

# **Joint Annual Interagency Coordination Report**



**Office of the Attorney General  
Medicaid Fraud Control Unit  
Civil Medicaid Fraud Division**



**Office of Inspector General  
Texas Health and Human  
Services**

**State Fiscal Year 2020**

September 1, 2019 - August 31, 2020

# OAG and OIG Joint Annual Interagency Coordination Report

State Fiscal Year 2020

## Introduction

This joint interagency report between the Health and Human Services Commission (HHSC) Office of Inspector General (OIG) and the Office of the Attorney General (OAG) is pursuant to Texas Government Code §531.103(c). The report summarizes statistical data and other information involving the collective efforts of the OIG and OAG to identify and deter fraud, waste, and abuse in the state Medicaid program for the period of September 1, 2019, through August 31, 2020.

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The OIG, OAG Medicaid Fraud Control Unit (MFCU) and OAG Civil Medicaid Fraud Division (CMF) recognize the critical importance of collaboration and regular communication in the ongoing coordinated effort to identify and deter fraud, waste, and abuse in the Medicaid program. The OIG, MFCU, and CMF have worked closely to strengthen collaboration efforts and information sharing during the reporting period through:

- Meetings between the MFCU Director and the OIG Inspector General and key staff.
- Regular meetings involving MFCU, OIG Investigations and Reviews Division (OIG I&R) and OIG Chief Counsel staff to focus resources and efforts on (a) specific cases under investigation to maximize recoveries and minimize provider abrasion and duplicative efforts, and (b) unusual provider billing trends and other concerning provider activities.
- Dedicated attorney, analyst and investigator resources to support and coordinate efforts of MFCU and CMF involving violations of the Texas Medicaid Fraud Prevention Act and the Federal False Claims Act and to engage in multistate settlement negotiations.

## Highlights of Coordination Activities

The OIG and OAG are committed to collaboration and coordination in all aspects of the joint efforts to identify and deter fraud, waste, and abuse in the Medicaid Program. These efforts range from the alignment of cross-agency processes to opportunities for management and staff at OIG, MFCU and CMF to participate in joint training opportunities. A summary of the collaboration and coordination activities during the current report period include:

- Continued cross-agency processes to recoup provider overpayments when no criminal charges are filed and to de-conflict overlapping administrative and criminal investigations. Development of an additional “request & response” shared spreadsheet maintained by dedicated OIG and MFCU staff to track evidence requests and process de-confliction requests.
- Completed development and implementation of “eProsecutor,” an automated case management system for the MFCU. The system output includes a “Disposition Report” that

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allows for prompt sharing with OIG the results of every referral submitted by OIG, removing the need for OIG to individually request investigation outcomes.

- Ensured timely responses by OIG I&R supervisors and MFCU Field Office supervisors to include the scheduling of informal telephone conferences to discuss pros and cons of parallel investigations when subject matter overlapped.
- Continued working collaboratively under the current Memorandum of Understanding (MOU) between OIG, the MFCU and CMF. The MOU is updated every five years as a federal requirement for MFCUs and Medicaid single state agencies; it governs interagency cooperation and exchanges of information.
- Continued working with OIG points of contact to facilitate access to and review of documentary evidence in possession of OIG I&R or the Litigation Division by criminal prosecutors from the MFCU.
- Continued sharing the MFCU closed case report with OIG to assist identification of the correct provider name when restitution checks are received from court agencies that only reference a single defendant name.
- The MFCU coordinated and accepted assistance from OIG when data requests from Managed Care Organizations (MCOs) were not received within the agreed time frame.
- Participated in joint meetings with the MCO Special Investigative Units (SIUs) and the Texas Fraud Prevention Partnership (TFPP). The focus of these collaborative efforts is to coordinate among the OIG, MFCU, and the Medicaid health and dental managed care organizations in conducting investigations to deter fraud, waste, and abuse. The TFPP SIU meetings take place three times a year.

### **Key Metrics**

The activities in the latest annual reporting period reflect progress and success in identifying and deterring fraud, waste, and abuse in the Medicaid Program. The following activities reflect the efforts in FY 2020.

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### HHSC Office of Inspector General (OIG)

Action	FY 2020
Provider Enrollment Inventory (applications and informal desk reviews) Processed	30,768
Individual Screenings Processed	93,645
Investigation Cases Opened	1,885
Investigation Cases Completed	2,178
Referrals to MFCU	520
Referrals to Other Entities	731
Hospital Claim Reviews Completed	23,694
Nursing Facility Onsite Reviews	157
Settlement Agreements Executed	96
Credible Allegation of Fraud Provider Payment Holds Imposed	0
Medicaid Providers Excluded	224
Audits Completed	34
Total Amount Recovered	\$503,526,689

**Note:** Figures include Medicaid and non-Medicaid amounts.

### OAG Medicaid Fraud Control Unit (MFCU)

Action	FY 2020
Referrals Received	2,208
Cases Pending	1,512
Cases Opened	597
Charges Obtained	95
Medicaid Overpayments Identified	\$66,346,854.60
Convictions	44
Fines and Restitution*	\$83,326,336.69*

\*Medicaid = \$7,165,991.67; non-Medicaid = \$76,160,345.02

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### OAG Civil Medicaid Fraud (CMF) Division

Action	Total FY 2020
Cases Opened	105
Cases Closed	36
Cases Pending	514
Total Amount Recovered	\$236,033,459.42

During FY20, CMF settled and recovered funds in several matters with recoveries of \$2 million or higher. These include:

1. Lupin Limited et al: State civil action against defendant yielded a total Texas recovery of \$63,500,000, including state, federal and relator portions.
2. CVS Health Corporation: State civil action against defendant yielded a total Texas recovery of \$22,000,000, including state, federal and relator portions.
3. Amneal Pharmaceuticals, Inc.: State Investigation yielded a total Texas recovery of \$7,000,000.
4. Reckitt-Benckiser Group plc and Reckitt Benckiser LLC: Federal/State investigation yielded a total Texas recovery of \$5,408,510.09, including state, federal and relator portions, for six collective civil actions against defendants.
5. Bauch: Total recovery including state, federal and relator portions was \$10,000,000.
6. Universal Health Services, Inc.: Federal/State Civil Action against defendant yielded a total Texas recovery of \$5,529,002.76, including state, federal and relator portions.

CMF continues to pursue significant cases against the following defendants:

1. Several matters against multiple dental and orthodontic providers, including: M&M Orthodontics, National Orthodontix, Harlingen Family Dental, RGV Smiles, and Antoine Dental for misrepresentations to Texas Medicaid. In CMF's case against dental provider Richard Malouf, the trial court entered final judgment in favor of the State. That case is on appeal to the Eighth Court of Appeals.
2. Pharmaceutical manufacturer Janssen for misrepresentations to Texas Medicaid related to the improper marketing of its opioid, Duragesic.

CMF also continues to investigate multiple other matters that are under seal and cannot be described in detail at this time.