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Utah Medicaid inspector recoups \$10 million in taxpayer funds
Health reform • Inspector general seeks to recoup extra \$20 million in inflated hospital-emergency charges.

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He has gotten some bad press and push-back from hospitals, but it's been a productive first year for Utah's Medicaid Inspector General (OIG).

Lee Wyckoff and his auditing team have recouped \$5.6 million in overpaid Medicaid claims and avoided \$4 million in spending by cracking down on the off-label use of psychotropics and other questionable prescribing practices, according to information obtained from the governor's office.

That's shy of the \$20 million goal set by lawmakers. But negotiations are under way with hospitals to recoup another \$20.5 million, a chunk of it in inflated hospital-emergency charges dating back to 2008.

And that's just the beginning, says Assistant Utah Attorney General Robert Steed, director of the state's Medicaid Fraud Control Unit, who fears "entities seeking to challenge [Wyckoff's] authority" could undermine those negotiations.

If doctors and the hospital lobby "try to water down the OIG as they have in the past, we're going to be back to where we were before," said Steed. "Health providers are highly respected in our society, and rightfully so. But there needs to be a good watchdog over spending."

Concern about Medicaid and how to fund the \$1.8 billion low-income insurance program drove lawmakers last year to create Wyckoff's post. State law empowers the OIG to recoup, reduce, avoid and minimize costs and to "seek recovery of improperly paid Medicaid funds."

Previously, this responsibility fell to the Utah Department of Health, which runs Medicaid. But legislative probes cast doubt on the department's ability to police itself. Lawmakers sought more independent oversight.

Advocates for the poor are convinced those probes overstated the problem, but support the OIG, which is a year old this month.

"I'm a proponent of any strategy to pursue overpayments while retaining access to care for patients," said Lincoln Nehring, a Medicaid analyst at Voices for Utah Children.

With a budget under \$2 million, the office aims for a tough balance — cracking down on abuse without alienating the shrinking number of providers willing to treat Medicaid patients.

Three months on the job, Wyckoff found himself at odds with the state's major hospitals over their alleged charging of emergency-level prices for non-emergency care in 2008 and 2009. The dispute landed in court. Hospitals argued it's unfair to hold them accountable for medical claims submitted four years ago with the health department's blessing.

And while it may not hurt, Wyckoff's arrest for public drunkenness last month while at a training conference in South Carolina probably won't help his cause, said Nehring. "I hope he wouldn't be fired for that. I don't know anyone in the advocacy community who is asking for his head. From what I can tell, his performance has been good; he hurt nobody but himself."

The case was dismissed Wednesday in a Columbia city court. Wyckoff has declined to talk about the incident, but says he's proud of his team's accomplishments, much of which happens behind the scenes in negotiations with industry and policy leaders.

Heeding hospitals' concerns, the OIG is considering adopting a statute of limitations on collections.

Last week the office's manager of data analytics, Mark Gaskill, reached out to doctors, the attorney general's office and officials from child welfare, Medicaid and professional licensing offices, seeking input on new findings on prescription drug abuse. Though the death rate from pain-medication overdoses has fallen in recent years, data on Medicaid's high users of emergency rooms show patients are still gaming the system to get drugs, Gaskill said.

In 2011, 348 Medicaid patients visited ERs an average of 14 times, racking up \$10.4 million in medical bills.

Gaskill pointed to the case of a 46-year-old who managed to wangle 2,309 pain pills from 33 different doctors and 19 pharmacies. This patient has probably already tripped alarms and been placed on Medicaid's ER diversion program but escaped notice by paying cash, said Gaskill, noting providers and pharmacies are, in this case, perhaps the best line of defense.

The trouble is, patient privacy laws and rules restricting the OIG's use of the state's Controlled Substance Database make it difficult to share names with providers.

Steed called Gaskill's presentation "mind blowing."

"The quality of data and referrals to our OIG has improved tremendously," he said.

He couldn't talk about cases under investigation, but he said equally important are efforts to prevent waste up-front. The OIG has also been effective at getting payments from other insurers, such as supplemental plans or an auto policy after an accident, he said.

“They sent letters to payers with third-party liabilities and asked them to adjust their claims, thinking they would recover \$10,000 to \$20,000. They got back over \$1 million.”

And with Medicaid set to expand dramatically in 2014, the role of sheriff will only grow in importance, Steed said. “It’s like the little Dutch Boy at the dike. They’re poking their finger in holes only to see ten more blow open.”

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Medicaid Q&A

What is Medicaid?

Medicaid is a state and federally funded program that provides health insurance to about 230,000 low-income Utahns.

Who is Lee Wyckoff?

Lee Wyckoff is Utah’s first Medicaid inspector general, a post created a year ago this month. He took the job Aug. 8 and is being paid \$104,582 to oversee more than a dozen investigators and support staff. He answers to the Governor’s Office of Planning and Budget.