



Wellpoint Texas

Special Investigative Unit

A Texas Medicaid Managed Care Organization

Results in Brief

Why OIG Conducted This Audit

The Texas Medicaid and CHIP programs cost approximately \$33.6 billion per year. Estimates of healthcare fraud range from 3 to 10 percent of all healthcare expenditures. Texas MCOs reported total recoveries of \$6.7 million and \$4.2 million in 2022 and 2023, respectively.

Across 2022 and 2023, HHSC paid Wellpoint Texas (Wellpoint) \$14.9 billion in capitation payments to provide Medicaid- and CHIP-covered services to an average of 1,029,971 Texas members per month for all programs and service areas.

Summary of Review

The audit objective was to evaluate the effectiveness of Wellpoint's special investigative unit (SIU) performance in (a) preventing, detecting, and investigating fraud, waste, and abuse and (b) reporting reliable information on SIU activities, results, and recoveries to the Texas Health and Human Services (HHS) Office of Inspector General (OIG). The audit scope covered SIU activities in state fiscal years 2022 and 2023.

Conclusion

The Wellpoint Texas (Wellpoint) Special Investigative Unit (SIU) did not consistently comply with certain state and contractual requirements related to (a) preventing, detecting, and investigating fraud, waste, and abuse and (b) reporting reliable information on SIU activities, results, and recoveries to the Texas Health and Human Services (HHS) Office of Inspector General (OIG).

While Wellpoint did commit 10 full-time staff and one full-time manager to its SIU for Texas Medicaid and had processes in place to complete fraud, waste, and abuse investigations, these resources and processes were not effective and resulted in reported recoveries of \$426,467. Wellpoint paid medical claims of \$12.8 billion for the audit period.

Key Results

The HHS OIG Audit and Inspections Division (OIG Audit) conducted an audit of SIU activities at Wellpoint, a Medicaid and CHIP managed care organization (MCO). While Wellpoint proactively mined data for indicators of Medicaid fraud, waste, and abuse and performed investigations, it did not:

- Conduct CHIP-specific data mining or investigations.
- Complete investigations, maintain supporting documents, or meet timeliness requirements.
 - For 39 of 50 (78 percent) sampled preliminary investigations, Wellpoint did not have support to show that it completed all required elements of a preliminary investigation.
 - Of the 11 preliminary investigations that included all required preliminary investigation elements, Wellpoint completed 3 (27 percent) beyond the required timeline.
 - Wellpoint either did not document the dates it completed elements of its extensive investigations or it did not complete the elements within the required timeframes for 17 of the 23 (74 percent) extensive investigations tested.
 - For one of the 23 investigations, Wellpoint did not maintain supporting documentation to show the sample it chose to test in the investigation met minimum sample size requirements.

Recommendations

- Wellpoint must perform required SIU activities for CHIP including data mining, data analysis and fraud, waste, and abuse investigations.
- For preliminary investigations, Wellpoint should improve processes and controls to (a) perform and document all required elements, and (b) complete investigations within required timeframes.
- Wellpoint should strengthen processes to meet and document the timelines to complete all extensive investigation elements.
- Wellpoint should improve processes and controls to (a) capture all required data accurately in its case management system, (b) report complete and accurate information on the MCO Open Case List Report, and (c) provide feedback and request technical assistance from OIG as soon as a problem arises.
- For personnel who are involved in data collection, provider enrollment or disenrollment, encounter data, claims processing, utilization review, quality assurance, and marketing for Medicaid or CHIP, Wellpoint must provide to employees and ensure subcontractors receive training that is specific to their areas of responsibility.

For more information, contact:
OIGAuditReports@hhs.texas.gov

- Accurately document or report its fraud, waste, and abuse investigations. Wellpoint's SIU documented a total of 418 investigations with \$16.6 million of identified overpayments in its case management system in 2022 and 2023. However, Wellpoint reported to the OIG 413 investigations with a total identified overpayments of \$11.6 million in the same period.

Table 1 shows the variances between Wellpoint's internal data and what was reported to the OIG for number of investigations, identified overpayments, and recoveries.

Table 1: Wellpoint's SIU Investigations Opened and Reported in 2022 and 2023

Reported Item	Maintained in Wellpoint's Case Management System	Reported to OIG
Number of Investigations	418	413
Identified Overpayments	\$16,697,931	\$11,649,802
Total Recovered	\$ 428,069	\$ 426,467

- Ensure the required fraud, waste, and abuse training was tailored to individuals based on their specific job functions.

Management Response

OIG Audit presented preliminary audit results, issues, and recommendations to Wellpoint in a draft report dated February 6, 2025. Wellpoint indicated it had already implemented some corrective actions and it would implement others by the end of March 2025. Wellpoint's management responses are included in the report following the recommendations.