

Testimony to the Pennsylvania House State Government Committee
Submitted by: *Chris Magee, Performance Audit Data Analytics Manager and*
Brent McDougall, Performance Audit Senior Data Analyst
Louisiana Legislative Auditor



Good afternoon,

My name is Chris Magee, and I am the Performance Audit Data Analytics Manager with the Louisiana Legislative Auditor (LLA). With me is Brent McDougall, who is the Performance Audit Senior Data Analyst. In our roles, we use data to identify instances where processes within executive branch agencies could be improved and to make recommendations on how to improve them. In many instances, we specifically look for program violations that may lead to potential improper payments. Today we will present an overview of our audit work related to improper payments and why we have focused on those specific areas. We will also discuss how we are able to conduct this work, our overall results, and some specific examples.

Generally, we have focused on obtaining and using data to test entire populations of state program transactions to identify potential improper payments and to make recommendations to enhance executive branch agency's oversight of the programs they administer. Over the last four years, our 15 data analytics audits have identified approximately \$558.5 million in potential improper payments. We also made recommendations for programmatic changes to ensure more integrity in these programs, such as strengthening the use and reliability of agency data. We have focused on areas in state government that LLA has identified as "high risk" for improper payments including:

1. **Medicaid Eligibility** – There was a significant increase in the cost of the program and number of recipients due to Medicaid Expansion. For example, expenditures for the Medicaid program increased from more than \$12 billion in fiscal year 2016 to more than \$17 billion in fiscal year 2017.¹ We identified approximately \$79.2 million in potential improper payments in this area through our audits.
2. **Behavioral Health Providers** – There was a significant increase in the cost of the behavioral health program relative to other provider groups, increasing from \$213 million in 2012 to \$445 million in 2016. In addition, this provider group has routinely been identified by other oversight entities as a high-risk provider group.

¹ Medicaid expansion took effect in June 2016.

We identified approximately \$60.7 million in potential improper payments in this area through our audits.

3. **Unemployment Insurance Benefits**—Programmatic changes by the Federal Government to expand access and increase the duration and amount of benefits due to the COVID-19 pandemic led to a significant increase in the cost of the program and number of claimants. For example, the total UI claims increased from 16,798 on February 29, 2020 to 366,798 on April 25, 2020. We identified approximately \$412.7 million in potential improper payments in this area through our audits.

We have been able to focus on using data to evaluate these areas, in part, due to Louisiana's strong audit law.² Among other things, Louisiana's audit law allows the LLA to have access to state and local governmental agency data as long as it is used for audit purposes. This allows the LLA to use data from multiple state agencies to analyze the performance of one agency's processes. In conjunction with Louisiana Revised Statute (La. R.S.) 24:513, we have also developed strong internal data governance policies and processes to ensure we obtain, secure and maintain the data obtained to perform our audits.

I will now turn it over to Brent McDougall to go through some audit examples and themes of our work.

Good afternoon. My name is Brent McDougall, and I am the Performance Audit Senior Data Analyst. As Chris mentioned, we have focused on a few themes and topic areas throughout the last few years. For example, there are a few data sets that the LLA currently receives on a regular basis and maintains internally that can be used on many audits assessing program eligibility. We have used data regarding deaths, incarcerations, and wages earned by employees to assess eligibility in both the Medicaid and Unemployment Insurance Programs and generally found that the agencies administering these programs could improve existing processes to make more accurate and timely eligibility determinations.

For example, the Louisiana Department of Health (LDH) historically used employee wage data on an annual basis to identify wages not reported by Medicaid beneficiaries. However, this wage data is reported by employers on a quarterly basis instead of an annual basis, so we conducted data analyses to determine if using quarterly wage data matches could prevent potential improper payments. We found that the LDH may have paid at least \$61.6 million in potential improper payments from July 2016 through March 2018 to individuals who earned too much to qualify for Medicaid. We recommended that LDH analyze wage data quarterly instead of annually, and the agency concurred. As a result of running this more frequent data match, LDH removed from the Medicaid program approximately 30,000 individuals who did not qualify and saved approximately \$14.5 million in one month alone.

² La. R.S. 24:513, <http://legis.la.gov/Legis/Law.aspx?d=84127>

We also identified the behavioral health provider group as the riskiest provider type in the Medicaid program. The skyrocketing costs of this program, specifically those services allowed to be provided by unlicensed individuals, along with legislative interest in the program and dire need for individuals who truly need the services to receive the services, led us to analyze this program in-depth through the use of data analytics. Louisiana's legislature passed two state laws to (1) require all providers to obtain a National Provider Identifier (NPI) number³ and (2) to limit the number of hours a provider can provide services in a day to 12 hours.⁴ These laws were intended to bring more accountability to the programs by allowing the state to know who was specifically providing services and for how long on any given day. We tested compliance with these laws after they went into effect and found that the agency was not requiring providers to follow them and thus was making potential improper payments. We made recommendations to strengthen the agency's oversight of these processes, and the agency implemented them which has prevented additional improper payments from being made.

Based on our knowledge of the program gained through various reports, we also developed a behavioral health risk matrix to identify "red flags" associated with the billing practices of behavioral health providers. Using this, the LLA initiated multiple audits of specific providers identified by the risk matrix to determine (1) the validity of the risk matrix and (2) what was allowing these providers to bill in a manner that may allow them to receive improper payments. We conducted these audits and found issues, such as billing for services provided by a deceased individual, billing for services that were not rendered, or for services that were improperly billed.

In summation, our work has been focused on using data to identify potential issues and improper payments in programs. When these issues are identified, we make recommendations to the agencies on how they could develop stronger policies and use data in a more comprehensive manner to achieve greater integrity in the programs they administer. Ensuring data access, having the will and desire to make programmatic changes, and having the right people and systems in place all help to achieve this goal.

Appendix A summarizes information about the reports released by the data analytics unit, including the titles, links to the reports, and the amount of potential improper payments identified. We thank you for your time, and we will be happy to answer any questions you may have.

³ La. R.S. 40:2162 (C)(3) and La. R.S. 40:2162 (D)(1), <http://legis.la.gov/legis/Law.aspx?d=98094>

⁴ La. R.S. 46:460.77.1, <http://legis.la.gov/legis/Law.aspx?d=1148481>

APPENDIX A: SUMMARY OF DATA ANALYTICS UNIT REPORTS

Title	Link	Issue Date	Improper Payments Identified
<i>Improper Payments for Deceased Medicaid Recipients</i>	https://app.lla.state.la.us/publicreports.nsf/0/077b8098fda14b76862581e7005e3482/\$file/00016a43.pdf?openelement&.7773098	11/29/2017	\$717,820
<i>Follow-Up: SNAP Benefits Spent After Participants' Deaths</i>	https://www.lla.la.gov/PublicReports.nsf/AD3683BD068A0E928625825700616FDE/\$FILE/0001848F.pdf	3/21/2018	42,599
<i>Identification of Incarcerated Medicaid Recipients</i>	https://app.lla.state.la.us/publicreports.nsf/0/a398ff08a6734bb6862583400064d62c/\$file/0001ab4e.pdf?openelement&.7773098	11/5/2018	2,130,313
<i>Medicaid Eligibility: Wage Verification Process of the Expansion Population</i>	https://app.lla.state.la.us/publicreports.nsf/0/1cdd30d9c8286082862583400065e5f6/\$file/0001abc3.pdf?openelement&.7773098	11/8/2018	61,570,417
<i>Update on Wage Verification Process of Medicaid Expansion Population</i>	https://app.lla.state.la.us/publicreports.nsf/0/1290e99ac430a6cd862583f30064ef26/\$file/0001ca1c.pdf?openelement&.7773098	5/1/2019	14,700,000
<i>Identification of Behavioral Health Service Providers</i>	https://app.lla.state.la.us/publicreports.nsf/0/466e17299aac9851862583fc0053761d/\$file/id_behavioral_health.pdf?openelement&.7773098	5/15/2019	10,504,923
<i>Improper Billing of Services Within the Medicaid Behavioral Health Program</i>	https://app.lla.state.la.us/publicreports.nsf/0/8737fac23fdc46d38625846b008009cc/\$file/0001e10f.pdf?openelement&.7773098	9/4/2019	47,586,284
<i>Medicaid Recipient Report No. 3</i>	https://app.lla.state.la.us/publicreports.nsf/0/801db847080935d68625858a005a7b50/\$file/medicaid_03a.pdf?openelement&.7773098	1/22/2020	79,638
<i>Behavioral Health Provider - New Horizon Counseling Agency, LLC</i>	https://app.lla.state.la.us/publicreports.nsf/0/786993bd4c0df24f8625858a0067a03d/\$file/new_horizon.pdf?openelement&.7773098	6/17/2020	868,138
<i>Individual Behavioral Health Service Providers Billing More than 12 Hours of Services in a Day</i>	https://app.lla.state.la.us/publicreports.nsf/0/6038e4b99c8ceb17862585bb006bf73b/\$file/rr_obh.pdf?openelement&.7773098	8/5/2020	293,080
<i>Progress Report: Non-Emergency Medical Transportation</i>	https://app.lla.state.la.us/publicreports.nsf/0/08a6f7bed7bf474f8625861c00631e07/\$file/00021be6a.pdf?openelement&.7773098	11/12/2020	5,849,793
<i>Oversight of Behavioral Health Provider Requirements</i>	https://app.lla.state.la.us/publicreports.nsf/0/05e02e4a5c97cbc98625869400655c46/\$file/oversight%20of%20behavioral%20health%20	3/10/2021	1,482,709

	provider%20requirement.pdf?openelement&.7773098		
<i>Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on Income</i>	https://app.lla.state.la.us/publicreports.nsf/0/171a039c44f4736e862586a900581586/\$file/0002324ca.pdf?openelement&.7773098	3/31/2021	405,395,022
<i>Improper Payments in the Unemployment Insurance Program: Ineligible Incarcerated Recipients</i>	https://app.lla.state.la.us/publicreports.nsf/0/5039b45eeda15366862586c5007680d7/\$file/00023673a.pdf?openelement&.7773098	4/28/2021	6,220,011
<i>Improper Payments in the Unemployment Insurance Program: Deceased Recipients</i>	https://app.lla.state.la.us/publicreports.nsf/0/a9721777aba737cf862586f6005efc39/\$file/00023cdd-3.pdf?openelement&.7773098	6/16/2021	1,089,292
Total			\$558,530,039
Source: Prepared by legislative auditor's staff using information from LLA's website.			