



DEPARTMENT OF THE ATTORNEY GENERAL

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HAWAII MEDICAID FRAUD CONTROL UNIT ADDRESSES 2014 AUDIT CONCERNS

HONOLULU – Today the Office of the Inspector General of the United States Department of Health and Human Services commended the Hawaii Medicaid Fraud Control Unit for addressing six recommendations contained in an October 2014 review of the Hawaii anti-fraud program. The Hawaii Medicaid Fraud Control Unit is a unit of the State Department of the Attorney General.

Attorney General Doug Chin said, “Medicaid fraud takes tax dollars from patients who need coverage and gives it to criminals. The Hawaii Medicaid Fraud Control Unit took the auditor’s recommendations seriously and addressed them quickly, so that it could continue to improve its services to the public.”

On March 23, 2016, the Unit submitted its Final Management Report in response to a 2014 audit which examined the Unit’s activities between 2010 and 2013. The 2014 audit cited shortcomings in the Unit and recommended six actions to address them. Today’s letter from the Inspector General notes that with the exception of making a reimbursement for a temporary investigator who left the Unit after working for only 8 months, all of the Inspector General’s recommendations from the audit are now closed. With respect to the temporary investigator, the Unit expects to reimburse the Federal government within the next month.

The Hawaii Medicaid Fraud Control Unit investigates and prosecutes provider fraud involving medical assistance programs, as well as patient abuse and neglect statewide. For more help regarding alleged abuse or fraud, call the Unit at (808) 586-1058. You can learn more about the Unit and about Medicaid Fraud by visiting the Unit’s website: <http://ag.hawaii.gov/cjd/medicaid-fraud-control-unit/>.

A copy of the letter from the Office of the Inspector General to the Hawaii Medicaid Fraud Control Unit dated today is attached.

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For more information, contact:

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



APR 28 2016

Mr. Christopher D.W. Young
Director, Medicaid Fraud Control Unit
Department of the Attorney General
333 Queen St., 10th Floor
Honolulu, HI 96813

Dear Mr. Young:

Thank you for your Final Management Report of March 23, 2016 addressing the recommendations in the final report *Hawaii State Medicaid Fraud Control Unit*, OEI-09-14-00540. We appreciate the steps taken by the Hawaii Medicaid Fraud Control Unit (MFCU) to implement the recommendations and for your commitment to improving the operations and performance of the Hawaii MFCU. As noted below, we are now closing all recommendations except for one outstanding sub-recommendation under Recommendation 1.

Recommendation 1: Develop and implement effective hiring and training practices that conform to current laws, regulations, and performance standards. *Closed*.

- Hire all investigators on a long term basis. *Closed*
- Hire an auditor or auditors, as appropriate. *Closed*
- Develop and implement written policies and procedures specific to its operations. *Closed*
- Develop and implement a written training plan for its professional employees. *Closed*
- Discontinue its practice of appointing investigators to temporary positions. *Closed*
- Work with OIG to determine an amount that the Unit should reimburse OIG for costs associated with activities conducted by such [temporary] staff. *Open*

Recommendation 2: Revise its MOU with the Medicaid agency to reflect current law and practice. *Closed*

Recommendation 3: Develop and implement policies and procedures that conform to current laws, regulations, and performance standards. *Closed*

Recommendation 4: Establish regular communication with Federal agencies. *Closed*

Recommendation 5: Develop and implement procedures to ensure Unit staff investigate cases within the grant authority. *Closed*

- Work with OIG to identify the staff hours and expenditures associated with investigating the three ineligible cases and, as appropriate, repay those Federal matching funds. *Closed, pending receipt of the final Federal Financial Report for confirmation.*

Recommendation 6: Establish fiscal controls. *Closed*

- Maintains documentation certifying that staff activities are attributable to the grant. *Closed*
- Maintains an accurate inventory of equipment under its control. *Closed*
- Ensure that all Unit equipment is housed in the Unit and used solely by Unit staff. *Closed*
- Reports indirect costs and program income correctly. *Closed*
- Work with OIG to reimburse the Federal share of costs for misplaced equipment and unallowable equipment costs, as appropriate. *Closed*
- Work with OIG to reimburse OIG for indirect costs that were claimed incorrectly during the review period. *Closed*

We are reviewing the requested documentation you provided on April 27th for the sub-recommendation under Recommendation 1 that is still open. We expect to be able to close that recommendation once reimbursement of Federal financial participation for those costs has been confirmed through your final Federal Financial Report.

If you have any questions, please do not hesitate to contact me at (202) 205-0572 or through email at Richard.Stern@oig.hhs.gov. Please also copy Susan Burbach at Susan.Burbach@oig.hhs.gov on all correspondence related to this report.

Sincerely,



for

Richard Stern
Director, Medicaid Fraud Policy
and Oversight Division