

Using Health Information Technology to Reduce Fraud, Waste, and Abuse in Medicaid

A very significant part of the stimulus package is bailout for the States. The package contains \$96 Billion for Medicaid, including \$87 Billion in additional reimbursements to State governments. With the increase in the number of Medicaid beneficiaries, the potential increase in fraud and abuse is great. There is also a \$20B in incentives for the adoption of electronic health records (EHRs) and connecting them through health information exchanges (HIEs).

States should connect their HIEs and Medicaid Information Systems to allow for a greatly enhanced capability to detect fraud, waste, and abuse. The stimulus package should create a change in federal sharing for the development and fielding of State Medicaid Management Information Systems (MMIS) to 100%, including a required investment in the infrastructure and applications to tie each State's MMIS to their State's HIEs.

STATE MEDICAID OPERATIONS

On average, Medicaid comprises nearly 23%, of State budgets and is growing. Efforts are underway to rethink the way Medicaid is currently administered. Some versions of the stimulus package changes the federal sharing formula (called FMAP), allowing greater percentage reimbursement levels for Medicaid. Discussions have included increasing the amount of this match, now a 75% federal match for systems operations of MMIS and 90% for MMIS development, to a match so that the federal government pays 100% for development that involves EHRs. The Center for Medicare and Medicaid Services (CMS) has developed a new framework, or architecture, for States to aim for as they modernize, called MITA. With the new federal matching formula of 100%, States would not need to wait for their legislatures to appropriate funds, but can send their modernization programs directly to CMS. A significant barrier to modernization and homogenization of State MMIS's would be removed by passage of this change in formula.

FRAUD, WASTE, and ABUSE

An area that the stimulus package currently ignores, but should not, is in rapid and early detection of Fraud, Waste, and Abuse (FWA). Analysis of State Medicaid payments, and prevention of FWA in those payments, can conservatively yield 10% of the nearly \$300B Medicaid program yearly. It is likely that in the rush to bail out the States, an even larger amount of Medicaid payments will be diverted to inappropriate FWA. However, by using more electronic data (such as Continuity of Care Records (CCRs) and HIEs) and performing data mining on integrated datasets, it is possible to readily detect FWA. A major problem is that most States WA programs focus on "pay and chase." By developing and implementing advanced algorithms on a system that can see claims and clinical information, it is possible to determine with high probability as a Medicaid claim is processed whether it is FWA or not. An HHS Office of Inspector General report has suggested that every dollar spent on FWA detection activity can lead to a recovery of \$8 to \$10. **Improved fraud, waste, and abuse efforts need to be part of the implementation of this stimulus package.**