HHS OIG – HFMA Session Topics

I. HHS OIG Organization:
   Mission, people, and current challenges

II. Top Federal Healthcare Issues:
   • Hot health policy topics in 2018
   • HHS Secretary Alex Azar

III. HHS and OIG Looking Forward – 2018-2020:
   • Focus on affordable care and value
   • Promotion of classic management practices
HHS Inspector General – Daniel Levinson

- USC Phi Beta Kappa, Georgetown Law
- General Counsel of the U.S. Consumer Product Safety Commission – 1982
- Appointed by Pres. Reagan to Chair U.S. Merit Systems Protection Board - 1986
- Appointed by Pres. George W. Bush to IG of HHS - 2005
HHS Office of Inspector General

OIG Mission
protect the integrity of HHS programs and the health and welfare of beneficiaries

- Immediate Office
- Office of Investigations
- Office of Audit Services
- Office of Counsel
- Office of Evaluation and Inspections

- **Largest OIG** = 1600

- **HHS Agencies**
  - $1.3 Trillion
  - 300 programs
  - ¼ of the U.S. budget

CMS, ACF, NIH, FDA
ACL, CDC, IHS, AHRQ
HHS OIG – Top Leadership

Deputy IG for Investigations
Gary Cantrell

- 7,100 criminal and civil actions
- 18 Congressional testimonies
- $28 billion in receivables

Chief Counsel to the IG
Greg Dempske

- enforces False Claims Act cases
- shapes HHS opinion on how healthcare systems can operate
HHS OIG – statistics

- 5:1 = return on investment (ROI)
- $25.4B = recoveries
- 4547 = criminal actions
- 1,917 = evaluation, audit and legal reports
- 18,182 = provider exclusions

2013-17
OIG Daily Work

- **Authority and Access**
  Direct access to all records pertaining to Federally-paid programs

- **Partnerships**
  OIG partners in Congress, DOJ, U.S. Attorney’s Office, DEA, Medicaid Fraud Control Units, and local law enforcement

- **Data Analytics**
  Enhanced screening to ID poor billers, predictive models, anomaly detection, social network analysis

- **Hot Line – 800-HHS-TIPS**
  1000s of actionable tips each year, option for anonymous reporting
Fighting fraud, waste and abuse

- **Mistakes – 20%**
  Errors, such as incorrect coding, usually caught and corrected in the past two decades

- **Waste – 40%**
  Inefficiencies, such as ordering unnecessary diagnostic texts, and poor management, such as redundant contracting

- **Abuse – 20%**
  Bending the rules, such as improper billing practices like up-coding or billing for services that were not medically necessary

- **Fraud – 20%**
  Intentional deception, such as billing for services not provided
“Solving fraud has no definitive end. When one problem is solved, fraud goes somewhere else. OIG is developing new approaches to identify unknown, undetected and emerging patterns…

The *whack-a-mole* approach … how do we get ahead of that? How do we counter both existing and new fraud, waste and abuse?”

— Caryl Brzymialkiewicz

*OIG Chief Data Officer*
Medicare Fraud Strike Force

- Geographic “hot spots” and high dollars
  Focus in areas and providers most likely to generate fraud, even at opportunity cost to full coverage

- Data analytics married with field work
  Recent work has focused on joining quantitative with qualitative more effectively build a case

- Hiring of “data natives”
  Recruiting next-generation data analytics staff to generate better risk models to identify questionable billing

- Takedowns
  Focused law enforcement effort conducted in a single day
HHS OIG “takedown” – July 2010-July 2017

Stage 1
Focused investigation, data analytics, and partnership

Stage 2
One-day strike force effort to fell healthcare criminals across the nation
OIG – June 16, 2016 takedown

- Focused largely on **home health**
- **36** jurisdictional districts
- **300** defendants
- **30** physicians
- **112** home health providers
- **350** OIG agents

$900 million
OIG – July 13, 2017 takedown

- Focused largely on opioid misuse

- 41 jurisdictional districts
- 400 defendants
- 57 physicians
- 162 nurses
- 36 pharmacists
- 410 OIG agents and 40 Medicaid Fraud Control Units

$1.3 billion
Takedown target day
Wilber J. Cohen Federal Building
Wilber J. Cohen – “Mr. Medicare”

Social Reformer
- Social Security Act – 1935
- Medicare – 1965

Secretary of HEW
- End of LBJ administration – 1968
- 249 days – 1968

Later Evaluations
- Social Security – 1972
- New Deal “50 years later” – 1986

1913 – 1987
OIG Evaluation Example: *Patient Harm*
Hospital Harm – Results

- 800 patient records, national random sample
- 13.5% with adverse events
- 13.5% with temporary harm
- 44% preventable
- $4.4 billion excess cost annually

27% harm rate
OIG Report – Adverse Events in Hospitals

- Harm is very common
- Most harm is not traditional “medical error”
- Hospitals don’t know about most harm - 14%
- Can be ameliorated
- Huge cost implications
Federal Healthcare Issues - 2018-20

12th Secretary of HHS Alex Azar
HHS – Top Healthcare Challenges 2018

1. Reducing prescription drug cost and misuse

2. Medical value with growing population:
   - huge influx to Medicare and long-term care
   - inpatient vs. outpatient, nursing home vs. rehab
   - new payment models and use of health IT

3. Future of the Affordable Care Act (ACA)
   - Marketplaces and Medicaid
   - CMS Center for Innovation (CMMI)
Aging Population

- **Baby Boomers** hit Medicare in 2011, with 10K added each day and by 2030 will be 90% of Medicare rolls
- Between *2015–2030*, Medicare rolls will increase *50%*, and long term care projected to see the most increase
- **Half** of Medicare beneficiaries live on an income of less than *$24,000* per year
- Number of workers to Medicare beneficiaries
  - 4.6 in 1964
  - 3.1 in 2015
  - 2.3 in 2030
Affordable Care Act – *status and options*

- **Current Status:**
  - Marketplace enrollment for 2018 almost identical to 2017 (96%)
  - Medicaid expansion providing care for
  - CMMI modeling value-based purchasing for the future

- **Options Now:**
  1. Revise incrementally (individual mandate, essential benefits)
  2. More fully State-run (block grants, waivers)
  3. Repeal and build new system (2-year transition period)
HHS – *Top Internal Challenges in 2018*

- **Administration Priorities:**
  Four very different leaders in 4 years: Sebelius, Burwell, Price, Azar

- **Politicals vs. Civil Servants:**
  Frequent changes in management style, issues with knowledge base/agenda (politicals) and intractability/malaise (civil servants)

- **Constant Fight for Appropriations/Value:**
  Department’s budget, President’s budget, Congressional Budget Office, Congressional appropriations committees, no reality/value

- **Changes in Management:**
  Front-line management focused prioritization, provider partnership, accountability, and culture
HHS Shift in Management – 4 observations

Observation 1: “Ruthless prioritization”

Observation 2: Communication with providers

Observation 3: Accountability across divisions

Observation 4: Culture of excellence, new talent
Summary – looking forward

- **Value-based Purchasing:**
  Incentive payments, readmissions penalties, outcome-based pricing

- **Internet of Things:**
  Remote monitoring, aggregated data, hospitals learning from retail

- **Precision Medicine Initiative:**
  National Institutes of Health, one million participants

- **Resolution of the ACA:**
  - Attention will be to numbers and politics
  - Look for commonalities and solid implementation
Contact and Reading Links

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• Suggested Reading
  – Health Affairs
    Federal Healthcare News, Research, and Data
    www.healthaffairs.org
  – Modern Healthcare
    Healthcare Business News, Research, and Data
    www.modernhealthcare.com
  – The Incidental Economist, Austin Frakt and Aaron Carroll
    http://theincidentaleconomist.com/