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Report Highlights

Oversight of SURS – Medicaid Program Integrity Activities

Louisiana Department of Health

Audit Control # 40170020

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Why We Conducted This Audit

We evaluated the Louisiana Department of Health's (LDH) oversight over the Surveillance and Utilization Review Subsystem's (SURS) program integrity activities. As a result of Act 420 of the 2017 Regular Session that established the Task Force on Medicaid Fraud Detection, we conducted this audit to develop recommendations related to Medicaid program integrity functions within LDH and for optimization of data mining for Medicaid fraud detection and prevention.

What We Found

We found that LDH needs to strengthen its oversight of SURS program integrity activities. Specifically, we found that:

- **The system SURS uses to track improper payments does not contain accurate or complete information on cases. The database does not include the actual amount of the improper payment identified, and it does not always provide a description of the violation.** The improper payment amount is not accurate because it actually represents the settled amount for those cases involving a settlement, and it includes the penalty amount for those cases with fines. In addition, the database is incomplete because 4,472 (68.4%) of 6,540 cases between fiscal years 2012 through 2018 did not have a description of the violation.
- **Since managed care began on February 1, 2012, SURS has focused primarily on improper payments in fee for service claims even though 85.0% of Medicaid recipients and 71.0% of expenditures were for managed care in fiscal year 2017. SURS could strengthen its identification of improper payments in managed care by analyzing data across all MCOs, such as identifying providers who bill for more than 15 hours a day.** Using Medicaid encounter data, we identified 116 providers that billed more than 15 hours of service on at least one day across two or more MCOs for a total of \$2,608,946 in Medicaid payments, which may indicate providers are billing for services not actually provided.
- **The amount of improper payments identified by SURS has decreased in part due to revisions to the Molina contract that reduced the number of cases SURS is required to close each year, and the loss of the Recovery Audit Contractor.** These changes resulted in a decrease in the amount of improper payments identified, from \$5.9 million in fiscal year 2015 to \$4.2 million in fiscal year 2017.
- **LDH settled with providers in 11 (36.7%) of 30 improper payment cases we reviewed from fiscal year 2012 through 2017 for \$321,729 less than the original identified improper payment amounts without documentation justifying the reductions. Of the 11 settled cases, two (18.2%) were settled for less than the Federal Financial Participation (FFP, or federal share), resulting in LDH having to use state funds to pay back the federal government.** While state law allows LDH to settle cases, the law also requires that the settlement amount cover the estimated loss to Medicaid.

View the full report, including management's response, at www.la.gov.