

Policy #9.15

POLICY TITLE:	FRAUD WASTE AND ABUSE INVESTIGATIONS	POLICY # 9.15	REVIEW DATES	
Topic Area:	Compliance	ISSUED BY: Chief Operating Officer APPROVED BY: Chief Executive Officer		
Applies to:	LRE Staff and Operations			
Developed and Maintained by:	Compliance Officer			
Supersedes:	N/A			
		Effective Date: 5/31/25	Revised Date:	

I. PURPOSE

Federal regulation requires Lakeshore Regional Entity (LRE) has a program integrity compliance program that establishes and implements procedures with dedicated staff for the investigation of potential compliance problems. Michigan Department of Health and Human Services (MDHHS) also requires that LRE investigates program integrity compliance complaints to determine whether a potential credible allegation of fraud exists.

LRE shall include program integrity compliance provisions and guidelines in all contracts with Member Community Mental Health Service Programs (CMHSPS) and Network Providers.

II. POLICY

- A. LRE complies with federal regulation and contractual obligations to implement Fraud, Waste, and Abuse (FWA) investigations under federal regulation and the MDHHS/PIHP Master Contract.
- B. LRE, CMHSPs, and Network Providers must fully cooperate in any investigation or prosecution by any duly authorized government agency, including but not limited to the OIG or the Department of the Attorney General (AG), whether administrative, civil, or criminal.
 1. Such cooperation shall include providing, upon request, information, access to records, and access to schedule interviews with LRE employees and consultants, including but not limited to those with expertise in the administration of the program and/or in medical or pharmaceutical questions or in any matter related to the investigation or prosecution. LRE shall follow the procedures and examples contained within processes and associated guidance provided by MDHHS-OIG.

III. APPLICABILITY AND RESPONSIBILITY

This policy applies to LRE Staff and Operations

IV. MONITORING AND REVIEW

This policy is reviewed by LRE CEO or designee on an annual basis.

V. DEFINITIONS

Abuse As defined in 42 CFR 455.2, abuse means provider practices that are inconsistent with sound fiscal, business, or medical practices and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet the professionally recognized standards for health care.

Compliance Inquiry means fact gathering that is conducted by a CMHSP or Network Provider that begins after the CMHSP or Network Provider receives a complaint alleging FWA from any source or identifies questionable practices during internal auditing and monitoring by the CMHSP or Network Provider.

Credible Allegation of Fraud (CAF) means an allegation, which has been verified by an agency or the State, from any source, including but not limited to the following:

- 1) Fraud hotline tips verified by further evidence.
- 2) Claims data mining.
- 3) Patterns identified through provider audits, civil false claims cases, and law enforcement investigations. Allegations are considered to be credible when they have indicia of reliability, and the State Medicaid agency has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

Fraud As defined in 42 CFR 455.2, means the intentional deception or misinterpretation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or another person. It includes any act that constitutes fraud under any applicable federal or State Law.

Full Investigation means an investigation that occurs after the LRE determines, upon the conclusion of a Preliminary Investigation, a PCAF exists.

Member CMHSP/CMHSP means all Community Mental Health Service Programs within Region 3, which include the following CMHSPs, and the county served:

- 1) HealthWest serving Muskegon County
- 2) CMH of Ottawa County serving Ottawa County
- 3) OnPoint serving Allegan County
- 4) network180 serving Kent County
- 5) West Michigan CMH serving Lake, Mason, and Oceana Counties.

Network Provider: Any provider, group of providers, or entity that has a provider agreement with LRE, including a CMHSP, and receives Medicaid funding directly or indirectly to order, refer or render covered services as a result. A network provider is not a subcontractor by virtue of the network provider agreement, unless the network provider is responsible for services other than those that could be covered in a network provider agreement related to the delivery, ordering, or referring of covered services to a beneficiary.

Potential Credible Allegation of Fraud (PCAF) means a credible belief that a potential allegation of fraud exists based on the outcome of a Preliminary Investigation conducted by LRE.

Preliminary Investigation means an analysis, conducted by LRE, of the information contained in the CMHSP's FWA referral as well as any other evidence determined to be relevant to the Preliminary Investigation, including but not limited to claims data, clinical chart documentation, interview outcomes, etc., and determine if there is sufficient evidence to determine if a PCAF exists. If a PCAF exists, LRE or OIG will conduct a Full Investigation to determine if a CAF exists.

Prompt Response means action taken within 15 business days of receipt and identification by LRE, CMHSPs, or Network Providers of the information regarding a potential compliance problem.

Waste means the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the U.S. government. Waste also includes incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls. (<https://oig.usaid.gov/node/221>).

VI. REFERENCES AND SUPPORTING DOCUMENTS

MDHHS/PIHP Master Contract
LRE Corporate Compliance Plan
42 CFR § 438.608
42 CFR § 455.2

VII. RELATED POLICIES AND PROCEDURES

LRE Organizational Procedure 9.15a Fraud, Waste and Abuse Investigations
LRE Organizational Procedure 9.15b Overpayments and Sanctions
LRE Policy 7.8 Medicaid Verification
LRE Policy 3.6 Record Retention

VIII. CHANGE LOG

Date of Change	Description of Change	Responsible Party
5/31/2025	NEW Policy	LRE Chief Operations Officer, LRE Compliance Officer