing and verification that services were performed, and

Medicaid and State Children's Health Insurance Program (SCHIP) records are reviewed for correct eligibility determination.

The OIG Medicaid Special Projects was requested to conduct the PERM eligibility reviews for FY 2008. A total of 1,487 cases from the Maryland Medicaid Program and the Maryland Children's Health Program were randomly selected. The results of the Maryland PERM eligibility reviews yielded an error rate of 5.48% for the Maryland Medicaid Program and 3.71% for the Maryland Children's Health Program.

Human Resource Development

STAFF PRESENTATIONS

Forming partnerships with our stakeholders and reaching out to the community with information and education is a major focus of the Department and the OIG. During FY 2008, the OIG provided a number of community outreach presentations attended by approximately 350 individuals throughout the State of Maryland. Listed below is a sampling of the groups served.

- Delegation of Chinese Government Officials
- Case Managers of the Department of Human Resources
- Providers of Mental Health Services
- Members of the Health Facilities Administration of Maryland
- Members of the Community Behavioral Health Association
- Providers of Long Term Care Services

CONFERENCES AND TRAININGS

During FY 2008, several members of the OIG staff attended various conferences and trainings designed to develop and enhance professional skills. Listed below is a sampling of the trainings and conferences attended.

- 18th Annual ACFE Fraud Conference
- Interviewing Techniques for Auditors: Eliciting Information
- Advanced Computer-Aided Fraud Prevention and Detection
- Maryland Chapter of ACFE Annual Fraud Conference
- United Council on Welfare Fraud
- National Association of Medicaid Program Integrity
- Webinar – Health Care Compliance Association

Certified Fraud Examiners: The Office of the Inspector General is a strong supporter of the Association of Certified Fraud Examiners (ACFE). It is the goal of the OIG to present staff with the opportunity to become Certified Fraud Examiners (CFE). In order to become a Certified Fraud Examiner, a candidate must demonstrate proficiency and a thorough understanding of the subject matter by passing a standardized examination that focuses on four major areas critical in the fight against fraud. The examination is administered by the Association of Certified Fraud

Examiners. The areas addressed are Fraudulent Financial Transaction, Criminology and Ethics, Legal Elements of Fraud, and Fraud Investigation.

During FY 2008, the OIG supported the continuing education efforts of two OIG staff who are CFE, as they attended the national conference sponsored by the National Association of Certified Fraud Examiners held in Orlando, Florida.

During FY 2008, one of the OIG staff completed the ACFE requirements for certification and passed the examination.

Institutional Review Board Conferences: During FY 2008, the OIG IRB staff attended two national conferences.

- On December 2- 4, 2007, the Public Responsibility in Medicine and Research (PRIM&R) hosted its annual conference in Boston, Massachusetts. The conference theme focused on "Human Research Protection Programs In An Evolving Research Landscape". The PRIM&R conference addressed the latest ethical, regulatory, and policy-related developments in biomedical, social science, behavioral, and education research. This national conference addressed over 5,000 attendees representing approximately four continents.

- On June 9 -12, 2008, the Health Care Compliance Association (HCCA) hosted the Research Compliance Academy held in San Francisco, California. The HCCA Research Compliance Academies focus on a wide range of research topics relevant to enforcement agencies. This academy provides attendees with the opportunity to get information on many areas that affect research compliance officers and their staff on a day-to-day basis.

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