

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Shari Daffern, CFE, CIA, CPA

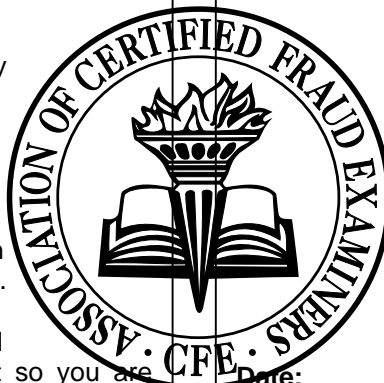
Our fall seminar was a great success! The speakers were all interesting and provided a great variety of methods by which we can prevent and detect fraud. We especially want to thank Jim Ratley, the current President of the Association of CFEs, for providing us with a full afternoon of his techniques for successful interviews. We were also introduced to Allan Bachman, the new Association Director of Education.

Thanks to you who attended the seminar. The money received will provide future scholarships.

As we complete one seminar, we are already planning the next. Please let any Board member know if you hear of someone that might have something interesting to share with us.

Please read our interesting Spotlight on Glyn Rogers, one of newest CFE Board members.

Hope you all had a great holiday season and managed to get in some well earned rest so you are ready to face the upcoming Legislative Session. Remember that due to the timing of New Years our January meeting will be Monday the eighth.



Chapter Meeting Schedule

Time: 12:00 to 12:50 p.m.
Lunch served promptly at 11:45 a.m.

Location: Nuevo Leon Restaurant
1501 East, 6th Street

Cost: \$11.00 – Chapter Member
\$13.00 – Non-Chapter Member

This Month's Meeting

Date: January 8, 2007

Speaker: Bart Bevers, Esq., C.F.S., C.I.G.
Deputy Inspector General of
Enforcement

Topic: Preparing for Court

register on line: www.austinacfe.com
or

call 512/389-4813

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What You Missed

Mike Garner, CFE, CIA

If you were not able to attend the December 4, 2006 chapter meeting, you missed a presentation on Fraud Prevention Initiatives at the Employees Retirement System (ERS) of Texas by Mr. Joe H. Golson, CEBS, CRC, CRA, CGBA, Director of Cost and Risk Management, Employees Retirement System of Texas. In his position Mr. Golson oversees the ERS Trustee Election program, the ERS and the Texas Employees Group Benefits Program (GBP), Wellness programs, and the GBP cost containment and fraud prevention programs.

ERS administers the \$21 billion retirement trust fund and over \$1.5 billion annually in health and welfare benefits (insurance program) for almost 500,000 employees, retirees, and their dependents. The \$1.5 billion starts out as presented charges of almost \$6 billion annually but after ERS applies their Cost Containment and Anti-Fraud measures this amount is reduced by about \$4.5 billion (76%). These reductions include ineligible charges of \$1.38 billion (duplicate claims, late charges, non-covered services, services not medically necessary, charges exceed benefit maximums); unbundling charges of \$7.2 million; discounts of \$1.85 billion, cost sharing \$389 million, and coordination of benefits and third party liability of \$907 million.

Mr. Golson's presentation focused on the insurance program and covered their authority; sanctions they are authorized to impose; fraud vs. abuse; and discussion of their internal activities, vendor activities, and where to report fraud. The authority for ERS to administer the insurance program as well as the definitions of improper activities is found in Chapter 1551 of the Texas Insurance Code.

Insurance fraud occurs when someone knowingly and with intent presents a written statement that is false or misleading to obtain some benefit. Abuse is practices that are inconsistent with sound fiscal, business, or medical practices and result in an unnecessary cost to the program. To explain these differences Mr. Golson presented 12 activities and we grouped them into either fraud (falsifying claims, substitution of services, kickbacks, embellishing provider credentials, incorrect residency information, incorrect household composition, and lying) or abuse (incorrect claims, incorrect coding, alteration of a claim, duplicate claim, and failure to report third party liability). Although all 12 activities could be fraud we grouped them into abuse if there was a significant possibility of an honest mistake.

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AUSTIN AREA CHAPTER OF
THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS
PO Box 13462, AUSTIN, TEXAS 78711

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FISCAL YEAR 2006

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What You Missed Continued from page 2

ERS fraud prevention activities include the one-time amnesty program (4,222 dependents were dropped by employees and 155 dependents were dropped by retirees in January and April 2003), hired CPA firm to conduct 100% audit of all medical claims from 9/1/00 – 8/31/04 (net recovery of \$7.1 million for the program), annual site visits to vendors (evaluate facilities, staff, and adherence to policies and procedures), require vendors to provide monthly performance reports, conduct eligibility audits (aimed at identifying ineligible dependents), drug cost claim analysis (investigate suspected excess utilization of high cost services and supplies - over \$500,000 recovered from one provider on one drug), and investigate Evidence of Insurability (implemented in June 2005 to minimize benefit payments for certain situations subject to exclusion). There is a grievance and appeal process for all areas of the insurance program where ERS could reverse decisions and the Board of trustees has the final word. Fraud prevention in the annuity program includes a data match of ERS annuity payroll against the social security death file, disability retirement retirees against TWC unemployment premium data base, and disability income retirees against TWC unemployment premiums data base.

Vendor Fraud Prevention efforts include high utilization management which identifies patients for further analysis who meet criteria indicative of excessive use or abuse. Criteria used include number of claims, physicians used, and pharmacies visited. If excessive use or abuse is determined the program can restrict the patient to a single pharmacy, refer the patient for prosecution or counseling on use of the health plan, and/or expulsion from the plan.

Blue Cross Blue Shield of Texas has a Special Investigations Department that is used to identify and investigate health care fraud, refer cases for criminal prosecution, recover losses due to fraud, protect its customers, and create a deterrence effect. Their goal is to eliminate the source of the fraud (providers).

Mr. Golson also discussed predictive modeling and regression analysis, J-Code project (expensive specialty drugs, usually administered in doctor's office includes complex dosage and application), emergency room hoppers, and the foreign claims project (receive non-covered plastic surgery abroad and billed under a covered service).

He closed by emphasizing the importance of identifying and reporting fraud. If you suspect insurance fraud contact the Texas Department of Insurance Hotline at 888-327-8818. Mr. Golson can be reached at:

Joe.golson@ers.state.tx.us or by phone at 867-7117.

Speaker's Biography

Bart Bevers Esq., C.F.S., C.I.G.

Bart Bevers is the Deputy Inspector General for Enforcement with the Texas Health & Human Services Commission - Office of Inspector General. (HHSC-OIG) He oversees all the enforcement activities involving fraud, abuse & waste in the health and human services systems. He supervises a staff of over 300 employees in three Enforcement Sections which include General Investigations (GI), Medicaid Provider Integrity (MPI) and the State Investigations Unit (SIU). Mr. Bevers began his career in law enforcement in 1995 working for the Dallas County District Attorney's Office, where he was the Chief Prosecutor in 5 different criminal courts; including prosecution in all 15 criminal district courts. He specialized in prosecuting felony white-collar criminal offenses.

Mr. Bevers received his B.A. Degree in Psychology from Southern Methodist University in 1986, and his Juris Doctor degree (J.D.)

from the University of Tulsa in 1995. He is licensed to practice law in Texas and is certified as a Certified Fraud Specialist (C.F.S.)

by the Association of Certified Fraud Specialists, a Certified Inspector General (C.I.G.) by the Association of Inspectors General, and

Certified Homeland Security, (C.H.S.) by the American College of Forensic Examiners. He has personally tried over 450 contested trials.

The Spotlight's On You!

A special feature focusing on members of the Austin Area Chapter of ACFEs

Glyn Rogers has been a member of the Chapter

for the past 3 years.

But maybe you didn't know...

Job Description:

Investigate allegations of fraud, waste, and abuse for the City of Austin

What I'm working on now:

Currently I am working a case involving theft and the falsifying government records (timesheets).

Best part of my job:

Holding individuals accountable to the taxpayers of Austin

Ambition and/or Goals:

To one day own my own risk management consulting firm

Years of State service:

8yrs of service with the Office of the City Auditor's Office

My first job:

Drive-thru worker at McDonald's

Hobbies:

Writing poetry

Favorite Movie:

The Color Purple

Last book I Read:

Can't recall

Favorite foods:

Mexican and Cajun

Favorite Restaurants:

Amaya's Taco Village and Jazz

My pet(s):

None

It's a good day when:

Justice is served

Pet Peeves:

When interviewees are not truthful about the events that took place during the interview

What I would do with a surprise afternoon off:

Sleep!!!

I'm most proud of:

My child

Most people probably don't realize:

I am very adventurous and have even bungee jumped!! Well something similar to it. The difference was that me and another person were harnessed together and hoisted in the air (MANY FEET!) and let go to free fall! AAAahhhh!

