

# Washington State Health Care Authority

## **Report to the Legislature**

### **Medicaid Fraud, Waste, and Abuse Program**

As Required by Engrossed Substitute Senate Bill 6052  
Section 213(1)(cc), Chapter 4, Laws of 2015,  
Third Extraordinary Session, Partial Veto

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Washington State Health Care Authority  
Division of Medicaid Eligibility and Community Support and  
Division of ProviderOne Operations and Services

## Table of Contents

I. Executive Summary.....	3
II. Client Eligibility.....	4
Introduction to Client Eligibility.....	4
Current Client Eligibility and Post-Enrollment Review Business Process.....	4
LexisNexis Client Eligibility and Post-Enrollment Review Business Process and Results .....	5
Conclusion and Next Steps Based on Client Pilot Results .....	6
III. Provider Enrollment.....	7
Current Provider Enrollment Business Process .....	7
LexisNexis Process .....	8
LexisNexis Results.....	9
Conclusions and Next Steps Based on Provider Pilot Results.....	11

## **I. Executive Summary**

The State of Washington Operating Budget<sup>1</sup> required the Washington State Health Care Authority (HCA) to implement a pilot program with existing resources to understand the nature and extent of potential fraud, waste, and abuse in the Apple Health program and evaluate the potential to create operational efficiencies within the provider and beneficiary system. The pilot program was conducted by the authority in partnership with a third-party vendor that uses national public records data as well as provider-specific data.

To support the pilot program, a third-party vendor, LexisNexis, agreed to run its identity scan and analyze select client and provider data from the HCA at no cost. LexisNexis screened client data for evidence that clients were either dead, failed to meet Washington State residency, or were incarcerated out of state. LexisNexis screened current Apple Health providers for evidence of facts that, if proved, could disqualify them from participating in Apple Health.

LexisNexis presented summary results of the identity scan and provided sample records for HCA validation. Based on the review of sample records, HCA found no evidence of fraudulent activity by clients or providers. However, HCA did verify the value of a data-driven and consolidated client and provider screening process to improve operational efficiencies and enhance our ability to quickly identify client and provider demographic changes.

HCA concludes that supplementing its current business practices with LexisNexis identity scans or the use of the LexisNexis technology to obtain out-of-state death records and information regarding clients' residency status will help the agency combat fraud, waste, and abuse in Apple Health programs and could introduce business process efficiencies.

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<sup>1</sup> ESSB 6052 Subsection 213(1)(cc)

## **II. Client Eligibility**

### **Introduction to Client Eligibility**

The HCA's Division of Medicaid Eligibility and Community Support (MECS) is responsible for Washington Apple Health client eligibility determinations and post-enrollment eligibility verification. The agency recognizes that the eligibility determination and post-enrollment eligibility review processes are critical bulwarks against fraud, waste, and abuse. The agency's current processes are designed to ensure that only those individuals who meet the legal thresholds for eligibility are enrolled in or receive Washington Apple Health benefits. Among other requirements, a person must be a living Washington resident in order to receive Washington Apple Health. Different ways of confirming these two key client eligibility factors—life and residency—are examined in this report.<sup>2</sup> This section describes the agency's current business process. The following section evaluates LexisNexis as an alternative or supplement to the current business practice.

### **Current Client Eligibility and Post-Enrollment Review Business Process**

#### *Process for determining whether someone is living*

Once each month the agency's Medical Eligibility Determination Service (MEDS) receives a report in the form of digital work assignment listing individuals the agency has reason to believe are deceased, based on an electronic data interface with Washington Department of Health. A MEDS worker then uses a combination of several software programs—the State Online Query (SOLQ), ProviderOne, Automated Client Eligibility System (ACES), and Barcode—to establish whether or not death can be confirmed. These software programs aggregate information from a variety of credible sources including the Social Security Administration, the Washington State Department of Health, and the Federal Eligibility Service. MEDS workers also terminate coverage based on calls from family members, healthcare providers, and client representatives informing the agency that a client has died. If death is confirmed, the worker closes any active benefits and sends a condolence letter to the client's last known address. If the HCA made a premium payment to a managed care plan for a month after the client's death, the agency recoups the premium from the managed care plan.

#### *Process for determining whether someone is a Washington State resident*

Each quarter, an information technology specialist with the agency's Division of Medicaid Program and Operations Integrity reviews a report from the federal Public Assistance Reporting

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<sup>2</sup> HCA elected to not include the out-of-state incarcerated report because it identified only 71 individuals out of over 1 million adult Medicaid clients. HCA knows from previous false positives received from the Federal Exchange Hub that out-of-state incarceration data is often outdated or incorrect.

Information System (PARIS) for evidence that a Washington Apple Health client is accessing public benefits outside of Washington State. Clients identified on this list are sorted into two groups: low-risk and high-risk.

The low-risk clients are those who are enrolled in fee-for-service (FFS) coverage. These clients are considered low-risk because HCA only makes payments on their behalf if they access care through an approved provider. Because the list of approved providers consists primarily of providers inside Washington or in select border cities, the cost risk associated with FFS clients who live outside Washington is low.

High-risk clients are those who are enrolled in managed care. These clients are considered high-risk because the agency pays a monthly managed care premium for each of them regardless of whether or not they access care. If the PARIS report indicates that a high-risk client is accessing benefits outside of Washington, the agency's Barcode software generates a standard letter asking the client to confirm his or her Washington State residency. If an affirmative response is not received by the agency within ten days of the date of the letter, the agency terminates the client's Washington Apple Health benefits.

If the agency receives return mail with an out-of-state forwarding address, the client's Washington Apple Health benefits are automatically terminated. The agency also terminates benefits if a client reports a change in residency.

### **LexisNexis Client Eligibility and Post-Enrollment Review Business Process and Results**

#### *Process for determining whether someone is living*

The agency provided LexisNexis with a data file of active recipients. LexisNexis screened the file through its databases and identified 16,794 individuals it believed were dead. Of this file, Lexis Nexis gave the HCA a sample of 100 active recipients to review. The HCA audited these findings and confirmed through Department of Health Vital Records, SOLQ, or a report by a family member or healthcare provider that 98 were in fact dead. The HCA was unable to determine the status of the other two individuals. Of the 98 confirmed deaths, 91 occurred in Washington State. Of these 91 deaths, the HCA's databases and the LexisNexis databases show the same date of death. In other words, the HCA would have identified these 91 cases through its current business process using databases it already has access to. Of the seven confirmed out-of-state deaths, the HCA had been notified of five. The HCA would not have identified the remaining two cases without LexisNexis. Therefore, the agency's fraud, waste, and abuse prevention process would be improved by adding LexisNexis to its current business practices to identify out-of-state deaths.

### *Process for determining whether someone is a Washington State resident*

The agency provided LexisNexis with a data file of active recipients. LexisNexis screened the file through its databases and identified 11,722 clients it believed were not Washington residents. LexisNexis gave the HCA a list of 50 of these individuals. The HCA audited this sample and determined that 34 individuals had a current address in Washington State or had already been terminated from coverage. The remaining 16 individuals had an out-of-state address in one of the databases already accessible to the HCA, such as Social Security Administration (SSA). Of these 16 known out-of-state addresses, the address identified by LexisNexis matched the address of three cases identified through the SSA database. In the other 13 cases, the address LexisNexis had was different than the address through the SSA database. There is no automated system alerting HCA staff of the different address in SSA. The HCA sent a letter to the 16 individuals with a known out-of-state address asking them to confirm Washington State residency. Five confirmed Washington State residency, eleven did not respond and were therefore terminated from coverage.

### **Conclusions and Next Steps Based on Client Pilot Results**

LexisNexis identified previously unknown out-of-state deaths. By using LexisNexis, HCA was able to identify and confirm two out-of-state deaths that were otherwise unknown to the agency. The HCA projects that if it were to review the entire sample of out-of-state death records, it would be able to identify additional previously unknown deaths.

LexisNexis did not identify any previously unknown in-state deaths. Based on this finding, HCA does not believe that modifying its current business practices to include the use of LexisNexis would help identify previously unknown in-state deaths.

Of the 16 clients who were sent a letter requesting residency verification, five responded with verification and eleven did not respond. The HCA terminated coverage for these eleven individuals because they did not respond to the letter; however, their failure to respond is not proof they failed to meet the residency requirement. HCA would like to track these closures for three months to determine whether these individuals return to Washington Apple Health programs. The HCA knows from experience that homeless individuals' reported addresses may not reflect their state of residence and they often do not respond timely to letters asking for address verification. In light of these uncertainties, HCA would like to conduct a second pilot project using a larger sample size to determine whether the results of the first pilot are representative and to track a larger cohort for three months to determine if the individuals identified by LexisNexis are truly not residing in Washington.

## Next Steps:

- a. Based on the above, HCA will explore contracting with LexisNexis to obtain all out-of-state death records from LexisNexis. LexisNexis has represented to HCA that it can identify only those deaths that occurred outside of Washington and provide those cases to the HCA.
- b. HCA will solicit a proposal from LexisNexis to conduct a second, expanded pilot project. If the expanded pilot yields positive findings, HCA will explore using LexisNexis to supplement or possibly replace its current residency-related business practices. This would likely mean conducting a one-time cleanup and then conducting quarterly reviews of only those clients who were not included in the one-time cleanup of currently enrolled clients. HCA estimates that this additional workload would require one Medical Assistance Specialist FTE.

### **III. Provider Enrollment**

#### **Current Provider Enrollment Business Process**

Within the Health Care Authority (HCA), the Division of ProviderOne Operations and Services, Provider Enrollment Unit is the gatekeeper for the enrollment and revalidation of providers and practitioners into the Medicaid program. HCA recognizes that the Medicaid Provider Enrollment process is a critical first-line defense against fraud, waste and abuse. Provider Enrollment processes are designed to protect Medicaid clients from receiving care from unqualified providers and to prevent improper payments for services rendered by providers that do not meet state and/or federal requirements for participation in the Medicaid program.

The provider enrollment process includes provider screening, licensure verification and site visits (if applicable) to ensure that all providers are in good standing and meet the requirements for which they are seeking enrollment. Detailed validation and screening requirements vary according to the category under which a provider is enrolling in Medicaid: a *Billing Provider* submits claims and/or receives payment for services while a *Rendering/Service Provider* identifies the provider who is providing services to Medicaid clients but will not be submitting claims directly to the HCA. Federal regulations require States to obtain certain disclosures from providers upon enrollment and periodically thereafter. The Affordable Care Act established new rules related to screening requirements for providers and suppliers enrolling in Medicaid. All participating Medicaid providers undergo screening according to their risk level, defined as “limited,” “moderate,” or “high” depending upon the risk of fraud, waste and abuse.

Providers may enroll in Washington Medicaid through the State's Medicaid Management Information System (MMIS) web portal or by submitting paper applications and supporting information. Provider enrollment forms and instructions can be found on the HCA "[Become a New Provider](#)" internet page. The Provider Enrollment Unit processes provider applications and performs the required validations. The unit has implemented preventative processes including site visits and enhanced database checks noted below.

HCA Provider Enrollment staff manually access a variety of federal websites and/or systems for verification of information on each provider application:

1. National Plan and Provider Enumeration System (NPPES) for National Plan Identifier verification
2. Social Security Death Master File (SSDMF) for verification of whether a provider is deceased
3. National Practitioner Data Bank (NPDB) for provider sanction status
4. Office of the Inspector General List of Excluded Individuals/Entities (LEIE) and Excluded Parties List System (EPLS) for federal debarments or exclusions
5. System for Award Management (SAM) for federal exclusions
6. Internal Revenue Service (IRS) for Social Security Number validation
7. Provider Enrollment Chain and Ownership System (PECOS) for servicing only providers

Each of the above database checks requires manual look up of relevant information for individual providers, provider organizations, or both. In addition to the time that it takes for manual access and validation at each site, the accuracy and completeness of each source varies.

### **LexisNexis Process**

The HCA provided LexisNexis with a data file that included an agreed upon set of provider data elements. The Washington Medicaid provider file sent to LexisNexis included a total of 92,260 input records. 540 records were rejected by LexisNexis for Data Input errors and 9,796 were removed for duplicate National Provider Identifiers (NPI). A total of 81,924 unique provider records were processed through the LexisNexis validation process.



The LexisNexis provider batch screening examined if the provider had an active license (in state or out of state), if the provider had any active or historical sanctions and/or federal exclusions, if the provider was deceased, if the provider had an evidence of criminal history, and if there were any indications of provider financial distress.

It is important to note that the HCA provider data file provided to LexisNexis included all providers with an “active” designation in the system. The input file did not consider which of those providers had actively billed within some historical period of time.

The LexisNexis proof of concept pilot included HCA staff access to LexisNexis Accurint®. Accurint® provides users with a direct connection to a variety of public records and offers search technology that allows users to locate people and businesses, and verify essential personal information from one source.

The LexisNexis Medicaid provider summary results were divided into two categories:

1. **The Professional Risk category** examined a variety of state and federal exclusions and included a review of medical licenses/certifications. Of the 81,924 total unique provider records reviewed, LexisNexis noted 2,351 total state sanctions, of which 637 unique providers had current sanctions. HCA reviewed 50 randomly selected provider records from this category.
2. **The Personal Risk category** identified providers who were deceased, those with some criminal record on file, and providers with a record of bankruptcy or financial judgments/liens. Of the 81,924 total unique provider records examined, LexisNexis noted 280 deceased providers, 377 providers with some record of criminal activity and 5,484 providers with financial distress including a record of Chapter 7, 11 and 13 bankruptcy, and providers with financial judgments or liens. HCA reviewed 50 randomly selected deceased provider records. No records related to provider criminal or financial status were included in the sample.

## **LexisNexis Results**

**Professional Risk Category:** HCA reviewed 50 randomly selected provider records with identified sanctions.

- It is HCA’s policy to perform a formal clinical review of providers with sanctions. We currently rely on Washington State Department of Health sanction notifications and/or federal exclusions identified from the federal Office of the Inspector General List of Excluded Individuals/Entities (LEIE) and Excluded Parties List System

(EPLS). We do not currently have access to any system that alerts HCA of licensure sanctions for enrolled out of state providers.

- Of the 50 records reviewed, 44 were verified as correct matches, 5 were incorrect matches and HCA was unable to validate 1 record, resulting in 90% match accuracy.
- Of the 50 records in the review, HCA was unaware of 27 of the 50 sanctions identified. The sanctions included in the LexisNexis results were from sources not in use by HCA's Provider Enrollment Unit.
- Of the 27 that had not been reviewed by HCA's clinical review team, 6 have submitted claims since the date of the sanction, and the remainder were validated as historical sanctions.
- The LexisNexis sanction report included all exclusions under and List of Excluded Individuals/Entities (LEIE) or System for Award Management (SAM). In addition, LexisNexis includes all of the sanction reporting in the National Practitioner Data Bank (NPDB) plus out of state professional licensure bureaus not included in the NPDB.

**Personal Risk Category:** The HCA reviewed 50 randomly selected provider records identified as deceased.

- Of the 50 records reviewed, 31 were validated as correct matches and 4 were incorrect matches, resulting in 89% match accuracy. The remaining 15 were not located in HCA data sources and were not researched further since they had no ProviderOne claims in the last year.
- Of the 50 records in the review, the Provider Enrollment Unit found 24 where the National Provider Identifier (NPI) of a person identified as deceased was used on claims after the date of death. All of these were used as rendering/servicing providers: there were no providers identified as deceased that submitted claims for payment following their date of death.
- The sample did not contain any records with identifying criminal records. Given the categories of criminal activity in the LexisNexis provider summary results, HCA anticipates that identification of a criminal record would yield less definitive results. Records in this category will be forwarded to the HCA clinical review team to determine if knowledge of a specific criminal activity should influence participation in Washington Medicaid.

- The sample did not contain any records identifying financial distress. While the existence of bankruptcy is of interest to HCA and might trigger additional reviews for billing patterns or excessive utilization, there are no federal or state regulations that would require HCA to terminate or deny enrollment based solely on some historical record of financial distress.

### **Conclusions and Next Steps Based on Provider Pilot Results**

From the sample of 100 provider records supplied to HCA, there were no indications of fraudulent activity and there were no deceased billing providers for whom HCA has paid claims following their date of death. However, there are records identified by LexisNexis in their summary results that were not included in the sample. These records require further review.

From the LexisNexis Pilot, HCA has verified the value of an automated and consolidated screening process that identifies provider Professional Risk and Personal Risk factors at the time of enrollment, at re-enrollment, and through ongoing batch analytics on the provider population. HCA has confirmed the overall accuracy of the LexisNexis provider identity scan as well as the efficiency and effectiveness of a LexisNexis Accurint® tool that combines a comprehensive review of provider records.

**Short Term:** HCA is exploring immediate follow up to use LexisNexis provider information as follows:

- HCA has received a proposal from LexisNexis for a One Time Annual Full File Provider Integrity Scan. We are moving forward to complete that full file review for all Washington Medicaid providers. This will provide follow up on the provider records not included in the sample.
- HCA is researching the feasibility of Provider Enrollment Unit staff utilization of the LexisNexis Accurint® tool. This tool would replace multiple manual database checks, consolidate business processes and introduce efficiencies to the Provider Enrollment Unit.

**Mid-Term:** HCA will research opportunities and pricing for ongoing quarterly or monthly batch analytics that utilize the LexisNexis Provider Integrity Scans. In addition, HCA will look at opportunities to utilize the LexisNexis batch analytics process to support Provider Re-validation efforts.

**Long-Term:** HCA will explore the feasibility of implementing the LexisNexis analytic process as a part of the automated Provider Enrollment sub-system of the State's Medicaid Management Information System (MMIS) called ProviderOne. Washington's MMIS vendor, Client Network Services, Inc. (CNSI) has implemented this solution in other states as a part of their MMIS, so it is possible that their design could be leveraged should Washington move forward with this automated solution.