



High Impact Audits

New Technologies in Government Audits

Brian Ritchie
Assistant Inspector General
Department of Health and Human Services





Oversight Responsibility

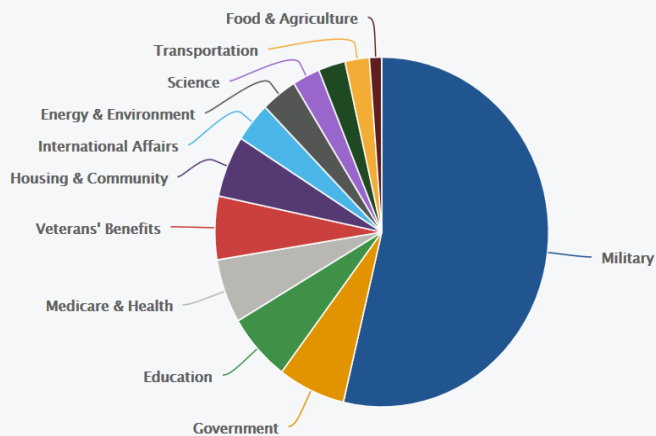
- HHS annual budget \$1.02 trillion
 - 26¢ for every \$1 spent by the Federal government
- Over 100 programs administered across its operating divisions
- \$1.6 billion per auditor



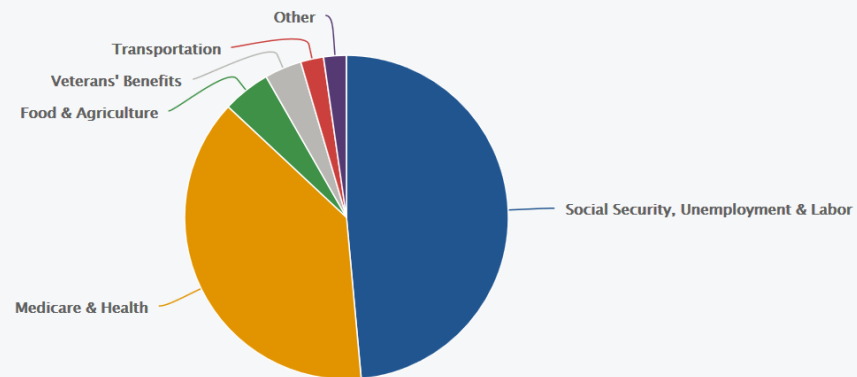


Federal Budget

Discretionary Spending 2015: \$1.11 Trillion

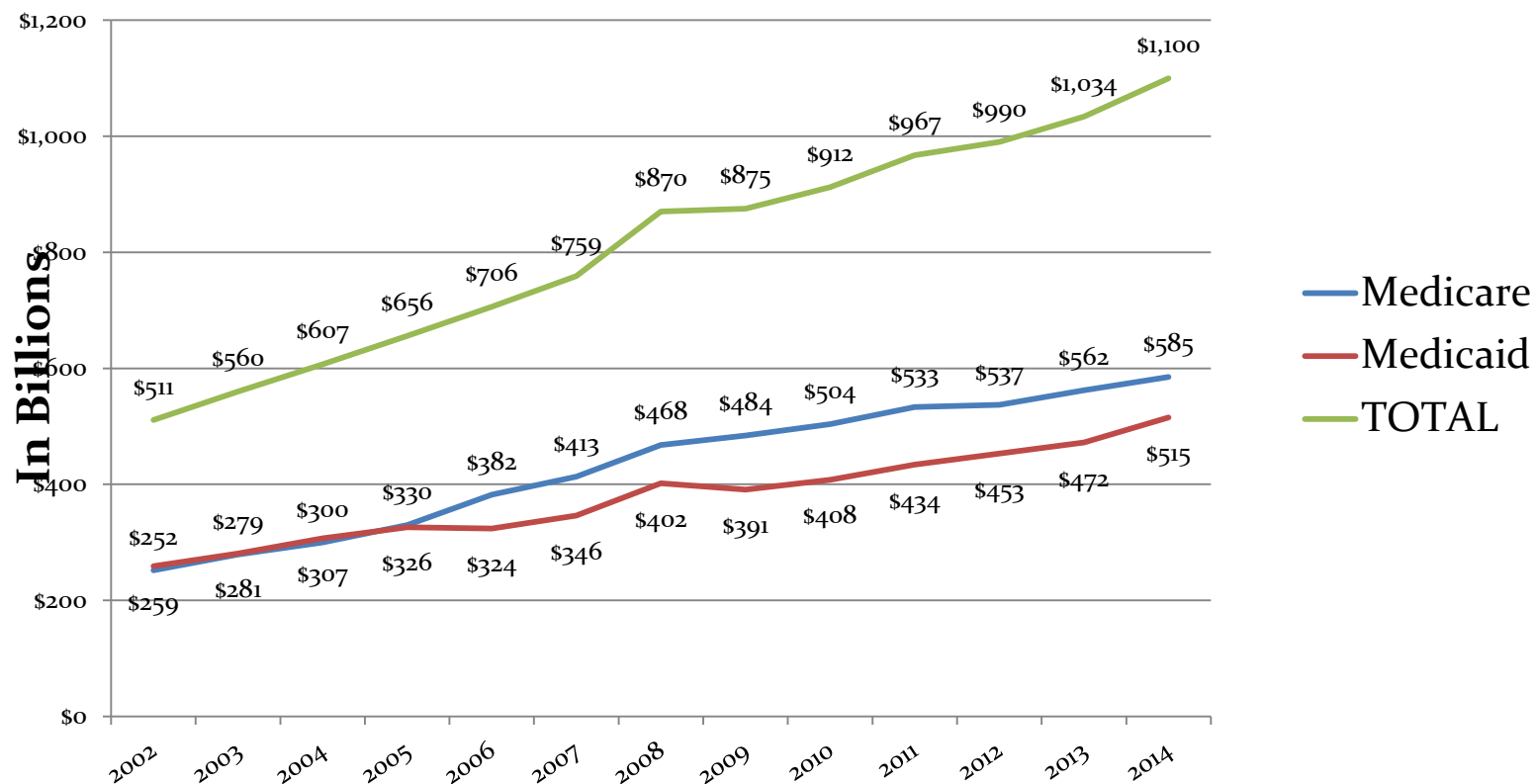


Total Mandatory Spending 2015: \$2.45 Trillion





Program Outlays



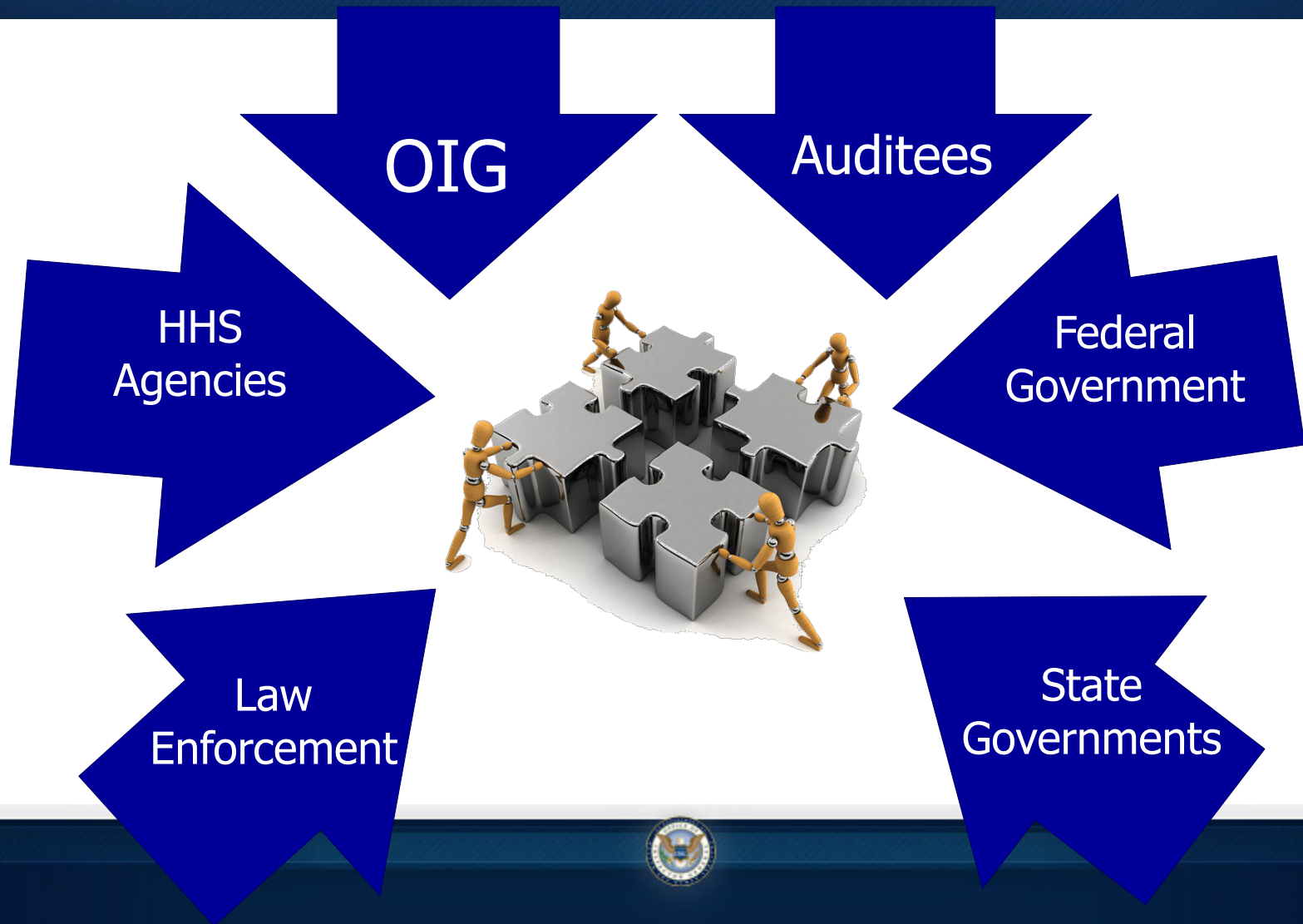


Medicare/Medicaid Statistics

- ❑ Estimated 40 million Medicare beneficiaries
- ❑ Estimated 51 million Medicaid recipients
- ❑ Over 3 million providers
- ❑ Over 4.5 billion claims per year to Medicare and Medicaid
- ❑ 2014 Improper Payment Rate
 - ❑ Medicare – 12.70%
 - ❑ Medicaid – 6.7%



Interdisciplinary Approach





Audit Techniques

- ☐ Risk Assessments
- ☐ Data Analytics
 - ☐ Data Matching
 - ☐ Trend Analysis
 - ☐ Data Mining
 - ☐ Geospatial Analysis





Risk Assessments

- ☐ Laws, regulations, programs
 - ☐ New
 - ☐ Changes
- ☐ Fraud Schemes
- ☐ Geographical Location
- ☐ Data Driven





Data Matching

- ☐ Developed in-house data matching applications to identify improper payments or program savings
- ☐ Matches have included
 - ☐ Claim to Claim
 - ☐ Claim to Enrollment Data
 - ☐ SSA Death Master File to Medicare Claims
 - ☐ Retired DEA Registrations to Prescriptions
 - ☐ Compromised Beneficiary/Provider Identity





Trend Analysis

- ❑ Through trending of Medicare payments we can identify
 - ❑ Areas for potential audits and
 - ❑ Anomalies among providers

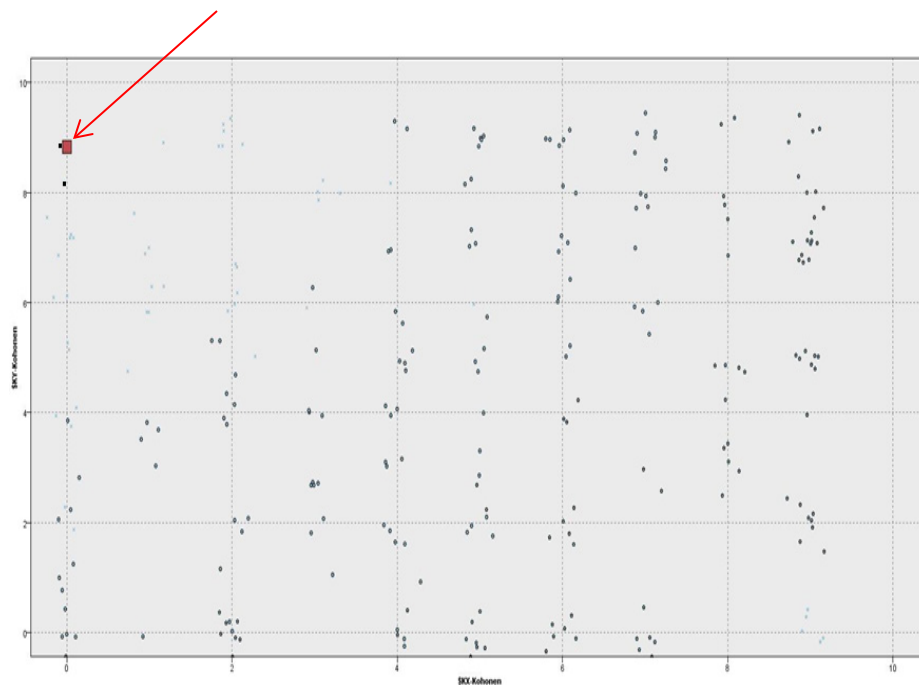
CY_2006 ▾	CY_2007 ▾	CY_2008 ▾	CY_2009 ▾	CY_2010 ▾	CY_2011 ▾	CY_2012 ▾	CY_2013 ▾	CY_2014 ▾
\$29,114.63	\$7,512,271.95	\$31,117,603.10	\$39,806,327.56	\$46,899,413.23	\$66,958,783.68	\$77,068,582.16	\$87,721,058.66	\$70,669,258.60
				\$15,881,312.06	\$36,427,574.30	\$86,733,847.49	\$85,251,528.16	\$65,296,154.68
\$288,974.62	\$3,162,827.34	\$98,545,067.38	\$105,117,750.49	\$98,579,932.16	\$95,971,701.37	\$92,340,307.46	\$82,397,457.16	\$70,538,518.50





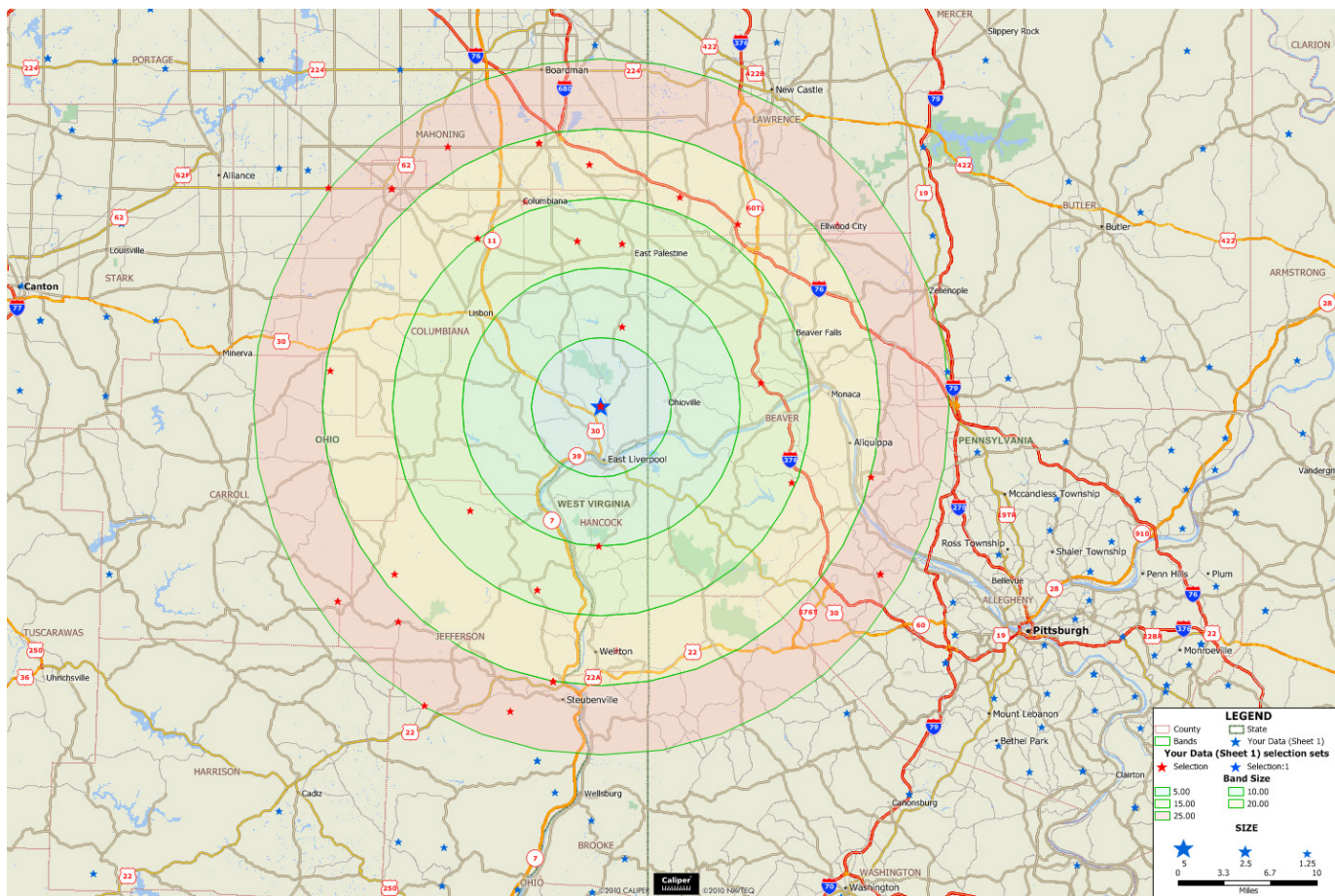
Data Mining

- **Cluster analysis or clustering** is the task of assigning a set of objects into groups (called **clusters**) so that the objects in the same cluster are more similar (in some sense or another) to each other than to those in other clusters.
- Identify auditees whose billing pattern is dissimilar than peers.





Geospatial Analysis





What Data Can Reveal

- ☐ Over-utilization of services in very short-time windows
- ☐ Patients simultaneously enrolled in multiple states
- ☐ Geographic dispersion of patients and providers
- ☐ Patients traveling large distances for controlled substances
- ☐ Billing for “unlikely” services
- ☐ Pre-established code pair violation
- ☐ Up-coding claims to bill at higher rates





Initiatives

- ☐ Hospital Compliance
- ☐ Home Health Compliance
- ☐ Not Lawfully Present
- ☐ Incarcerated Beneficiaries

☐ <http://oig.hhs.gov/reports-and-publications/WORKPLAN/index.asp>





Impact

- During the first half of FY 2015, OIG reported over
 - \$544.7 million in audit receivables
 - \$128 million in savings
 - <http://oig.hhs.gov/reports-and-publications/SEMIANNUAL/index.asp>
- Compendium of Unimplemented Recommendations
 - Over \$15 billion in savings
 - Improved financial management
 - Improved quality and safety



QUESTIONS?

