

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**IOWA STATE MEDICAID  
FRAUD CONTROL UNIT:  
2014 ONSITE REVIEW**



**Suzanne Murrin  
Deputy Inspector General for  
Evaluation and Inspections**

**November 2014  
OEI-06-14-00190**

**EXECUTIVE SUMMARY — IOWA STATE MEDICAID FRAUD CONTROL UNIT:  
2014 ONSITE REVIEW  
OEI-06-14-00190**

**WHY WE DID THIS STUDY**

The Office of Inspector General (OIG) oversees the activities of all Medicaid Fraud Control Units (MFCUs or Units). As part of this oversight, OIG conducts periodic reviews of all Units and prepares public reports based on these reviews. The reviews assess Unit performance in accordance with the 12 MFCU performance standards and monitor Unit compliance with Federal grant requirements.

**HOW WE DID THIS STUDY**

We conducted the onsite review in April 2014. We based our review on an analysis from seven sources: (1) a review of policies, procedures, and documentation of the Unit's operations, staffing, and caseload; (2) a review of financial documentation; (3) structured interviews with key stakeholders; (4) a survey of Unit staff; (5) structured interviews with the Unit management and selected staff; (6) a review of a sample of cases worked by the Unit; and (7) an onsite observation of Unit operations.

**WHAT WE FOUND**

For fiscal years (FY) 2011 through 2013, the Iowa Unit reported 94 criminal convictions, 38 civil judgments and settlements, and recoveries of nearly \$44 million. Our review found no evidence of significant noncompliance with applicable laws, regulations, or policy transmittals. However, we found that the 47 percent of the Unit's case files lacked documentation indicating periodic supervisory reviews. Further, the Unit's memorandum of understanding (MOU) with the State Medicaid agency did not reflect all current requirements. Subsequent to our onsite review, the Unit revised the MOU to include these requirements.

**WHAT WE RECOMMEND**

We recommend that the Iowa Unit implement processes to ensure that supervisors conduct and document case reviews periodically, consistent with the Unit's revised practice. The Unit concurred with our recommendation.

---

## TABLE OF CONTENTS

Objective .....	1
Background .....	1
Methodology .....	4
Findings.....	5
For FYs 2011 through 2013, the Unit reported 94 criminal convictions, 38 civil judgments and settlements, and recoveries of nearly \$44 million..	5
Forty-seven percent of Unit case files lacked documentation indicating periodic supervisory reviews .....	6
The Unit’s MOU with the State Medicaid agency did not reflect current requirements .....	6
Conclusion and Recommendations.....	8
Unit Comments and Office of Inspector General Response .....	9
Appendixes .....	10
A: Detailed Methodology .....	10
B: Referrals of Provider Fraud and Patient Abuse and Neglect to the Iowa Unit by Source, FYs 2011 Through 2013 .....	12
C: Investigations Opened and Closed by Provider Category and Case Type, FYs 2011 Through 2013.....	13
D: Point Estimates and Confidence Intervals Based on Review of Case Files.....	15
E: Unit Comments.....	16
Acknowledgments.....	17

---

## OBJECTIVE

To conduct an onsite review of the Iowa State Medicaid Fraud Control Unit (MFCU or Unit).

---

## BACKGROUND

The mission of State MFCUs, as established by Federal statute, is to investigate and prosecute fraud and patient abuse and neglect by Medicaid providers under State law.<sup>1</sup> Pursuant to Title XIX of the SSA, each State must maintain a certified Unit unless the Secretary of Health and Human Services determines that operation of a Unit would not be cost effective because (1) minimal Medicaid fraud exists in that State; and (2) the State has other, adequate safeguards to protect Medicaid beneficiaries from abuse and neglect.<sup>2</sup> In Federal fiscal year (FY) 2013, combined Federal and State grant expenditures for the Units totaled \$230 million.<sup>3</sup>

To carry out its duties in an effective and efficient manner, each Unit must employ an interdisciplinary staff that consists of at least an attorney, an auditor, and an investigator.<sup>4</sup> Unit staff review referrals provided by the State Medicaid agency and other sources and determine their potential for criminal prosecution and/or civil action. In FY 2013, the 50 Units collectively reported 1,341 convictions, 879 civil settlements or judgments, and recoveries of approximately \$2.5 billion.<sup>5</sup>

Units are required to have either Statewide authority to prosecute cases or formal procedures to refer suspected criminal violations to an office with such authority.<sup>6</sup> Currently, MFCUs operate in 49 States and in the District of Columbia. Forty-four of the MFCUs are located within offices of State

---

<sup>1</sup> Social Security Act (SSA) § 1903(q)(3).

<sup>2</sup> *Ibid.*, §§ 1902(a)(61) and 1903(q)(3). Regulations at 42 CFR § 1007.11(b)(1) add that the Unit's responsibilities may include reviewing complaints of misappropriation of patients' private funds in residential health care facilities.

<sup>3</sup> Office of Inspector General (OIG), *State Medicaid Fraud Control Units Fiscal Year 2013 Grant Expenditures and Statistics* (February 11, 2014). Accessed at [http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures\\_statistics/fy2013-statistical-chart.htm](http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures_statistics/fy2013-statistical-chart.htm) on April 10, 2014.

<sup>4</sup> SSA § 1903(q)(6) and 42 CFR § 1007.13.

<sup>5</sup> OIG, *State Medicaid Fraud Control Units Fiscal Year 2013 Grant Expenditures and Statistics* (January 31, 2014). Accessed at [http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures\\_statistics/fy2013-statistical-chart.htm](http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures_statistics/fy2013-statistical-chart.htm) on April 10, 2014. Recoveries are defined as the amount of money that defendants are required to pay as a result of a settlement, judgment, or pre-filing settlement in criminal and civil cases and may not reflect actual collections.

<sup>6</sup> SSA § 1903(q)(1).

Attorneys General; the remaining 6 MFCUs, including Iowa, operate within other State agencies.<sup>7</sup> Each Unit must be a single, identifiable entity of State government, distinct from the single State Medicaid agency, and must develop a formal agreement (i.e., memorandum of understanding (MOU)) that describes its relationship with that agency.<sup>8</sup>

### **Oversight of the MFCU Program**

The Secretary of Health and Human Services delegated to OIG the authority both to annually certify the Units and to administer grant awards to reimburse States for a percentage of their costs of operating certified Units.<sup>9</sup> All Units are currently funded by the Federal government on a 75-percent matching basis, with the States contributing the remaining 25 percent.<sup>10</sup> To receive Federal reimbursement, each Unit must submit an initial application to OIG.<sup>11</sup> OIG reviews the application and notifies the Unit whether it is approved and the Unit is certified. Approval and certification are valid for a 1-year period; the Unit must be recertified each year thereafter.<sup>12</sup>

Pursuant to Title XIX of the SSA, States must operate Units that effectively carry out their statutory functions and meet program requirements.<sup>13</sup> OIG developed and issued 12 performance standards to define the criteria it applies in assessing whether a Unit is effectively carrying out statutory functions and meeting program requirements.<sup>14</sup> Examples of standards include maintaining an adequate caseload through referrals from various sources, maintaining an annual training plan for all professional disciplines, and establishing policy and procedure manuals to reflect the Unit's operations.

### **Iowa Medicaid Program**

The Iowa Medicaid program, known as Iowa Medicaid Enterprise, is a division of the Iowa Department of Human Services. In FY 2013, the Iowa Medicaid program provided services to over 400,000 beneficiaries,

---

<sup>7</sup> OIG, *Medicaid Fraud Control Units*. Accessed at <http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/index.asp> on May 30, 2014.

<sup>8</sup> SSA § 1903(q)(2); 42 CFR §§ 1007.5 and 1007.9(d).

<sup>9</sup> The portion of funds reimbursed to States by the Federal government for its share of expenditures, including the MFCUs, is called Federal Financial Participation .

<sup>10</sup> SSA § 1903(a)(6)(B).

<sup>11</sup> 42 CFR § 1007.15(a).

<sup>12</sup> 42 CFR § 1007.15(b) and (c).

<sup>13</sup> SSA § 1902(a)(61).

<sup>14</sup> 77 Fed. Reg. 32645 (June 1, 2012). Accessed at <http://oig.hhs.gov/authorities/docs/2012/PerformanceStandardsFinal060112.pdf> on May 30, 2014. Previous performance standards, established in 1994, are found at 59 Fed. Reg. 49080 (Sept. 26, 1994). When referring to the performance standards, we refer to the 2012 standards, unless otherwise noted.

55 percent of whom were enrolled in managed care.<sup>15</sup> The Iowa Medicaid program expanded Medicaid coverage under the Patient Protection and Affordable Care Act and estimates that Medicaid enrollment will increase to 680,000 beneficiaries in FY 2014 and 800,000 beneficiaries by FY 2015.<sup>16</sup> Total Iowa Medicaid expenditures for FY 2013 were over \$3.6 billion.<sup>17</sup>

### **Iowa Unit**

The Iowa Unit is a component of the Department of Inspections and Appeals, the agency charged with coordinating and conducting audits, appeals, hearings, inspections, and investigations of Iowa's public assistance programs.<sup>18</sup> For FY 2013, the Unit expended a total of \$1 million in combined State and Federal funds.<sup>19</sup> At the time of our April 2014 review, the Unit employed 10 staff members—1 director, 1 assistant attorney general,<sup>20</sup> 1 investigative auditor, 6 investigators, and 1 administrative assistant. The Unit headquarters is located in Des Moines.

The Unit has the authority to investigate criminal cases of Medicaid fraud and patient abuse and neglect. However, the Unit does not have prosecutorial authority. County attorneys and the United States Attorney's Office have primary prosecutorial authority over the Unit's criminal cases and may afford prosecutorial authority to the Assistant Attorney General assigned to the Unit. The Assistant Attorney General assigned to the Iowa Unit also prosecutes civil cases of Medicaid fraud on behalf of the Iowa

---

<sup>15</sup> Iowa Department of Human Services, *Improving Iowans' Health Status*, p. 3-3. Accessed at [http://www.dhs.state.ia.us/uploads/15-6\\_Improve\\_Health\\_Status.pdf](http://www.dhs.state.ia.us/uploads/15-6_Improve_Health_Status.pdf) on April 18, 2014 and Iowa Department of Human Services, *Iowa Medicaid Managed Care Fact Sheet*, p. 1 (January 17, 2014). Accessed at [http://www.dhs.state.ia.us/uploads/IowaMedicaid\\_ManagedCare\\_FactSheet.pdf](http://www.dhs.state.ia.us/uploads/IowaMedicaid_ManagedCare_FactSheet.pdf) on April 29, 2014.

<sup>16</sup> CMS, *Iowa Medicaid Moving Forward in 2014*. Accessed at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-State/iowa.html> on May 27, 2014 and Iowa Department of Human Services, *Improving Iowans' Health Status*, p. 3-2. Accessed at [http://www.dhs.state.ia.us/uploads/15-6\\_Improve\\_Health\\_Status.pdf](http://www.dhs.state.ia.us/uploads/15-6_Improve_Health_Status.pdf) on April 18, 2014.

<sup>17</sup> Ibid.

<sup>18</sup> Iowa Department of Human Services, Department of Inspections and Appeals. Accessed at <http://www.state.ia.us/government/dia/> on July 31, 2014.

<sup>19</sup> OIG, *State Medicaid Fraud Control Units Fiscal Year 2013 Grant Expenditures and Statistics* (February 11, 2014). Accessed at [http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures\\_statistics/fy2013-statistical-chart.htm](http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/expenditures_statistics/fy2013-statistical-chart.htm) on April 10, 2014.

<sup>20</sup> The Assistant Attorney General is an employee of the Attorney General's Office who is detailed to the Iowa MFCU. The Department of Inspections and Appeals transfers money to the Attorney General's Office to pay for the Assistant Attorney General's salary.

Attorney General’s Office. These civil cases include “global”—i.e., multi-State—and nonglobal cases.<sup>21, 22</sup>

### **Previous Review**

In 2007, OIG conducted an onsite review of the Iowa Unit. OIG found that the Unit was largely compliant with the 12 MFCU Performance Standards and the Federal regulations that govern its grant. However, OIG identified two areas of concern. First, OIG found that the Unit did not have policies and procedures established for the creation and maintenance of its official case files. Second, OIG found that the official files did not include a file index to locate and identify documents contained within a file.

During the April 2014 onsite visit, OIG reviewers observed that the Unit had addressed both previous onsite concerns. The Unit had incorporated information about the creation and maintenance of case files in its policy and procedures manual. Additionally, OIG reviewers observed improvements in the organization of documents within case files, which facilitated the Unit’s ability to find and identify documents.

---

## **METHODOLOGY**

We conducted the onsite review in April 2014. We based our review on an analysis of data from seven sources: (1) a review of policies, procedures, and documentation related to the Unit’s operations, staffing, and caseload; (2) a review of financial documentation; (3) structured interviews with key stakeholders; (4) a survey of Unit staff; (5) structured interviews with the Unit director and supervisors; (6) an onsite review of a sample of case files; and (7) an onsite observation of Unit operations. Appendix A contains the details of our methodology.

### **Standards**

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

---

<sup>21</sup> Global cases are coordinated through the National Association of Medicaid Fraud Control Units, typically through the involvement of attorneys from other MFCUs, to work with the U.S. Department of Justice on global civil false-claims cases.

<sup>22</sup> Iowa Code § 685. Nonglobal cases are specific to the State and may include civil settlements and judgments.

---

## FINDINGS

### **For FYs 2011 through 2013, the Unit reported 94 criminal convictions, 38 civil judgments and settlements, and recoveries of nearly \$44 million**

The Unit reported 94 criminal convictions and 38 civil judgments and settlements during FYs 2011 through 2013. See Table 1. The Unit's number of criminal convictions is high given the size of the Iowa Unit and size of the Iowa Medicaid program.<sup>23</sup>

**Table 1: Iowa MFCU Criminal Convictions and Civil Judgments and Settlements, FYs 2011 Through 2013**

Outcomes	FY 2011	FY 2012	FY 2013	Total
Criminal Convictions	45	18	31	94
Civil Judgments and Settlements	13	12	13	38

Source: OIG analysis of Unit Quarterly Statistical Reports, FYs 2011 through 2013.

Although we are not able to specifically identify the causes that led to the high number of convictions, Unit officials pointed to several potential contributing factors. As described above, the Unit is located in an investigative division of State Government and does not have authority to prosecute criminal cases. Rather, Iowa's county attorneys prosecute most of the Unit's cases, working in partnership with the Unit staff who investigated the cases. Unit officials expressed their belief that this arrangement allows MFCU staff to concentrate their attention in a more effective way on case investigations. Further, Unit officials reported efforts over the last several years to build strong working relationships with Iowa's 98 county attorneys. Unit officials viewed having so many county attorneys as partners as a substantial benefit, since the county attorneys effectively served as a large prosecutorial resource to pursue Unit cases.

For FYs 2011 through 2013, the Unit reported combined criminal and civil recoveries of nearly \$44 million. During the review period, criminal recoveries ranged from over \$150,000 to over \$239,000.

---

<sup>23</sup> Among all MFCUs, the 94 convictions over the 3-year period is an "extreme high outlier" based on our analysis of convictions per Unit staff and convictions per Unit grant expenditures, and is a "high outlier" based on our analysis of convictions per Medicaid program expenditures. We did not analyze the complexity or level of resources associated with the cases that resulted in the 94 convictions. See Appendix A for details about analysis of Unit data to identify outliers.

See Table 2. Civil recoveries included nearly \$29 million in “global” recoveries and nearly \$15 million in nonglobal recoveries.<sup>24</sup>

**Table 2: Iowa MFCU Recoveries, FYs 2011 Through 2013**

Recovery Type	FY 2011	FY 2012	FY 2013	Total Recoveries
Criminal	\$179,804	\$239,399	\$150,132	<b>\$569,335</b>
Global Civil	\$2,580,294	\$15,585,500	\$10,467,411	<b>\$28,633,205</b>
Non-Global Civil	\$13,823,229	\$637,163	\$100,000	<b>\$14,560,392</b>
<b>Total Recoveries</b>	<b>\$16,583,327</b>	<b>\$16,462,062</b>	<b>\$10,717,543</b>	<b>\$43,762,932</b>

Source: OIG analysis of Unit self-reported data, FYs 2011 through 2013.

### **Forty-seven percent of Unit case files lacked documentation indicating periodic supervisory reviews**

According to Performance Standard 7(a), supervisors should conduct reviews periodically, and note them in the case files. Our case file review found that overall 47 percent of cases had not received periodic supervisory reviews. Unit officials reported that the Unit’s practice for conducting and documenting supervisory reviews changed during the course of our review period.<sup>25</sup> Despite these changes, we identified many cases lacking evidence of supervisor reviews, both before and after the practice change. Additionally, the new practice was not included in the policy and procedures manual.

### **The Unit’s MOU with the State Medicaid agency did not reflect current requirements**

According to Performance Standard 10, the Unit should periodically review its MOU with the single State Medicaid agency to ensure it reflects current law and practice. The Unit last updated its MOU with the State Medicaid agency in June 2012. However, at the time of our April 2014 onsite review, the MOU did not include language to address

---

<sup>24</sup> “Global” settlements originate from civil false claims cases involving the U.S. Department of Justice and other State MFCUs. The Federal Government often represents multiple States in global settlements.

<sup>25</sup> Prior to September 2011, the Unit’s practice was to complete supervisory reviews informally, with no set timeframe and no expectation for documenting the review in case files. The Unit implemented a new practice in September 2011, such that supervisors were expected to conduct reviews every 2–3 months and to document the occurrence in case files.

the regulation requiring payment suspension of any Medicaid provider against whom there is a credible allegation of fraud.<sup>26</sup> The Unit director reported that the Unit and State Medicaid agency had procedures related to such payment suspensions and routinely used these procedures, even though the MOU did not reflect the procedures. Subsequent to our onsite review, the Unit and State Medicaid agency revised the MOU, effective July 25, 2014, to include language that addresses payment suspensions based on credible allegations of fraud.

---

<sup>26</sup> 42 CFR §§ 455.23 and 1007.9(e)(1).

---

## CONCLUSION AND RECOMMENDATIONS

For FYs 2011 through 2013, the Iowa Unit reported 94 criminal convictions, 38 civil judgments and settlements, and recoveries of nearly \$44 million. The Unit's number of criminal convictions is high given the size of the Iowa Unit and Iowa Medicaid program.

Our review of compliance issues found no evidence of significant noncompliance with applicable laws or regulations. However, we found one area for improvement in the Unit's operations. Specifically, our case file review revealed that 47 percent of cases had not received periodic supervisory reviews.

Therefore, we recommend that the Iowa Unit:

**Implement processes to ensure that supervisors conduct and document case reviews periodically, consistent with the Unit's revised practice**

The Unit should develop processes to ensure that cases are reviewed periodically, consistent with the Unit's revised practice for supervisory reviews that commenced in September 2011. Processes could include automated reminders or other mechanisms to alert Unit staff when cases are due for periodic reviews. Additionally, the Unit should include the revised practice and timeline for conducting periodic supervisory reviews in its policy and procedures manual.

---

## UNIT RESPONSE AND OFFICE OF INSPECTOR GENERAL RESPONSE

The Iowa Unit concurred with our recommendation that the Unit should implement processes to ensure that supervisors conduct and document case reviews periodically, consistent with the Unit's revised practice. The Unit reported that it revised the MFCU policies and procedure manual to ensure consistency with the Unit's current case file review practice, explain case review scheduling, and outline a method of documenting reviews.

The full text of the Unit's comments is provided in Appendix E. We did not make any changes to the report as a result of the Unit's comments.

---

## APPENDIX A

### Detailed Methodology

We used data collected from the seven sources below to describe the caseload and assess the performance of the Unit.

#### Data Collection

Review of Unit Documentation. Prior to the onsite visit, we analyzed information regarding the Unit's investigation and referral for prosecution of Medicaid cases. We gathered this information from several sources, including the Unit's quarterly statistical reports, annual reports, recertification questionnaire, policies and procedures manuals, MOU with the State Medicaid agency, and the 2007 OIG report from onsite review. Additionally, we confirmed with the Unit director that the information we had was current as of April 2014, and as necessary, requested any additional data or clarification.

Review of Financial Documentation. We reviewed the Unit's control over its fiscal resources to identify potential internal control weaknesses or other issues involving use of resources. Prior to the onsite review, we reviewed the Unit's financial policies and procedures; its response to an internal control questionnaire; and documents (such as financial status reports) related to MFCU grants. During the onsite review, we reviewed a sample of the Unit's purchase and travel transactions. In addition, we reviewed vehicle records, the equipment inventory, and a sample of time and effort records.

Interviews with Key Stakeholders. We conducted structured interviews with key stakeholders who were familiar with the operations of the Unit. Specifically, we interviewed staff from Iowa Department of Human Services, Iowa Medicaid Enterprise; Department of Inspections and Appeals, Division Administrator; the Department of Health Facilities; an Assistant District Attorney; an Assistant U.S. Attorney; OIG special agents and an Assistant Special Agent in Charge who worked with the Unit during the review period; and one managed care organization (Magellan) that operates in Iowa. These interviews focused on the Unit's interaction with external agencies.

Survey of Unit Staff. We administered an electronic survey to Unit staff in the weeks leading up to the onsite review. We requested and received responses from all 7 nonmanagerial staff members, a 100-percent response rate. Our questions focused on operations, opportunities for improvement, and effective practices.

Interviews with Unit Management and Selected Staff. We conducted structured interviews with the Unit director, the Assistant Attorney

General, the senior investigative auditor, and a senior investigator. We asked interviewees to provide information to better illustrate the Unit's operations, identify opportunities for improvement and effective practices, and clarify information we obtained from other data sources.

*Onsite Review of Case Files.* We selected a statistically valid, simple random sample of 100 case files from the 476 cases that were open at any point during FYs 2011 through 2013. From these 100 case files, we selected another simple random sample of 50 files for a more in-depth review. Our results project to the population of 476 cases.

Of the 100 case files, we excluded 3 cases due to data collection system errors. We reviewed 97 sampled case files for documentation of actions including supervisory approval for the opening and closing of cases, and periodic supervisory reviews. We reviewed 47 sample case files for selected issues, such as the timeliness of investigations and case development. See Appendix D for point estimates and 95-percent confidence intervals.

*Onsite Review of Unit Operations.* We reviewed the Unit's operations during our April 2014 onsite visit. Specifically, we reviewed the process for receiving referrals, electronic case management, security of case files, and general functioning of the Unit.

### **Data Analysis**

We examined FYs 2011 through FY 2013 data reported by all MFCUs about three types of Unit outcomes: 1) the number of criminal convictions, 2) the number of civil settlements and judgments, and 3) the amount of recoveries. For each type of outcome, we calculated three metrics of Unit productivity: 1) outcome per Unit staff, 2) outcome per Unit grant expenditures, and 3) outcome per Medicaid program expenditures. We analyzed this national data to identify whether the Iowa Unit had high outliers on any of these measures. We considered the Unit's outcomes to be a "high outlier" if the Unit's outcome measure (e.g., convictions per Unit staff) was greater than the 75th percentile plus 1.5 times the interquartile range, and an "extreme high outlier" if the measure was greater than the 75th percentile plus 3.0 times the interquartile range. We reported only those measures identified as high or extreme high outliers.<sup>27</sup>

---

<sup>27</sup> Known as Tukey's Method, this is a standard exploratory method for identifying members of a population with high values on a given static compared to the rest of the population when no established benchmark exists. See J.W. Tukey, *Exploratory Data Analysis*, Addison-Wesley, 1977.

## APPENDIX B

### Referrals of Provider Fraud and Patient Abuse and Neglect to the Iowa Unit by Source, Fiscal Years 2011 Through 2013

**Table B-1: Referrals of Fraud and Abuse to MFCU**

Case Type	FY 2011	FY 2012	FY 2013
Provider Fraud	139	185	229
Patient Abuse and Neglect	878	412	335
<b>Total</b>	<b>1,017</b>	<b>597</b>	<b>564</b>

Source: Iowa MFCU response to OIG data request.

**Table B-2: Referrals to MFCU, by Referral Source**

Referral Source	FY 2011		FY 2012		FY 2013	
	Provider Fraud	Patient Abuse and Neglect	Provider Fraud	Patient Abuse and Neglect	Provider Fraud	Patient Abuse and Neglect
Medicaid Agency	76	0	72	0	107	0
State Survey/Certification	9	874	8	408	6	333
State Agencies – Other	8	1	15	0	9	0
Licensing Boards	0	0	5	0	2	0
Law Enforcement	1	1	1	0	1	1
HHS OIG	3	0	3	0	4	0
Prosecutors	1	1	0	0	7	0
Providers	4	0	1	1	0	0
Private Health Insurers	3	0	2	0	1	0
Ombudsman	0	0	0	0	0	0
Adult Protective Services	0	0	0	0	0	0
Private Citizens	17	1	23	2	18	1
MFCU Hotline	4	0	0	0	0	0
Other	13	0	55	1	74	0
<b>Total Referrals Received</b>	<b>139</b>	<b>878</b>	<b>185</b>	<b>412</b>	<b>229</b>	<b>335</b>

Source: Iowa MFCU response to OIG data request.

## APPENDIX C

### Investigations Opened and Closed by Provider Category and Case Type, Fiscal Years 2011 through 2013

**Table C-1: Annual Opened and Closed Investigations**

Case Type	FY 2011		FY 2012		FY 2013	
	Opened	Closed	Opened	Closed	Opened	Closed
Provider Fraud	63	122	137	56	144	85
Patient Abuse and Neglect	24	64	24	29	32	17
<b>Total</b>	<b>87</b>	<b>186</b>	<b>161</b>	<b>85</b>	<b>176</b>	<b>102</b>

Source: Iowa MFCU response to OIG data request.

**Table C-2: Investigations of Patient Abuse and Neglect**

Provider Category	FY 2011		FY 2012		FY 2013	
	Opened	Closed	Opened	Closed	Opened	Closed
Nursing Facilities	0	0	0	0	0	0
Other Long-Term-Care Facilities	0	0	0	0	0	0
Nurses/Physician's Assistants/Nurse Practitioners/Certified Nurse Aides	12	31	15	19	27	15
Home Health Aides	1	6	0	1	1	0
Other	11	27	9	9	4	2
<b>Total</b>	<b>24</b>	<b>64</b>	<b>24</b>	<b>29</b>	<b>32</b>	<b>17</b>

Source: Iowa MFCU response to OIG data request.

**Table C-3: Investigations of Provider Fraud**

Provider Category	FY 2011		FY 2012		FY 2013	
	Opened	Closed	Opened	Closed	Opened	Closed
<b>Facilities</b>						
Hospitals	0	2	2	0	2	1
Nursing Facilities	1	6	3	2	5	0
Other Long-Term-Care Facilities	1	4	2	2	0	0
Substance Abuse Treatment Centers	0	0	0	0	0	0
Other Facilities	1	1	3	2	4	1
<b>Practitioners</b>						
Doctors of Medicine or Osteopathy	1	3	2	2	1	1
Dentists	0	2	5	1	3	5
Podiatrists	0	0	0	0	0	0
Optometrist/Opticians	0	0	0	0	0	0
Counselors/Psychologists	10	9	5	2	12	7
Chiropractors	0	11	0	2	0	0
Other Practitioners	0	1	1	0	0	0
<b>Medical Support</b>						
Pharmacies	1	1	9	2	5	1
Pharmaceutical Manufacturers	13	13	33	9	42	20
Suppliers of Durable Medical Equipment	2	0	4	1	8	1
Laboratories	0	1	2	0	5	0
Transportation Services	0	0	1	1	3	0
Home Health Care Agencies	9	16	13	4	16	11
Home Health Care Aides	17	48	46	23	32	34
Nurses/Physician's Assistants/Nurse Practitioners/Certified Nurse Aides	1	0	0	1	0	0
Radiologists	0	0	0	0	0	0
Other Medical Support	2	1	4	0	5	2
<b>Program Related</b>						
Managed Care	0	0	0	0	1	1
Medicaid Program Administration	0	0	0	0	0	0
Billing Company	0	0	0	0	0	0
Other Program Related	4	3	2	2	0	0
<b>All Fraud Investigations</b>						
<b>Total</b>	<b>63</b>	<b>122</b>	<b>137</b>	<b>56</b>	<b>144</b>	<b>85</b>

Source: Iowa Unit response to OIG data request.

---

## APPENDIX D

### Point Estimates and Confidence Intervals Based on Review of Case Files

Estimate Characteristic	Sample Size	Point Estimate	95-Percent Confidence Interval	
			Lower	Upper
Case files containing documentation of supervisory approval for opening	97	100.0%	96.5%	100.0%
Case files containing documentation of supervisory approval for closing	72	100.0%	95.3%	100.0%
Case files with no documentation of periodic supervisory review*	73	46.6%	34.8%	58.6%

\*We excluded from this analysis 8 sample cases that were closed within 90 days of opening and 16 sample cases that were sent to prosecution within 90 days of first investigative activity.  
Source: OIG analysis of Unit case files, 2014.

## APPENDIX E

### Unit Comments

<p>IOWA DEPARTMENT OF <b>INSPECTIONS &amp; APPEALS</b></p>	<p>INVESTIGATIONS DIVISION Lucas State Office Building 321 East 12<sup>th</sup> Street Des Moines, IA 50319-0083 (515) 281-5714</p>
<p>TERRY F. BRANSTAD GOVERNOR</p>	<p>RODNEY A. ROBERTS, DIRECTOR</p>
<p>KIM REYNOLDS LT. GOVERNOR</p>	
<p>October 16, 2014</p>	
<p>Suzanne Murrin Deputy Inspector General for Evaluation and Inspections U.S. Department of Health and Human Services Office of Inspector General Room 5660, Cohen Building 330 Independence Avenue, SW Washington, DC 20201</p>	
<p>RE: Iowa MFCU 2014 Onsite Review, OEI-06-14-00190</p>	
<p>Dear Ms. Murrin:</p>	
<p>Thank you for the opportunity to comment on the 2014 Onsite Review findings. The HHS-OIG team who conducted the review exhibited exceptional professionalism and the Iowa MFCU appreciated working with them. We offer the following comments on the recommendation made in the report:</p>	
<p><b>Recommendation</b></p>	
<p>Implement Processes to ensure that supervisors conduct and document case file reviews periodically, consistent with the Unit's revised practice.</p>	
<p><b>Comments</b></p>	
<p>We concur with the recommendation. Upon receiving the recommendation, the MFCU Director immediately began work on revising the MFCU Policy and Procedure Manual to ensure consistency with the MFCU's current case file review practice. The new policy explains case review scheduling and includes a clear method of documenting these reviews by both the Investigator and Director. The scheduling and documentation will ensure that case file reviews are conducted on all cases.</p>	
<p>The Iowa MFCU appreciates the efforts of HHS-OIG in providing recommendations to assist us in achieving higher standards. Thank you for the time and effort you spent on this review.</p>	
<p>Sincerely,</p>	
<p><i>/S/</i></p>	
<p>Joshua J. Happe Director, Iowa Medicaid Fraud Control Unit</p>	
<p>Telephone Number for the Hearing Impaired: (515) 242-6515</p>	

---

## ACKNOWLEDGMENTS

This report was prepared under the direction of Kevin Golladay, Regional Inspector General for Evaluation and Inspections in the Dallas regional office; Blaine Collins, Deputy Regional Inspector General; and Ruth Ann Dorrill, Deputy Regional Inspector General.

Lyndsay Patty served as the team leader for this study and Maria Balderas served as the lead analyst. Other Office of Evaluation and Inspections staff who provided support include Ben Gaddis. Office of Investigations staff who provided support includes Jennifer Whitaker. Central office staff who provided support include Susan Burbach, Kevin Farber, Christine Moritz, and Richard Stern.

# Office of Inspector General

<http://oig.hhs.gov>

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## **Office of Audit Services**

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## **Office of Evaluation and Inspections**

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## **Office of Investigations**

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## **Office of Counsel to the Inspector General**

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.