

Additional Questions for the Record

Questions from the Honorable Representative Bilirakis

1. Do the territories have the same reporting requirements that states have for their Medicaid program?

OIG does not have direct knowledge or expertise regarding Medicaid reporting requirements for the Territories. Thus, we recommend directing this question to the Centers for Medicare & Medicaid Services or to the HHS Office of the General Counsel.

2. Are there other things that the territories should be providing to increase the level of transparency and accountability in their Medicaid program?

We have not undertaken a study of the adequacy of Medicaid reporting by the Territories, so we are unable to offer specific recommendations on the topic.

Questions from the Honorable Representative Brooks

1. The Medicaid and CHIP Territory Fraud Prevention Act provides for additional federal funding for territories to create Medicaid Fraud Control Units. Given your experience with the Fraud Control units in the states, please explain why you think this is a wise investment of federal dollars?
 - a. If so, from these statistics are you able to roughly estimate how much might be saved in the territories by ensuring the MFCUs are operational?

Generally, MFCUs have been wise investments for the Federal Government. For example, for FY 2014, the existing 50 MFCUs were responsible for monetary recoveries of \$2.0 billion, and the Federal and State governments expended \$235 million in funding for their operation, which translated to a return on investment of \$8.53 for each dollar invested. While the results for individual MFCUs vary, it is rare for an MFCU not to bring a positive return on investment. Recovery amounts, as well as grant expenditures and other statistical information for each of the MFCUs, is available on the OIG Web site at <http://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/index.asp> (Expenditures and Statistics), in a chart format and as part of an annually updated interactive map.

Territories may be able to capture similar results by establishing their own MFCUs. For example, based on our own investigative experience in Puerto Rico, we believe that the investment of Federal dollars for an MFCU may bring substantial returns. From calendar year 2012 to date, OIG's investigations in Puerto Rico have resulted in over 117 criminal convictions and \$12 million in civil settlements. Puerto Rico has a large Medicaid population, comparable to that of many medium-sized states. Based on our experience investigating Medicare and Medicaid fraud in the Territory, we believe there is an important opportunity for a Puerto Rico MFCU to have significant impact, in imposing criminal penalties as well as in recovering monetary amounts.

2. However, while we know generally that the MFCUs routinely bring positive returns on investment, we are unable to estimate a specific savings amount for establishing MFCUs in each

of the territories. Additionally, if a territory does not believe establishing a Unit is cost effective, the territory can seek a waiver from the Secretary of Health and Human Services (HHS). Do you have statistics on the amount of dollars recovered or saved as a result of the operation of Medicaid Fraud Control Units? For example, on average, for every dollar invested in a Medicaid Fraud control Unit, how many dollars are recovered?

For FY 2014, the existing 50 MFCUs were responsible for monetary recoveries of \$2.0 billion. The Federal and State governments in FY 2014 expended \$235 million in funding for MFCU operations, which translated to a return on investment of \$8.53 for each dollar invested. For FY 2013, the MFCUs were responsible for recoveries of \$2.5 billion, which translated to a return on investment of \$10.90 for each dollar invested.