

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

T.O <i>Singleton</i>	DATE <i>5-2-07</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000696</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____		
2. DATE SIGNED BY DIRECTOR <i>cc: Bowling</i> <i>cleaned 5/14/07, letter attached.</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>5-14-07</i> DATE DUE _____ <input type="checkbox"/> Necessary Action		

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

JOHN C. LAND, III
SENATOR, CLARENDON, FLORENCE
CALHOUN AND SUMTER COUNTIES
SENATORIAL DISTRICT NO. 36

HOME ADDRESS:
P. O. BOX 138
MANNING, SC 29102
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COLUMBIA ADDRESS:
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COMMITTEES:
TRANSPORTATION
FINANCE
FISH, GAME AND FORESTRY
RULES
ETHICS

SENATE DEMOCRATIC LEADER

RECEIVED

May 1, 2007

MAY 02 2007

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Mr. Robert M. Kerr, Director
Department of Health and Human
Services
P. O. Box 8206
Columbia, South Carolina 29292-8206

Los. David
Wagner Sign.
cc: Bowling

Dear Mr. Kerr:

Please allow me to share with you some information that I believe may be of use in helping our state's Medicaid program obtain some available federal moneys and also save the program some considerable costs down the road. Below please find some bullet points that a local company called TriCenturion recently provided my office. Primarily, TriCenturion has become aware that federal funds have been made available to the states that request them for the purpose of improving their Medicaid programs; that these federal funds do not have to be matched by the states; and that the time is limited to request these funds.

1. The Deficit Reduction Act of 2005 has assigned \$150 million in "Transformation Grants" to be distributed in 2007 and 2008 to the states. The money must be used for the purpose of improving the states' Medicaid programs. Medicaid anti-fraud and abuse projects are among the six listed acceptable uses of these funds, and the states do not have to put up any matching funds. This is money given out directly to the states by the federal DHHS. In January of this year, 27 states applied and received a total of \$103 million from these funds. To read more about these funds, please go to www.cms.hhs.gov/MedicaidTransGrants, and to read the 27 grant applications these states submitted, please go to www.cms.hhs.gov/MedicaidTransGrants/02_012507awards.asp#TopOfPage. The remaining \$47 million (\$150 minus \$103) will be awarded later this year to those states that choose to apply for this money. South Carolina was not among the initial 27 states and, consequently, has not received any of this money. TriCenturion is available to help draft a proposal that may help our state's Medicaid program apply for this available federal money.

Mr. Robert M. Kerr, Director

Page Two

May 1, 2007

2. The DRA of 2005 has also assigned funds to be given to states that apply for them in order to do Medicaid anti-fraud work that involves matching Medicaid and Medicare claims information. TriCenturion currently does this exact type of Medicaid-Medicare anti-fraud data-matching work for the state of Texas. The federal funds given to a state for this type of work do not have to be matched by that state. TriCenturion can help our state's Medicaid program request funding for this type of Medicaid-Medicare anti-fraud work. Currently, only Texas and six other states in the country do this type of work (South Carolina is not one of them). The DHHS Centers for Medicare and Medicaid Services is at this time looking for additional states that are interested in joining, and receiving funding for, this Medi-Medi data matching program.
3. The anti-fraud industry and law enforcement agencies currently estimate that for every \$1 spent on anti-fraud work, \$9 to \$11 are recovered in return, and the Government Accountability Office has estimated at over 10% of health care expenses the total loss to fraud every year. Consequently, in a Medicaid program like South Carolina's, which spends approximately \$4 billion every year (2005-2006 figures), up to \$400 million (10%) could possibly be saved if the state can effectively curb fraud and abuse. Our state's \$4-billion spending on a small Medicaid population of approximately 900,000 beneficiaries makes our state's Medicaid program one of the most costly in the country. As an example, California spent only \$25.8 billion in 2006 to treat 9.3 million Medicaid beneficiaries. So, California spends around half of what South Carolina spends per beneficiary every year while, incidentally, providing "more" services to their population. TriCenturion believes that one reason for this may be claims fraud and abuse in our state. We believe we can help cut our state's Medicaid spending significantly through our expertise in reviewing health care claims and ensuring that the approximately 30,000 health care providers in our state receive appropriate and not excessive, abusive, or fraudulent payments for their services.
4. TriCenturion is a company founded in 1998, based in Columbia, and owned by BCBS of SC and BCBS of FL. Our approach to detection and deterrence of fraud, waste and abuse in Medicare/Medicaid is through predictive data analysis that identifies unscrupulous health care providers whose claims billing patterns and billing volume are indicative of fraud or abuse. Once selected, further in-depth data analysis is conducted and our fraud investigators begin the process of collecting

Mr. Robert M. Kerr, Director
Page Three
May 1, 2007

evidence that prove the presence of fraud or abuse. We currently hold Medicare and Medicaid contracts for this type of work in 33 states. We have certified data analysts, statisticians, nurses, physicians and investigators on our staff, and we are familiar with the SC Medicaid program and its claims system (some of our investigators have worked in the Medicaid Fraud Control Unit at the SC Attorney General's Office and in several SC DHHS offices). Our approach to combating health care fraud ensures significant reduction in overall program costs. As an illustrative example, in 2006 our work saved the Medicare Trust Fund approximately \$220 million in fraudulent claims stopped and inappropriate payments recovered. We also have extensive knowledge of the prosecutorial system and work with law enforcement agencies, including the Medicaid Fraud Control Units, on a daily basis.

TriCenturion would like to have an opportunity to discuss this information with your office and offer any assistance your office may think appropriate. Please let me know if you or your staff are available to meet with them at your earliest convenience.

With warmest personal regards, I am

Very truly yours,



John C. Land, III
Senate District #36

JCL:bns

cc: Manel Lirola, TriCenturion, P. O. Box 100282, Columbia, South Carolina 29202-3282



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Susan B. Bowling
Acting Director

May 21, 2007

The Honorable John C. Land, III
South Carolina Senate
504 Gressette Senate Office Building
P.O. Box 142
Columbia, South Carolina 29202

Dear Senator Land:

Thank you very much for your letter regarding the availability of federal Medicaid Transformation grants and the offer from TriCenturion to help the Department of Health and Human Services (DHHS) to draft a grant proposal. DHHS applied for several transformation grants earlier this year, but none of the proposals were approved. We will be more than happy to work with TriCenturion to draft a new grant proposal that would help us combat waste, fraud and abuse in the Medicaid program. We very much agree with your ideas in this regard, and have already met with Keith Gardner of Blue Cross Blue Shield and representatives of TriCenturion to discuss the grant proposal.

We welcome any assistance you can provide to help us improve our efforts to identify and prevent waste, fraud, and abuse in the Medicaid. Thank you for your support of the South Carolina Medicaid program.

Sincerely,

Susan B. Bowling
Susan B. Bowling
Acting Director

SBB/ssb

Log #696

