

ORGANIZATIONAL PROCEDURE

PROCEDURE # 9.15a	EFFECTIVE DATE	REVISED DATE
TITLE: FRAUD, WASTE AND ABUSE INVESTIGATIONS	5/31/25	5/31/26
<u>ATTACHMENT TO</u>	REVIEW DATES	
POLICY #: 9.15	5/31/26	
POLICY TITLE: FRAUD, WASTE AND ABUSE INVESTIGATIONS		
CHAPTER: COMPLIANCE		

I. PURPOSE

To ensure LRE’s full cooperation in any investigation or prosecution by any duly authorized government agency, including but not limited to MDHHS-OIG or the Department of the Attorney General (AG), whether administrative, civil, or criminal. 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.

The MDHHS Office of Inspector General (MDHHS-OIG) is responsible for overseeing the FWA program integrity activities of LRE. LRE shall follow the procedures and examples contained within processes and associated guidance provided by MDHHS-OIG.

II. PROCEDURES

- A. To the extent consistent with applicable federal and state law, including, but not limited to 42 CFR Part 2, Health Insurance Portability and Accountability Act (HIPAA), and the Michigan Mental Health Code (MMHC), LRE will disclose protected health information to MDHHS-OIG or the AG upon written request. Authorization from the beneficiary to disclose such information is not required.
 1. LRE shall have administrative and management arrangements or procedures that monitor the program integrity compliance activities that are contractually required of CMHSPs and Network Providers.
- B. Per the MDHHS/PIHP Master Contract requirements, LRE is responsible for having a program integrity compliance program, and ensuring CMHSPs and Network Providers have a program integrity compliance program that includes the following:
 1. Written policies, procedures, and standards of conduct that articulate the organization's commitment to comply with all applicable requirements and standards under the contract, and all applicable Federal and State requirements, including written policies and procedures that describe LRE’s commitment to comply with Federal and State FWA standards enforced through well-publicized disciplinary guidelines.

2. The designation of a Compliance Officer who is responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the contract and who reports directly to the Chief Executive Officer and the Board of Directors.
 3. The establishment of a Regulatory Compliance Committee that includes members of the Board of Directors and senior management staff charged with overseeing the organization's compliance program and its compliance with the requirements under the MDHHS/PIHP Master Contract.
 4. A system for training and education for the Compliance Officer, the organization's senior management, and the organization's employees for the Federal and State standards and requirements under the contract, including FWA. While the compliance officer may provide training to LRE staff, "effective" training for the compliance officer means it cannot be conducted by the compliance officer to himself.
 5. Effective lines of communication between the compliance officer and the organization's employees.
 6. Enforcement of standards through well-publicized disciplinary guidelines.
 7. Establishment and implementation of procedures and a system with dedicated staff for routine internal monitoring and auditing of compliance risks, prompt response to compliance issues as they are raised, investigation of potential compliance problems as identified in the course of self-evaluation and audits, correction of such problems promptly and thoroughly (or coordination of suspected criminal acts with law enforcement agencies) to reduce the potential for recurrence, and ongoing compliance with the requirements under the contract.
 - a. LRE is responsible for post payment reviews of paid claims to verify that services were billed appropriately (e.g., correct procedure codes, modifiers, quantities).
 - b. On a quarterly basis, LRE shall monitor for potential fraud, waste, and abuse in provider billing and beneficiary utilization.
 - c. LRE is responsible for having provisions for Prompt Response to detected offenses and for the development of corrective action plans.
- C. LRE will monitor Member CMHSPs and Network Providers program integrity compliance activities through the following:
1. LRE Medicaid Services Verification,
 2. OIG Quarterly Program Integrity Compliance Activity Quarterly Reports, also known as 6.0
 3. OIG Compliance Program Report, also known as 6.9,
 4. OIG Annual Program Integrity Report, also known as 6.10, and
 5. CMHSP Site Reviews.

LRE, Member CMHSPs, and Network Providers are responsible for complying with the LRE Record Retention Policy for all documents related to FWA complaints, investigations, correspondence, etc.

- D. LRE operates a distinct Special Investigations Unit (SIU) that investigates allegations and suspicions of Fraud, Waste, and Abuse. The unit can either be a part of LRE's corporate structure or operate under contract with LRE.
1. The unit detects and investigates fraud, waste, and abuse by its Michigan Medicaid Enrollees and providers.
 2. The unit operates separate from LRE's utilization review and quality of care functions.
 3. The unit conducts program integrity training to improve information sharing between departments within LRE and to enhance referrals to the SIU regarding fraud, waste, and abuse within LRE's Medicaid program.
 4. The unit conducts risk-based auditing and monitoring activities of provider transactions, including, but not limited to, claim payments, vendor contracts, credentialing activities, and quality of care/quality of service concerns that indicate potential fraud, waste, or abuse.
 5. The unit responds to all MDHHS-OIG audit referrals with an initial-findings report within the timeframe designated in the MDHHS-OIG referral. The initial findings report is provided to the MDHHS-OIG prior to the provider receiving a final notice with appeal rights. Compliance with this policy standard is monitored by LRE's Compliance Oversight Committee.
 6. All allegations within MDHHS-OIG audit referrals to LRE must be investigated to either substantiate or refute any and all items within the complaint.
 - a. LRE must initiate a preliminary investigation of a MDHHS-OIG audit referral as soon as possible, but no later than 30 calendar days from the date sent by MDHHS-OIG.
 - b. Depending on the scope and complexity of the audit referral, the SIU will develop an investigation plan, which outlines steps to be taken (e.g., data to be reviewed, documentation to be requested, questions to be answered) within 7 days from the opening of the investigation.
 - c. Questions whether suspicions should be classified as fraud, waste, and abuse will be discussed with MDHHS-OIG for clarification.
 - d. The LRE-SIU must complete preliminary investigations within 120 days of referral.
 7. In the event that LRE cannot meet the timeline established by the MDHHS-OIG, the LRE will request a one-time extension in writing (email) to MDHHS-OIG no less than two (2) business days prior to the due date. The request must include a status update and estimated date of completion.
- E. The LRE will refer all potential Enrollee fraud, waste, or abuse that is identified to MDHHS through <https://www.Michigan.gov/fraud> (file a Complaint - Medicaid Complaint form) or via the local MDHHS office in addition to reporting all fraud, waste, and abuse referrals made to MDHHS on the quarterly submission.
- F. LRE must provide information on all program integrity compliance activities performed quarterly using the MDHHS-OIG template. Program integrity compliance activities include, but are not limited to:
- Tips/grievances received.

- Data mining and analysis of paid claims, including audits performed based on the results.
 - Audits performed.
 - Identification and investigation of fraud, waste, and abuse.
 - Overpayments collected.
 - Corrective action plans implemented.
 - Network Provider dis-enrollments.
 - Contract terminations.
- G. CMHSPs and Network Providers are contractually required to conduct a Compliance Inquiry after receiving a complaint of alleged FWA from any source or when questionable practices are identified during internal auditing and monitoring by the CMHSP or Network Provider.
1. The CMHSP or Network Provider is responsible for promptly responding to complaints from any source or findings resulting from internal auditing and monitoring and implementing corrective action plans.
 2. After conducting a Compliance Inquiry, CMHSPs or Network Providers are responsible for promptly reporting any alleged FWA to LRE using the LRE FWA Referral Template. In addition to providing the FWA Referral Template, the CMHSP or Network Provider is responsible to submit all supporting documentation gathered during their Compliance Inquiry.
 3. LRE retains the responsibility of conducting Preliminary Investigations to determine if a potential credible allegation of fraud (PCAF) exists. If LRE determines a PCAF exists, LRE is responsible for:
 - a. referring the case, if the total dollar value is equal to or greater than \$5,000.00, to OIG for a Full Investigation; or
 - b. retaining the case, if the total dollar value is less than \$5,000.00, and conducting a Full Investigation.
 - c. In the event the \$5,000.00 threshold is not met, but there is still a heightened concern of a PCAF (e.g., beneficiary harm or extenuating circumstances), LRE will discuss with MDHHS-OIG the possibility of an exception that warrants referral.
 - d. The LRE must defend their PCAF in any appeal should the referral result in a suspension issued by the MDHHS-OIG.
 4. Prior to reporting a PCAF or allegation of waste or abuse to the OIG, meaning the potential total dollar value is equal to or greater than \$5,000.00, LRE will convene with OIG to discuss before continuing additional efforts.
 5. After reporting a PCAF to OIG, LRE will not take any of the following actions unless otherwise instructed by OIG:
 - a. Contact the subject of the referral about any matters related to the referral.
 - b. Enter into or attempt to negotiate any settlement or agreement regarding the referral with the subject of the referral; or
 - c. Accept any monetary or other thing of valuable consideration offered by the subject of the referral in connection with the findings/overpayment.

- d. If the State makes a recovery from an investigation and/or corresponding legal action where LRE has sustained a documented loss, the State shall not be obligated to repay any monies recovered to LRE.
- 6. At the close of a Preliminary or Full Investigation, LRE is responsible for notifying the appropriate CMHSP(s) of its findings, recommendations, and corrective actions plans via a LRE Referral Response report.
- 7. Per LRE’s contract with CMHSPs, CMHSPs are responsible for the following
 - a. Designation of a compliance officer.
 - b. Submission to LRE of quarterly reports detailing all program integrity compliance activities, including but not limited to all suspicions of fraud, waste, and abuse, using the OIG template. Program integrity compliance activities include, but are not limited to:
 - i. Tips/grievances received.
 - ii. Data mining and analysis of paid claims, including audits performed based on the results.
 - iii. Audits performed.
 - iv. Overpayments collected.
 - v. Identification and investigation of fraud, waste, and abuse.
 - vi. Corrective action plans implemented.
 - vii. Provider dis-enrollments.
 - viii. Contract terminations.
 - c. Assistance and guidance by LRE with audits and compliance inquiries, upon request of the CMHSP.
 - d. Provisions for routine internal monitoring of program integrity compliance activities.
 - e. Prompt Response to complaints from any source or findings resulting from internal auditing and monitoring and implementation of corrective action plans.
 - f. Prompt reporting of FWA to LRE using the LRE FWA Referral Template.
 - g. Implementing training procedures regarding FWA for the CMHSP staff at all levels.

III. CHANGE LOG

Date of Change	Description of Change	Responsible Party
6/1/2025	NEW Procedure (language removed from policy)	Compliance Officer
5/31/26	Procedural standards added/edited on response to MDHHS-OIG 6.9 feedback	Compliance Officer

