

TECHNICAL ASSISTANCE REPORT  
FOR THE  
ACCESS TO RECOVERY GRANT PROGRAM

SUMMARY AND ANALYSIS OF  
GRANTEE FRAUD, WASTE, AND ABUSE  
ACTIVITIES

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## A. Introduction

During the summer of 2007, the Center for Substance Abuse Treatment in the Substance Abuse and Mental Health Services Administration, (SAMHSA/CSAT) tasked its Access to Recovery (ATR) technical assistance contract, the Performance Management Technical Assistance Coordinating Center (PM TACC), to develop a set of resource materials for incoming second-round ATR grantees. The PM TACC prime contractor, the American Institutes for Research (AIR), and their subcontractor, JBS International, Inc., brought to this product-development task the experiential knowledge rooted in service to CSAT and the ATR Round 1 grantees throughout all phases of the first-round grants-- from the pre-application roll-out of the Presidential initiative, to early implementation and sustained operation of the grant programs, to their eventual close-out. SAMHSA/CSAT's selected topics for the resource materials target key issues, barriers, challenges, and decision points that faced the first-round grantees during each of these phases. They are written from the PM TACC contract's experiences with the 15 grantees that broke new ground for the substance abuse field by demonstrating the feasibility of using a voucher model for providing publicly-funded treatment and recovery services.

Some of the newly developed resource materials modify, update, and consolidate technical assistance (TA) reports emanating from the Round 1 grantees' TA experiences. Other products provide syntheses of the Round 1 grantees' experiences related to various topics central to effective and efficient planning, implementation and management of an ATR grant. CSAT has requested that these reports be made available to Round 2 ATR grantees so that the new cohort may benefit from the experience and work accomplished by the initial ATR grant recipients. Below are lists of the available reports.

### **SYNTHESES**

- Access to Recovery Report: Lessons Learned from Round 1 Grantees' Implementation Experiences
- Administrative Management Models: Compilation of Approaches by Initial Access to Recovery Grantees
- Planning and Implementing a Voucher System for Substance Abuse Treatment and Recovery Support Services: *A Start-Up Guide*
- Setting Up a System for Client Follow-Up
- Recovery Support Services
- Case Management
- Summary and Analysis of Grantee Fraud, Waste, and Abuse Activities

### **TA CONSOLIDATED REPORTS**

- Basics of Forecasting and Managing Access to Recovery Program Expenditures
- Compilation of Technical Assistance Reports on Rate Setting Procedures
- Development of a Paper-based Backup Voucher System
- Financial Management Tools and Options for Managing Expenditures in a Voucher-Based System: Round 1 Grantee Experiences
- Motivational Interviewing: A Counseling Approach for Enhancing Client Engagement, Motivation, and Change
- Outreach to Faith-Based Organizations: Strategic Planning and Implementation

- Strategies for Marketing Access to Recovery to Faith-Based Organizations
- Targeted Populations: Technical Assistance Examples

## **About this TA Report**

This document, *Summary and Analysis of Grantee Fraud, Waste, and Abuse Activities*, describes basic concepts used and experience gained in preventing and detecting fraud, waste and abuse in a voucher program. The Substance Abuse and Mental Health Services Administration (SAMHSA) is charged with managing its grants in accordance with the Office of Management and Budget (OMB) Circular A-123, Management’s Responsibility for Internal Control. For the Access to Recovery (ATR) discretionary grant program, which provides clinical treatment and recovery support services (RSS) to individuals eligible for the respective grant programs, grantees assured SAMHSA in their grant applications that they would prevent fraud, waste, and abuse. Some of the steps taken by SAMHSA to monitor grantee compliance with application assurances are: (1) requesting monthly updates of the activities grantees have taken to prevent fraud, waste, and abuse; (2) surveying the grantees on development of policies and procedures to prevent fraud, waste, and abuse; and (3) conducting a second grantee survey to determine which activities grantees are completing that ensure prevention and surveillance of fraud, waste, and abuse in the ATR programs. This document is a summary of these efforts.

## **About the ATR Program**

ATR is a competitive discretionary grant program funded by SAMHSA that provides vouchers to clients for purchase of substance abuse clinical treatment and Recovery Support Services (RSS). ATR program goals include expanding capacity, supporting client choice, and increasing the array of faith-based and community-based providers for clinical treatment and recovery support services. Key among ATR’s goals is providing clients with a choice among qualified providers of clinical treatment and RSS. Under the ATR program, treatment and RSS can be provided by both nonsectarian and faith-based organizations (FBOs).

## **B. Describing Fraud, Waste, and Abuse Policies and Preventive Practices**

Four major areas have been identified in preventing fraud, waste, and abuse in a voucher program—program integrity, providers, financial management, and management report activities. Program should address each of the four areas equally in order to identify, monitor, and stop fraudulent and wasteful activities from occurring.

### **1. Program Integrity**

#### ***Initial Grantee Survey***

In the initial survey of grantees conducted by the Center for Substance Abuse Treatment (CSAT), focusing on supplementation/supplementation and fraud-, waste-, and abuse-monitoring activities and incidents, nine grantees responded that they had prepared written policies and procedures to prevent, detect, and remediate fraud, waste, and abuse in the ATR program. It is important to note that at the time this survey was conducted, many of the grantees were just

beginning to provide client services and had little experience with monitoring for fraud within a voucher program, particularly in the areas addressed above as new challenges for these grantees.

Six of the respondents submitted a copy of their policies and procedures. Subsequently, CSAT obtained policies and procedures from two additional grantees. The scope, content, and details of the submitted policies and procedures vary among those obtained, with some policies and procedures developed specifically for the ATR program, while others appear to be adaptations of policies and procedures for other programs that the grantee or its department or division administers. One grantee did not submit a copy of its policies and procedures, but instead submitted its Department's 2004 *Annual Report of Audit Hotline and Audit Activity Related to Fraud, Waste, and Abuse*. This report suggests that departmental fraud prevention policies and procedures exist, but does not describe them or explain how they apply to the ATR program explicitly.

### **Grantee Monthly Reports**

Data provided by grantees in monthly reports to CSAT further expanded on the types of programmatic monitoring efforts each grantee was undertaking. On an average, each grantee conducts five types of monitoring activities. The range of activities includes random audits, cross-checking of payment systems, reviews of provider billing practices, electronic tracking, unique voucher identifiers, and client satisfaction surveys. The following table summarizes the range of each grantee's monitoring efforts based on data from the monthly reports.

#### **Grantee Monitoring Efforts**

<b>Grantee</b>	<b>Random Audits</b>	<b>Cross-Checking Payment Systems</b>	<b>Review of Provider Billing Practices</b>	<b>Electronic Tracking</b>	<b>Unique Voucher Identifiers</b>	<b>Client Satisfaction Surveys</b>
Grantee A		•	•	•	•	
Grantee B	•	•	•		•	•
Grantee C		•	•		•	
Grantee D	•	•	•	•	•	•
Grantee E		•	•	•	•	•
Grantee F	•	•	•	•	•	•
Grantee G	•		•		•	•
Grantee H	•	•	•	•	•	
Grantee I	•	•	•	•	•	•
Grantee J		•			•	•
Grantee K	•			•	•	
Grantee L	•	•	•	•	•	•
Grantee M	•	•	•	•	•	
Grantee N	•	•	•	•	•	•

Grantee	Random Audits	Cross-Checking Payment Systems	Review of Provider Billing Practices	Electronic Tracking	Unique Voucher Identifiers	Client Satisfaction Surveys
Grantee O		•	•	•	•	•

Source: Monthly Reports 9/2005–2/2006. Indications are based on two consistent monthly report responses.

For the March 2006 monthly report, CSAT revised the reporting format to request the number of times each of the proposed activities were conducted during the month. Of the grantees with reports on file, 8 of 14 responded with numbers, while the balance indicated only that they are performing the activities.

### **Second Grantee Survey on Fraud, Waste, and Abuse Activities**

In the second survey sent to the grantees on fraud, waste, and abuse, the focus of the request was the types of activities grantee staff assigned to fraud prevention had undertaken since the beginning of their ATR grant program. Beyond the categories of activities listed in the above table, a significant number of grantees identified monitoring efforts and specified the following activities:

- Onsite billing reviews of clinical and RSS service providers
- Preagreement reviews and site visits
- Postenrollment visits
- Client eligibility/application reviews
- Provider chart, online case, and client log monitoring

These activities resulted in investigations and enforcement actions in the following areas: inappropriate placements; duplicate billing; review of unusual activity (e.g., similar client names); matching service payments against service records; billing for services that appear inappropriate for the client; assessing electronic client and payment system capabilities for additional/appropriate edits; comparison of prior billing patterns; and monitoring of bank reconciliations.

### **Possible Fraud, Waste, and Abuse Situations**

Up to the time of the second survey, the issues identified as possible fraud, waste, and abuse situations appeared to focus on misunderstandings or lack of clarity, as most grantees resolved the issues by making revisions to policies and procedures and electronic systems, and providing additional technical assistance to the providers. Additional technical assistance targeted RSS providers that were new to the public addiction treatment service systems. This is a logical finding given that the majority of grantees are States that have a history of and infrastructure for monitoring fraud, waste, and abuse among clinical treatment providers, and traditionally have not had experience with monitoring RSS providers. The monitoring efforts identified

recordkeeping as an issue, and in addition to the technical assistance that was delivered, providers were often placed under a corrective action plan required to continue as a service provider. Duplicate payments also were made, requiring grantees to implement reimbursement procedures. A summary of the reasons and frequency of erroneous payments is detailed in the following table.

Reason for Erroneous Payment	Frequency of Payments
Incorrect vendor identification number (payment went to the wrong provider)	1
Services were not provided by the provider on record	4
Payments were duplicated during the transition from the manual system to the electronic system	18
Administrative Service Organization (ASO) paid two claims for one service	1
Billing errors (e.g., staff entered invoice twice in error)	2
Overpayment was made	4
Billing for services that were not appropriate or necessary	1
<b>Total</b>	<b>31</b>

Total clients served equaled 35,892 by December 31, 2005.

Some licensing issues were identified and were turned over to the proper licensure agency. The most glaring issues warranted placing a hold on referrals until sufficient progress on addressing deficiencies was made. Other issues related to concerns about appropriate and ethical care, programs accepting food stamps and asking for donations, billing for unauthorized services, and extending care without permission. Significant training was also provided, particularly in the areas of mandatory Government Performance and Results Act (GPRA) reporting; billing procedures; co-occurring disorders; policy and procedure clarification; billing and recordkeeping; and anger management.

### ***Client-Focused Investigations***

Three ATR grantees reported conducting client-related investigations involving 36 clients, 16 of which involved complaints and 1 of which involved a grievance. Of the 16 complaints, 4 were resolved, 2 were unsubstantiated, and the remaining 10 were associated with one agency, after a more formal review of the survey occurred. One grantee identified a provider that was submitting an unusual number of client assessments, a client that had three vouchers under slightly different names and two persons with the same name, which triggered an investigation before the vouchers were issued. These issues were resolved with changes to the data system and by enrolling a branch of a provider agency, which was conducting and submitting assessments, under a sister agency's identification number before the site was formally enrolled.

### ***Funding for Fraud Prevention***

Responsibilities and funding for fraud prevention activities at the time of the second survey appeared to be expansive. Three grantees reported that all or a portion of the responsibilities and costs of these activities were absorbed by the Single State Authority (SSA) for substance abuse programs. No dollar values could be assigned confidently to in-kind amounts. Three grantees reported that fraud prevention was an integral part of the program design and fiscal controls, but

no amount of funding was identified for these activities. Three others reported that all administrative staff were responsible for fraud prevention and surveillance.

The following grantees reported actual expenditures for fraud surveillance activities:

- Grantee A—\$16,112
- Grantee B—\$11,500
- Grantee C—\$25,000
- Grantee D—\$96,000
- Grantee E—\$12,000
- Grantee F—\$74,045

Two grantees either left this portion of the survey blank or reported that no funding was spent on fraud prevention/surveillance. One grantee’s fraud efforts were included in its ASO agreement, and funding spent on these activities was not identified separately.

Three grantees plan to increase the funding for fraud activities during Year 2 and Year 3 of the ATR program. Grantees identified increases in the number of providers requiring oversight and approval of a higher administrative limit during these years as factors that influenced these decisions. The grantees planning to increase fraud activities are

Grantee	Year 1 Expenditures	Year 2 Budget	Year 3 Budget
Grantee A	\$11,500	\$72,935	\$76,242
Grantee B	\$25,000	\$40,000	\$40,000
Grantee C	In-Kind Services	\$500	\$15,222

No grantees reported anticipating changes in the current number of fraud prevention positions. Six grantees reported that they have no positions set aside for fraud prevention/surveillance. Some of these grantees previously responded that the activities were part of a subcontract or that other ATR staff are responsible for these activities. Grantees that funded positions indicated the following commitments:

Grantee	Number of Positions	Number Filled Positions
Grantee A	1	1
Grantee B	3.6	3.6
Grantee C	5	5
Grantee D	4 Part Time FTEs	4 Part Time FTEs
Grantee E	2.5	2.5
Grantee F	~.62 percent FTE	1
Grantee G	1 FTE In Kind	1 FTE In Kind
Grantee H	3 FTEs/1 ATR	2
Grantee I	.5	0

## 2. Providers

### ***Initial Grantee Survey***

Thirteen grantees require providers of RSS services, including faith-based organizations (FBOs), to meet formal licensing, certification, or other credentialing standards to participate in the ATR program. Alternately, providers may be required to comply with specific business conditions to execute a memorandum of understanding to serve ATR clients.

Licensing, certification, and other credentialing standards prevent unprepared, inexperienced, or otherwise unqualified applicants from becoming ATR providers. The standards also help to ensure that clients obtain services in safe and approved settings from qualified individuals. Available information suggests that various standards generally vary by modality; providers of the same service appear to be required to satisfy similar requirements. Fourteen grantees require providers to report changes in ownership status and key personnel, which will alert grantees about changes that may affect a provider’s mission or may trigger additional background checks.

Eleven grantees indicated that clinical treatment providers are not prohibited from performing assessments for services they render. The same is true for the RSS providers of 10 grantees. By narrowing the time between the establishment of need and the delivery of services, such assessments may be very beneficial for clients. However, such assessments may dampen choice if the provider of a service—rather than an independent assessment center—evaluates a client’s need for the same service by possibly providing subtle influences on choosing to remain with the assessing provider.

### ***Second Grantee Survey Responses***

In the second survey, 10 grantees responded that they had conducted onsite monitoring reviews of providers. Five responded that they either had not performed this activity, that the information was not available because a subcontractor was responsible for this function, or they left the response blank. Of the grantees performing this function, the following reviews were reported:

<b>Grantee</b>	<b>Number of Visits</b>
Grantee A	All Providers
Grantee B	14
Grantee C	11
Grantee D	48
Grantee E	13
Grantee F	31
Grantee G	15
Grantee H	50
Grantee I	11
Grantee J	5

The primary issue identified by the grantees during site visits was that documentation was lacking or missing for billing services (four grantees). Other concerns identified were a need for training (in accounting, billing, assessment, GPRA reporting, and program policies), errors that

resulted in duplicate billing, requests for services that are not in the care plan (or inappropriate for the client), and lack of client sign-in.

The grantees took steps to provide training, both clinical and administrative, to respond to situations involving misunderstandings of policy and procedures. When clarity was needed, they developed protocols. When it was evident that the issue required continued monitoring to ensure correction and compliance with standards, a corrective action plan was required. When duplicate payment for services occurred, funds were recouped or an adjustment was made in the next payment due the provider. One grantee identified a situation that involved a care violation that was brought to the attention of the regulatory agency for investigation.

### **Onsite Visits to New Providers**

Eleven grantees reported making onsite visits to new providers. Four grantees did not report numbers of site visits; three grantees left the response blank, and one did not collect the information. Four grantees reported that, based on preagreement site visits, the applicant agency was ineligible to become an ATR service provider.

The following table identifies the number of onsite visits, the number of new providers that received technical assistance, and the number deemed ineligible for participation.

<b>Grantee</b>	<b>Visits Conducted</b>	<b>Technical Assistance</b>	<b>Deemed Ineligible</b>
Grantee A	23	15	3
Grantee B	All	All	5
Grantee C	14	14	0
Grantee D	44	44	0
Grantee E	~71	~39	0
Grantee F	5	5	5
Grantee G	16	16	0
Grantee H	29	102	1
Grantee I	36	3	0
Grantee J	85	85	0
Grantee K	7	7	0

As anticipated, the new providers required significant technical assistance. The topics identified most often were:

- Basic business operations—financial management, accounting, billing, development of policies and procedures for holding and distribution of client earnings, becoming a nonprofit entity, and proper business infrastructure
- Working with data—GPRA reporting requirements, working with a data system, and proper data entry procedures
- Eligibility concerns—identifying appropriate staff qualifications, conducting appropriate background clearances for persons who will work with youth, and obtaining certification/licenses for nontraditional organizations

- Operational issues—identifying services a client is eligible to receive, documentation of services in client records, how to make referrals, training on de-escalation of anger/violence with co-occurring mental health patients, and ensuring services are provided within the voucher authorization to avoid exceeding voucher caps

### ***Ensuring Client Choice***

All grantees require that an affidavit be signed by clients indicating that they are free to choose their service providers. Three grantees indicated that they also use a client satisfaction survey to confirm the client receives the opportunity to choose their providers. Beyond these paper processes, several grantees have taken additional steps to try to identify situations where potential conflict of interest in the assessment and referral process may, subliminally, influence the choices clients make.

From the results of the first grantee survey, 11 grantees reported that clinical treatment providers are not prohibited from performing assessments for services they render. In the second survey, five grantees reported that they prohibit clinical treatment providers from performing these services. Grantees permitting providers to perform both functions were asked to describe other steps taken to eliminate potential conflict of interest between the assessment and service provision responsibilities.

Other steps taken by grantees to reduce the potential for conflict and choice reduction where providers can participate in the assessment process were

- Documenting client choice in a data system
- Interviewing clients during onsite program audits
- Continuously reviewing assessment and referral patterns
- Verifying assessor has no personal conflict of interest
- Continually monitoring capacity
- Conducting training on techniques for offering clients choice

## **3. Financial Management**

### ***Use of Automated Systems To Issue Vouchers***

During the initial grantee survey, every grantee indicated that vouchers would be or were being issued electronically for at least some ATR services. The grantees then reported implementing these automated processes to monitor the issuance, use, and payment of vouchers. Based on results from the second survey, 15 of the ATR grantees have implemented, or have begun the process of implementing, electronic voucher systems. These systems are important to managing client and payment data, as well as preventing fraud, waste, and abuse.

In the second grantee survey, grantees were asked about operational issues that have arisen with the electronic voucher systems. Nine grantees responded that they had experienced no operational issues, while six others experienced some systems development issues that required modifications to the policy and procedures for the ATR program or the data system itself. The issues identified included

- The provider could inappropriately backdate a voucher request in the system.
- Program policy only allowed assessment providers and care coordinators to request a voucher, but the data system allowed other unauthorized providers to place this request.
- The data system could pay for services in an amount greater than the voucher authorized.
- The system did not manage data entry corrections efficiently.
- The payment system would allow duplicate service entries.
- The prepayment audit capabilities were inadequate.
- The system was not fully implemented.
- The ATR program could not see dates and treatment identifiers.
- A provider could bill before a service was provided.
- Overpayments could occur.
- Duplicate services could be entered into the system.

To address these concerns, adjustments were made to the data systems and to the procedures for staff operations. The more obvious errors were addressed through these modifications, but one or two resolutions were interesting to note. To address the data entry correction issue, data entry staff are not permitted to repair their own errors and the data is batched nightly to prevent other staff from correcting the entry errors; correcting errors is a controlled activity. To address the inappropriate billing issue, the ATR program representative and a representative from the ASO conduct periodic random audits of programs to monitor service provision against payment records.

### ***Payment Requests Requiring Correction***

Twelve grantees responded to the inquiry about the quality of billing requests from providers. The following table presents the grantee responses concerning the percentage of payments requiring correction and followup taken to address the issues:

Grantee	Percentage Requiring Correction	Number Requiring Technical Assistance	Number Requiring Investigation/Enforcement
Grantee A	15	15 percent	0
Grantee B	1	2 percent	1 percent
Grantee C	30	20 percent	3-5
Grantee D	30	50 percent	0
Grantee E	5	16	3
Grantee F	1	1 percent	0
Grantee G	34	65 monthly	3
Grantee H	0	0	0
Grantee I	20	Ongoing	0
Grantee J	5	All that request	0
Grantee K	<2	11	11
Grantee L	16	3	0

Technical assistance played a large part in how the grantees addressed these issues, but inadvertently it raised some points about the grantees' payment systems and the ability to preclude payment of inappropriate invoices. Although most of the grantees felt that no enforcement action was required beyond providing technical assistance to the providers, a few interesting suggestions were made about future steps grantees would take to address payment issues:

- Monitor billed but not-yet-paid services
- Disallow payments for services without or beyond the voucher authorization
- Monitor authorization exceptions/lapsed authorizations
- Ensure service is performed by an enrolled provider site

### **Retrospective Reviews**

Six grantees reported performing some retrospective reviews by the date of the second grantee survey. The grantees and number of reviews conducted are as follows:

Grantee	Number of Retrospective Reviews
Grantee A	15 percent
Grantee B	2
Grantee C	20
Grantee D	11
Grantee E	12
Grantee F	11

The reasons grantees gave for conducting these reviews were concerns about the billing system practices, appropriate backup documentation, and providers billing for clients who were not admitted—and in two instances, the grantees' concerns warranted performing an audit of the agency's records.

The survey responses indicated that when a complaint of any kind was reported to the ATR grantee, an investigation was conducted immediately.

## 4. Management Report Activities

### *Management Report Activity*

By the second grantee survey, eight grantees reported that their data systems were capable of doing either monthly or quarterly management reports to help manage the ATR program and identify trends suggesting fraud, waste, and abuse may be occurring. A table showing grantees and their reporting capabilities is below.

Grantee	Monthly	Quarterly	On Demand
Grantee A		•	
Grantee B	•	•	
Grantee C	•		
Grantee D	•	•	
Grantee E	•		
Grantee F	•		•
Grantee G	•		
Grantee H	•		

Grantees have used their reports to

- Identify payment and utilization trends
- Determine data entry compliance
- Assess providers that have a higher rate of retained clients
- Identify the percentage of ATR clients that are participating in RSS programs
- Monitor placements and vouchers, and assess the variety (or lack thereof) of referrals being made
- Monitor use of the most appropriate funding source
- Monitor client choice

Based on reports and their capabilities to identify issues, grantees have reported that they have met with providers to: (1) verify clients are offered a choice of providers and that the documentation is present to confirm that choice; (2) provide technical assistance to treatment providers on referring to and creating RSS vouchers; and (3) hold discussions with assessors regarding expansion of service options. In no instances did any of the grantees report that any privileges were denied as a result of the report functions.

## ***Crosschecking Management Reports With Client Information***

Because some of the grantees are struggling to implement and or improve both their payment data systems and their GPRA/client data systems, fewer grantees responded to questions about crosschecking information within both systems to ensure accuracy and identify performance issues. At the time of the second grantee survey, six grantees responded that it was possible for them to check information across systems (two grantees have one system that includes both fiscal and client data). Although most grantees reported that there were no concerns identified through this process, a few grantees noted that the process has afforded them an opportunity to

- Perform fraud prevention and not delay payments too greatly
- Identify that housing clients sometimes leave before the end of an authorization
- Identify process issues and provide technical assistance
- Perform pre-payment audits on each invoice and investigate the identified issues

## **C. Case Studies**

Three case studies have been developed to help new grantees identify potential fraud, waste, and abuse issues that should be addressed while developing policies and procedures. The case studies describe the experiences several Round One ATR grantees had in formulating policies and procedures including identifying pitfalls to avoid, as well as carrying out monitoring efforts in each of the selected grantee's fraud, waste, and abuse program.

### **Case Study Number 1**

#### ***Background***

In the first case study, the grantee administers its ATR grant voucher process through a contract with an ASO. The ASO maintains a data system and processing invoices and reimbursement to providers of services. The contract the grantee negotiated with the ASO provided a limited number of reports but, unfortunately, with experience in the program, the grantee realized that the limited number of reports included in the contract were not sufficient to address all the needs the program had for management information. Consequently, the grantee tried to build alternative capacity by tasking the treatment coordinator to provide oversight of the grantee's fraud, waste, and abuse policies.

In supplementing the limited data capabilities available from the data system, the treatment coordinator incorporated the process of manually reviewing requests for payments from providers. Two of the primary foci have been reviewing invoices for service provision against both previous months' billing trends and comparing services billed against the capacity identified in enrollment documentation for the particular provider.

## **Issues Identified**

During one of the treatment coordinator's monthly invoice reviews, a situation was identified in which the invoice was much higher than the previous months' averages. Along with that concern, the invoice appeared to state that the services provided during the month exceeded the capacity identified when the provider enrolled into the ATR program.

The grantee's program is implemented in certain areas of the State and, although State regional staff traditionally implements the various State public programs on a local basis, the grantee staff at the central office manages the ATR program in consultation with the local staff. The treatment coordinator conferred with the regional program administrator, who confirmed the treatment coordinator's suspicions that the circumstances warranted a site visit to review the background information available only at the provider level. In the interim, the ATR treatment coordinator placed a moratorium on new admissions into the program until the issues were resolved.

At that point, the ATR director was advised, and the State auditors were asked to participate in an onsite review of the provider records. It is the grantee's policy not to share the outcome of investigations or audits with providers immediately onsite, as the program does not want to ignite a confrontational situation. It also allows the State agency an opportunity to clearly identify its future course of action. Following consultation with the ATR program director and the SSA director to explain that the treatment coordinator's suspicions were confirmed—the provider was billing for services for which they had not produced documentation, and the provider did not have the capacity to provide the number of services it reported—the SSA director directed the grantee staff to contact the State's Inspector General Office. The staff was also asked to make appropriate adjustments to the provider's billing as payment had already been made for some earlier services.

Identification of the overbilling issue was only the tip of the issues that the ATR staff found as they began to investigate the situation. As a result of monitoring of invoices and the onsite investigation, the treatment coordinator identified that two of the services provided through the provider agency (a therapeutic community) were not according to expectations: (1) employment coaching is a one-on-one ATR service designed to individually assist a client in developing a resume and interviewing skills, but the provider appeared to have billed these services as group sessions, billing for services to 50 people in an hour; and (2) the qualifications of the individuals providing group support counseling were often found to be inappropriate. It was learned that some leaders of these group sessions were actual clients receiving ATR vouchers.

When serious communication began with the provider's management about the inappropriate billing, there was a "falling out" between the owner and the director of the provider agency as to who received any outstanding ATR funds owed the provider agency and who was responsible for any payback that may be due to the ATR program. Further, when the ATR program initiated its investigation and stopped payment of the initial invoice identified the issues, the provider began to apply significant political pressure on the ATR program by either writing or calling the Governor's office, the SSA director, the CSAT's Government Project Officer, and the ATR director, trying to get enrollments and payments resumed.

## **Outcome**

The grantee ultimately made the changes in its relationship with this provider. The provider was

- Removed from the employment counseling provider list
- Placed on a moratorium for support counseling service, primarily because of the ownership issues that surfaced and issues with management of the program (the director has resigned, but a replacement has not yet been named)
- Continued as a qualified provider of other eligible services
- Offered a settlement payment of approximately \$14,000 (the initial billing was for approximately \$56,000 with approximately \$42,000 disallowed)

Ultimately, the ATR program revised some of its service provider criteria and fraud-, waste-, and abuse-monitoring actions. Employment coaching was removed from the services for which substance abuse therapeutic communities were eligible to provide, deferring these services to providers serving the general public on a professional basis. Second, the ATR grantee is now monitoring employment qualifications and applications for persons providing certain services. Last, the grantee has identified that in its monitoring and enforcement efforts, it needs to be consistent and swift in taking action when a problem is identified.

## **Case Study Number 2**

### ***Background***

The second grantee, as in the first case study, contracts with an ASO to assist in managing their voucher program. The ASO operates a data system tracking voucher issuance and service provision, and assists both the grantee and the provider by downloading the detailed monthly service and billing information to the grantee, and generating an invoice that the provider must review and certify as accurate in order for the grantee's comptroller office to issue payment.

Also as the first case study indicated, the grantee has established manual procedures that grantee staff perform in order to monitor the system for fraud, waste, and abuse. This particular grantee assigned these responsibilities to an individual who has a background in provider licensing and monitoring, as well as in-depth knowledge of many of the provider programs. This individual is directly involved with approving applicant providers' participation in the ATR program. As a result, prior knowledge and experience in the substance abuse services field is enhanced by exposure to the capabilities of the providers interested in providing RSS services.

On a financial level, the ATR staff monitor reviews approved provider invoices (invoices are not detailed) against the service information provided by the ASO in its download for billing patterns and trends, especially for spikes in a particular service or service levels as a whole (total billing), billing for services that are different from the usual monthly invoice, and to check whether the service level billed for a certain day is within the capacity previously identified (staffing issues). The grantee staff also responds to complaints, which are usually substantiated. When an issue is

identified through the monitoring process or a complaint, the grantee staff goes onsite to investigate the alleged circumstances.

The grantee's monitoring staff also processes provider applications for participation in the ATR program. Close scrutiny of these applications may provide insight into a potential problem with that provider's management configuration, style, or qualifications of its staff.

### ***Issues Identified***

Through the monitoring efforts described above, the grantee has uncovered several fraudulent or abusive situations what may be of interest to new grantees. While performing a monthly invoice review, the monitor identified that a provider's monthly invoices were spiking—rising from approximately \$28,000 to \$60,000, and then to \$100,000. In addition, a complaint about service provision was received. The grantee staff went onsite at the provider's facility and verified that the services had not been provided as billed (e.g., 60 individual sessions were billed in 1 hour by one staff person on 1 day). Ultimately, over a 6-month period, the provider had submitted inappropriate client service data (which was incorporated into the invoice submission and approval process) for between \$200,000 and \$300,000. The investigation determined that the service provider was billing the ATR program for services provided in a sister program that had not applied nor been accepted to become an ATR provider.

In a separate incident, the grantee received an application to become an enrolled provider by a medical doctor trained in neurology and psychiatry. The application requested approval to perform assessments, and it disclosed that the individual has been convicted of insurance fraud and had served time in prison. The application was placed on hold until the ATR program performed a thorough investigation on the disclosure.

### ***Outcome***

The provider that was billing for services provided by an unenrolled facility was paid a visit by the State's auditors who could not substantiate that the services were being provided at all. The program director was terminated. Following the disallowance of the billings that were not documented, the ATR program worked with the board of the provider agency, as it had been a very reputable corporation. The grantee continues to monitor the provider's billings very closely to make sure the clients are getting the services that are intended. Phone calls to the provider and unannounced site visits are also conducted.

The assessment applicant was ultimately enrolled as an assessment provider after a denial until the ATR grantee was able to check with the medical board to ensure that the physician's license was in good standing. When the applicant was informed that he was included on both the Federal debarment list and the Federal exclusion list, he asked the ATR program to give him an opportunity to clear his name, which he did. Following verification that he had been cleared, the ATR program permitted the physician to participate in the ATR program. The grantee staff reported that the physician disclosed the criminal conviction (versus trying to hide it to pass more easily through the enrollment process), and did everything asked of him to clear any debarments. The ATR staff monitors this situation very closely as well to ensure that there is not

an opportunity to commit a fraudulent act. The provider is also restricted to assessments only; he cannot provide any treatment services where he could profit from his assessment functions.

The grantee's staff strongly encourages grantees to verify professional standing for anyone who is licensed or certified when making application to participate in the ATR program. This can be accomplished through the medical board for licensed physicians, or through State or independent certification boards. The staff feels that the opinion of the governing body provides a strong level of support in identifying professionals who do not have clients' best interests in mind.

## **Case Study Number Three**

### ***Background***

Because the grantee was operating the statewide ATR program without the enhanced capabilities of its new data system, the program relied heavily on eligibility reviews, site visit billing reviews, and monitoring of standard business procedures to detect fraud, waste, and abuse in its program. The onsite monitoring reviews check to ensure that the provider's billings are documented in case notes, are accurately billed, and do not exceed the authorized level of care under the particular voucher. The grantee anticipates that with the addition of the tools the new data system will provide, it will be able to identify additional areas that are suspect for potential fraudulent behavior.

To conserve staff and travel resources, onsite monitoring visits are scheduled around sections of the State, and the site and coverage selection is a standardized process. In the initial data system, the ATR program could identify billings for a certain period of time and take a sample of these transactions for review. The review may be on all or a specific number of the billings for the provider. The program monitor then checks the client record against the billing record from the electronic system and ensures that there is adequate documentation to support the claim.

The data system is used to monitor providers that bill for the same level of services for each of their clients and to identify if clients enrolled at a particular program are getting the same services as every other client. The third area the grantee investigates is which clients are receiving the full authorization of RSS. When the program began making site visits, the providers with the most billings received priority, followed by the newer providers where more errors of omission may be the rule.

To attempt to reduce the propensity of abuse, waste, or fraudulent behavior, the grantee instituted pre-approval investigations on many of its service provider types. Requirements to participate in the ATR program include having a current fire inspection and an occupancy permit/proof of zoning. The ATR program also performs background checks on staff in the faith-based and community-based organizations. Site visits are always made to the facilities providing housing and many other service types as well, but the program is concerned about getting to all the sites. To accomplish this, the ATR program enlisted the help of a faith-based organization (FBO contractor) to help with credentialing of all faith-based programs. The SSA is the final authority, but the FBO contractor obtains the basic data for a packet of information about the program and visits program sites in a particular section of the State. The FBO contractor also conducts a

training session that devotes a day to ATR procedures that providers need to follow to participate in the program.

### ***Issues Identified***

Although this case study was included more for the preventative processes that the grantee implemented to try to detect potentially fraudulent situations before they became entrenched, the grantee did learn that many of their site visits resulted in identification of some services being billed inappropriately with significant amounts of funds being recouped. Many of these billing situations occurred as a result of misinterpretation of the service category definitions, and the site visits were used to provide technical assistance in clarifying the appropriate billing category and rate. The grantee did, however, uncover some more serious situations. One site was found to have billed approximately \$23,000 in undocumented services, and they continued to overbill voucher caps. This situation was identified when the ATR program investigated billed services which exceeded the capabilities of the program's limited staff.

Another potential fraudulent situation was identified that resulted in the suspension of the service provider. The residential service provider had been investigated earlier by the FBO contractor as a result of a complaint. Following the initial investigation, the ATR program received another complaint from a counselor from a nearby clinical provider who had visited the RSS program. A list of problems was identified, including that the particular site did not have approved zoning and the client records were inadequate to support the services that were billed.

### ***Outcome***

In the first example presented above, the grantee was successful in taking steps to recover the funds that were inappropriately overbilled. In the situation where the grantee responded to a complaint about care issues, the ATR program suspended the credentials for the program, told the agency that the ATR program was not paying for the clients who are still in the facility, and the program was required to pay \$20,000 in restitution. Following the ATR program investigation, a contact was received from the Social Security Administration asking for information about the residential agency, and further investigation was anticipated.

The main lesson grantees can learn from this case study experience is that often it is the preventive activities that will help ward off potentially more serious fraudulent behaviors. The grantee established procedures for more scrutiny of providers it did not have a track record of working with in the past to make every attempt to keep unscrupulous providers from enrolling in the program.

## **D. Analysis and Recommendations**

### **Overall Patterns or Themes**

The grantees faced many challenges relating to fraud, waste, and abuse prevention as they implemented their ATR proposals—some they anticipated, and many they did not. Most of the grantees recognize that they need to have data systems that are responsive and proactive in managing voucher issuance, invoice processing, client tracking, and financial management.

Many did not have systems or access to systems that could handle these tasks prior to receiving their grants. Using vouchers to pay for services is atypical for the public substance abuse system, and the grantees, particularly those in State systems, are very familiar with contract management, but not voucher management. It is difficult to envision all the nuances that, in hindsight, are recognized as vital to preventing fraud from occurring in their programs. Several of the grantees are still adapting their data systems to identify potential areas of fraud, waste, and abuse. Many fraudulent and wasteful activities can be identified through thoroughly strategizing systems and procedures.

The initial fraud surveillance efforts identified relatively insignificant program issues that were remedied by technical assistance to providers or with policy and/or procedural changes. This is encouraging because the programs did not see huge numbers of clients immediately or involve large numbers of providers during the initial phase. Over time, the numbers of providers and clients increased and grantees started to see issues that were not as easily detected or remedied, such as a non-enrolled branch of an enrolled provider organization conducting assessments, but billing under a branch that was an enrolled participant. Other issues noted included identifying sites where services are not being provided in accordance with enrollment expectations and determining that unscrupulous organizations were attempting to elicit inappropriate donations from clients who were enrolled in the ATR program. Following each grantee survey and monthly report, more sophisticated attempts at fraud, waste, and abuse were identified. Subsequently, some grantees developed the systems and skills to address these affronts.

Although several ATR grantees have exhibited success in identifying and remedying early indications of fraud, waste, and abuse, some appear to have put little effort into fraud prevention. The lack of responsiveness to requests for copies of written policies, responses to the survey on activities, and monthly reports tend to support that possibility.

## **Prevention Models or Strategies That Work Particularly Well**

It is obvious from the grantees' survey responses and monthly reports that there is a need to concentrate on all major areas of fraud prevention—program integrity, providers, financial management, and management report activities—to identify and stop fraudulent activities from occurring. Prevention begins with development of solid policies and procedures, but it cannot end with documentation alone. Conversely, prevention surveillance cannot take place without policies to guide these efforts. One grantee developed their policies around defining, reporting, investigating, preventing, and detecting fraud and abuse. Another ATR program site developed a substantive fraud and abuse compliance plan.

Further, development of data systems that are solid enough to filter out inappropriate behaviors and to develop reports that track performance (or the lack thereof) are critical to letting program providers and clients know that the data system can identify inappropriate behavior, and staff can take immediate and appropriate action when the program's policies are breached. Although it is not possible to assess the capacity of each grantee's data system to detect and/or prevent fraud and waste from the surveys, it appears that one grantee's system has been able to identify providers with outlier billing practices that warranted additional scrutiny of their billing practices.

Representatives of the ATR program should be reviewing provider documentation, such as checking to see if case notes are present to match the billings, making sure care meets the ATR program standards, and confirming that clients have signed into the facility on the day that they were to receive services. Several grantees reported doing significant work on performing random site reviews and desk audits. Both providers and clients also need to see the ATR program take appropriate action to enforce the program policies and procedures to ensure that the providers live up to the program's expectations.

An appropriate level of staff adequately trained to identify inappropriate behaviors is essential. Several grantees have recognized the need to increase staff resources during Year 2 of the ATR grant cycle to perform fraud prevention activities. Identifying fraudulent or wasteful behaviors is not always easy, so staff need to receive training on what to look for at various levels of service provision and program management.

## **Concerns and Recommendations**

In analyzing the responses from the various surveys, it appears that many of the ATR grantees do not have a thorough plan for identifying fraudulent and/or wasteful behaviors. Eight grantees have responded to CSAT's request for copies of written policies and procedures, but seven have not provided this information. Of the eight responses, few appear to have a good understanding of the concepts needed to address inappropriate behaviors. Fraud prevention is not just making sure clients sign an affidavit affirming that they were given a choice of providers. Many other opportunities for fraud and waste occur beyond this relatively simple approach. The factors identified earlier that make the ATR program unique—vouchers, choice, expanded services to include RSS, inclusion of faith-based and community-based providers in the service network, creation of systems to manage voucher issuance and billing, etc.—are the factors that require time to become expert in their use. The development of a voucher management data system is but one example. It is highly unlikely that the first attempt to develop such a system would address everything necessary to identify breaches in fraud, waste, and abuse policy. It is evident that many of the grantees have made significant progress in developing data systems, are making site visits to monitor provider services and review billing documents, checking for duplicate payments, and are responding to complaints they are receiving, but without significant evidence in the grantee's monthly reports or the fraud activities survey, it is difficult to determine whether sufficient effort to safeguard against fraud is occurring.

The blanks or responses stating “the information is not collected” that appeared on grantee surveys raise concerns about whether appropriate fraud surveillance is occurring. For example, when only 3 of 15 grantees responded that they have investigated anything related to client participation, such results are either remarkable (12 ATR programs have such tight policies and procedures that inappropriate client behavior is controlled and will not occur), or dubious given the number of clients that have been served through all of the ATR programs to date.

After the second survey responses were returned to CSAT, several significant instances involving different ATR programs were reported in which fraudulent behavior was identified and investigated. One grantee identified outliers in provider billing practices compared to other service providers, and the provider identified as the highest billing agency among all providers in the past 6 months was audited. Preliminary findings indicated that the provider will have to pay

restitution to the grantee due to lack of supporting documentation for the majority of services billed to the ATR program. Another grantee, while reviewing a provider application, discovered that the applicant, a licensed psychiatrist, was on probation for insurance fraud and had been sentenced to imprisonment for 8 years for involvement in a conspiracy to defraud insurance companies and their client employers of more than \$30 million of workers compensation benefits. Although the individual's license was reinstated, he was on probation and is excluded from receiving Federal funds per the Office of Inspector General, Department of Health and Human Services, until his debarment was cleared. These are wake-up calls to all ATR grantees that similar situations can occur in each of the programs, and only their diligence and attention to the potential of fraud and waste can appropriately manage this risk to valuable program resources.

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**Appendix A.**  
**Initial Grantee Survey on Fraud, Waste, and Abuse, April 2005**

April 20, 2005

Dear Access to Recovery Grantee,

SAMHSA is requesting information for two purposes related to the Access to Recovery (ATR) program. First, this letter serves as a request for information regarding fraud, abuse, and waste CSAT needs in order to administer the ATR program. Second, the request contains examples and other information that may facilitate Grantees' efforts to monitor their ATR grants.

*Attachment A* contains several questions about the policies and procedures Grantees may have adopted to address fraud, abuse, and waste in the ATR program. Some questions are based on procedures Grantees suggested in their grant applications. Other questions reflect approaches commonplace in the health insurance industry. We expect adopted approaches to vary due to the unique circumstances of each Grantee. We estimate that Attachment A may take 15 minutes to complete.

*Attachment B* addresses the supplantation and supplementation of ATR funds. The first part provides pertinent examples and solicits Grantees' comments about these examples. The second part contains several questions related to the management designed to prevent supplantation. Attachment B may take 10 to 30 minutes to complete, depending on the Grantee's comments.

CSAT has asked its Performance Management Technical Assistance Coordinating Center to collect, review, and analyze Grantees' responses to the two attachments. Please complete and send both to Paul Grimaldi at pgrimaldi@jbs1.com by **May 2, 2005**.

If you have any questions regarding this request, please contact me at 240-276-1575.

Sincerely,

Andrea Kopstein, Ph.D.  
ATR Program Manager

Attachment A: Fraud, Abuse, and Waste  
Attachment B: Supplantation Versus Supplementation

## Attachment A

### Fraud, Abuse, and Waste

#### I. Definitions

As a condition of award, ATR grantees assured SAMHSA that they would implement and enforce strategies to prevent, detect, and remedy fraud, abuse, and waste in the ATR program. These terms may be defined as follows:

**Fraud** involves an intentional deception or a representation that an individual either knows is false or does not believe to be true. The individual hopes to benefit personally or is making the representation for the benefit of a third party. *Examples* include a provider who knowingly bills for services that were not rendered, bills multiple times for the same service, or bills for more costly services than were furnished; a provider who misrepresents his or her qualifications or bills for services furnished by unqualified staff; and a client who permits another person to use his or her voucher or sells drugs or supplies that were provided for the client's treatment needs.

**Abuse** involves provider actions that contradict sound clinical, financial, or business practices in a way that harms clients or increases program costs unjustifiably. Abuse also includes client behaviors that generate waste or unnecessary costs. *Examples* include a provider who furnishes services that are no longer necessary or are inappropriate for the client's condition, and a client who repeatedly changes providers for inappropriate reasons.

**Waste** occurs when services are not rendered or client outcomes are not achieved in a cost-effective manner. Waste may be attributable to fraud or abuse. *Examples* include a provider who renders more services or more costly services than the client's condition warrants, or knowingly does not bill Medicaid, Criminal Justice, or other primary payers for substance abuse services.

## II. Questions

Please answer these questions based on the current circumstances of your ATR program.

Name \_\_\_\_\_ Grantee/State \_\_\_\_\_  
Title \_\_\_\_\_ E-mail \_\_\_\_\_  
Telephone No. \_\_\_\_\_

### 1. Program Integrity

- Have written policies and procedures been prepared that focus on the prevention, detection, and remediation of fraud, abuse, and waste in the ATR program?

Yes                       No

*If yes, please attach a copy of these policies and procedures.*

- How much has been or will be budgeted for the prevention, detection, and remediation of fraud, abuse, and waste in the ATR program?

Budgeted amount—Year 1    \$ \_\_\_\_\_  
Budgeted amount—Year 2    \$ \_\_\_\_\_  
Budgeted amount—Year 3    \$ \_\_\_\_\_

- Has dedicated staff been assigned managerial responsibilities for the prevention, detection, and remediation of fraud, abuse, and waste in the ATR program?

Yes                       No

*If yes, please indicate the names and titles of assigned staff.*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- For the past two years combined, how many suspected cases of fraud or abuse has the Single State Agency referred for investigation?

Providers                      \_\_\_\_\_  
Clients                            \_\_\_\_\_

- Will clients be furnished with a hotline to report potential fraudulent or abusive situations?

Yes                       No

- Do the provider and/or client eligibility criteria for the ATR services differ from the criteria for similar services offered under other programs—e.g., Bock Grant, TANF, and Youth and Family Services?

Yes (please explain) \_\_\_\_\_  
 No

## 2. Providers

- Are providers of recovery support services, including faith-based organizations, required to meet licensing, certification, or other credentialing requirements in order to participate in the ATR program?

Yes                       No

- Will providers be required to report changes in ownership status or key personnel?

Ownership status     Yes             No  
Key personnel         Yes             No

- Will onsite visits be conducted to verify that new providers are bona fide operations staffed to furnish quality services to ATR clients?

Yes                       No

- Will periodic onsite reviews be performed to assess the quality of care provided?

Clinical treatment providers     Yes             No  
Recovery support providers       Yes             No

- Are providers prohibited from doing assessments for services they render?

Clinical treatment providers     Yes             No  
Recovery support providers       Yes             No

## 3. Financial Management

- Will vouchers be issued electronically or in paper copy?

Electronic             Yes             No  
Paper                     Yes             No

- Have automated processes been implemented to monitor the issuance and use of vouchers?

Yes                       No

- Will pre-payment edits be used to verify that providers are paid only the established rates for authorized services rendered to eligible persons?

Yes                       No

- Will periodic post-payment or retrospective reviews be conducted to identify paid claims or invoices that warrant further analysis?

Yes                       No

- Will a provider's billing identification number be cancelled automatically if the provider does not bill for services after a stated time period elapses?

Yes                       No

- Have procedures been implemented to recover erroneous or inappropriate payments to providers?

Yes                       No

- Will onsite audits be performed to verify the accuracy and appropriateness of the claims or invoices that ATR providers submit for payment?

Clinical treatment providers     Yes             No  
Recovery support providers     Yes             No

- Have procedures been implemented to bill TANF, Medicaid, and other third parties for substance abuse services that ATR clients receive but are the financial liabilities of other programs?

Yes                       No

#### **4. Management Reports**

- Will periodic reports (e.g., monthly or quarterly) be produced that enable the Grantee to document and monitor whether clients have been afforded and exercised freedom of provider choice?

Yes                       No

- Will monthly or quarterly reports be produced that enable the Grantee to monitor referral patterns for individual providers?

Yes                       No

- Will monthly or quarterly reports be produced that enable the Grantee to compare—for each provider—the services that were authorized with the services that were rendered?

Clinical treatment providers     Yes     No  
Recovery support providers     Yes     No

- *By level of care*, will monthly or quarterly reports be produced for the ATR program that show (1) the number of clients served, (2) the total amount paid for services, and (3) the total number of services provided?

Clients                     Yes                     No  
Payments                 Yes                     No  
Services                  Yes                     No

- *By level of care*, will monthly or quarterly reports be produced for the ATR program that show the (1) average amount paid per service and (2) average number of services per client?

Average payments     Yes                     No  
Average services       Yes                     No

- *By provider*, will quarterly reports be produced for the ATR program that show (1) the number of clients served, (2) the total amount paid for services, and (3) the total number of services provided?

Clients                     Yes                     No  
Payments                 Yes                     No  
Services                  Yes                     No

## **Attachment B**

### **Supplantation Versus Supplementation**

#### **I. Examples**

As the ATR grant program requires, each Grantee has assured SAMHSA that ATR funds would be used to supplement, and not supplant, current funding for substance abuse clinical treatment and recovery support services in the State.

Several Grantees have asked CSAT for examples of supplantation and supplementation of ATR funds. The examples below assume that 2004 is the base year and 2005 is the first full ATR year. All payments are assumed to be made in the year in which services are rendered.

#### **A. Examples of Supplantation**

- Substance abuse services that the Grantee purchased with State general funds in 2004 are purchased in 2005 with ATR funds.
- Substance abuse services that the Grantee purchased with Block Grant, TANF, Medicaid, Mental Health, Criminal Justice, Juvenile Justice, Youth and Family Services, School Board, Drug Court, or other funds in 2004 are purchased in 2005 with ATR funds.
- Substance abuse services that were purchased with County or other Local funds in 2004 are purchased in 2005 with ATR funds.
- In 2005, providers unbundle substance abuse treatment services and are paid a combined amount that exceeds the amount paid in 2004 for essentially the same set of services.
- The Grantee uses the same eligibility criteria and/or assessment centers to provide clients with substance abuse services. This translates into a decline in non-ATR funds spent for substance abuse services.
- The arrival of ATR funds is matched by a significant shift in utilization patterns for non-ATR clients, causing a reduction in spending for substance abuse services furnished to non-ATR clients.

#### **B. Examples of Supplementation**

- The Grantee increases the aggregate amount spent for substance abuse services by at least the amount of its ATR grant, causing a proportionate increase in capacity and/or the number of services provided and/or clients served.



- Do the policies and procedures contain examples that differentiate between Supplantation and Supplementation?

Yes                       No

- Has the Grantee determined the amount spent for substance abuse services for the fiscal year preceding the ATR Grant award? This is the “ATR Maintenance of Effort” amount that the Grantee must reach in order to demonstrate that no other funds have been replaced with ATR funds.

Yes                       No

- Is the “ATR Maintenance of Effort” amount broken down program by program (e.g., Block Grant, TANF, Medicaid, Mental Health, or Criminal Justice, Juvenile Justice, Youth and Family Services, School Board, and Drug Court)?

Yes                       No

- Does the “ATR Maintenance of Effort” amount represent budgeted or actual spending?

Budgeted	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Actual	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- Was the “ATR Maintenance of Effort” amount calculated on a cash or an accrual basis?

Cash	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Accrual	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- Are details and supporting documentation available for the calculation of the “ATR Maintenance of Effort” amount?

Yes                       No

- Has a determination been made as to whether individual providers have the capacity to serve ATR clients without displacing non-ATR clients?

Yes                       No

- *For the year before ATR is implemented, are the annual number of clients and total amount paid for substance abuse services available for each of the following programs: Block Grant, State General Funds, TANF, Medicaid, Mental Health, or Criminal Justice, Juvenile Justice, Youth and Family Services, School Board, Drug Court, and ATR?*

Clients	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Payments	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- *For the years after ATR is implemented*, will the annual number of clients and total amount paid for substance abuse services be available for each of the following programs: Block Grant, State General Funds, TANF, Medicaid, Mental Health, or Criminal Justice, Juvenile Justice, Youth and Family Services, School Board, Drug Court, and ATR?

Clients	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Payments	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- *By level of care*, will the annual number of clients and total amount paid for substance abuse services be available for each of the following programs: Block Grant, State General Funds, TANF, Medicaid, Mental Health, or Criminal Justice, Juvenile Justice, Youth and Family Services, School Board, Drug Court, and ATR?

Clients	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Payments	<input type="checkbox"/> Yes	<input type="checkbox"/> No

- *By level of care*, will the annual number of clients and total amount paid for substance abuse services be available for clients who receive ATR services alone?

Clients	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Payments	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Appendix B**  
**Second Grantee Survey on Fraud, Waste, and**  
**Abuse Prevention Activities Survey, February 2006**



**Fraud, Waste and Abuse Prevention Activities Survey  
February 2006**

**INSTRUCTIONS:** Please use brief narratives, or counts where indicated, to answer each of the questions below as they relate to your ATR program. Expand the space as necessary for your response(s). Definitions of fraud, waste, and abuse are appended at the end of the survey. Reference Timeline: Inception of your ATR program through February 28, 2006, unless otherwise stated.

**1. Program Integrity**

- a. Describe the types of activities staff assigned to fraud prevention have undertaken since the beginning of your ATR grant program. Include in the narrative whether investigations and/or enforcement actions have been taken and the outcome(s) of these investigative actions. Relay a brief narrative on the type of fraud investigation that was most significant (e.g., most common, largest impact, greatest concern) to your ATR program.

<u>Activity</u>	<u>Investigation/Enforcement Action</u>	<u>Outcome</u>
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**Describe Most Significant Type of Investigation:**

- b. If your ATR program utilizes a hotline for clients to report a potential fraudulent or abusive situation, were any suspicions reported? If so, how many potential fraudulent acts were reported, were they investigated, and what were the outcomes?

**Number of Potential Fraudulent Acts Reported** \_\_\_\_\_

**Number Investigated** \_\_\_\_\_

**Describe Specific Events and Outcomes:**





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- c. Were any investigations of clients conducted within your ATR program? Please describe the concerns being addressed and the outcomes, and indicate which concern was most often identified.

**Number of Client Investigations** \_\_\_\_\_

**Reason for Investigation**

**Outcomes**

- d. What was the total amount of ATR funds spent on fraud prevention activities during Year 1 of the grant? If these funds were supplemented with other “in-kind” services, please explain.

**Total Amount Year 1** \_\_\_\_\_

**Describe In-kind Services:**

- e. Have there been any changes to your ATR program’s budget for fraud prevention from that reported in the earlier (April 2005) survey? If yes, please update the budget amounts for Years 2 and 3, explaining the reasoning for these changes and how the changes will affect the level of effort initially proposed.

**Year 2**      **Fraud Prevention Budget**      **Reason for Change and Effect**

**Year 3**

- f. How many staff positions are currently dedicated to fraud prevention? If the number of staff dedicated to fraud prevention has been revised since the previous survey, please describe the changes and the reasoning behind the modification.

**Current Number of Fraud Prevention Positions** \_\_\_\_\_

**Number of Filled Positions** \_\_\_\_\_

**Describe Reasons for Modifying Fraud Prevention Staff Allocation:**





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**2. Providers**

- a. How many onsite monitoring reviews have been conducted to assess adequate accounting and billing capabilities, and what fraud prevention issues were identified? Please describe the issues identified and the results of the investigations, and indicate which was most frequently identified.

**Number of Onsite Monitoring Reviews** \_\_\_\_\_

**Fraud Prevention Issues Identified**

**Results of Investigation**

- b. How many onsite visits were conducted with **new** providers (i.e., providers you've not worked with previously) to verify that the operations are staffed appropriately to furnish quality services? Of these numbers, identify how many providers received technical assistance or were not eligible to participate in your ATR program. Describe the most frequent technical assistance provided.

**Number of Onsite Visits to New Providers** \_\_\_\_\_

**Number Receiving TA** \_\_\_\_\_

**Number Deemed Ineligible** \_\_\_\_\_

**Most Frequent Technical Assistance Provided:**

- c. When a provider is conducting both initial assessments and treatment and/or recovery support services, what steps has the program taken to determine if the client is offered and can freely choose from an adequate number of provider choices for treatment and/or recovery support services?

**Describe Steps:**





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**3. Financial Management**

- a. Have any operational issues arisen from the electronic voucher system implementation that may impact your ATR program’s ability to identify and/or prevent fraud? If so, describe what they are and how has the program addressed these concerns.

**Operational Issue**

**Resolution**

- b. Have any potential instances of fraud, waste and abuse been identified by automated processes implemented to monitor issuance and use of vouchers? If so, please explain what the circumstances were and how the program resolved these issues.

**Potential Instance Description**

**Resolution**

- c. Please identify the average percentage of payment exceptions identified during the pre-payment edit process that required corrections, the number requiring technical assistance to providers, and the number identified as requiring some sort of investigation and/or enforcement action. If an enforcement action was required, please describe the context and outcome of these actions.

**Average Percentage Requiring Correction** \_\_\_\_\_

**Number Requiring TA** \_\_\_\_\_

**Number Requiring Investigation/Enforcement** \_\_\_\_\_

**Context and Enforcement Action**

**Outcome**





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- d. How many retrospective reviews have been conducted to identify paid claims or invoices that warranted further analysis? If the reviews identified fraudulent concerns, describe the investigative and/or enforcement actions and their outcomes.

**Number of Retrospective Reviews** \_\_\_\_\_

<u>Fraudulent Concern(s) Identified</u>	<u>Investigation/Enforcement Action</u>	<u>Outcome</u>
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- e. Has it been necessary for your ATR program to recover erroneous or inappropriate payments from providers? If so, please identify the number and reasons for these recoveries. If recovery has not been possible, what were the circumstances and actions the program has taken to keep this type of payment from occurring in the future?

**Number of Erroneous Payments** \_\_\_\_\_

**Describe Reason(s) Recovery was Necessary:**

**Describe Non-Recovery of Payment Instances and Subsequent Actions:**

**4. Management Report Activities**

- a. Are monthly or quarterly reports being produced to monitor referral patterns for individual providers? If so, describe what your ATR program has learned from the reports, what actions have been taken to remedy inappropriate referral situations, and whether assessment privileges have been denied for any providers as a result of these actions.

**Reports are Produced:**      **Monthly**\_\_\_\_\_      **Quarterly**\_\_\_\_\_

<u>Report Observations</u>	<u>Actions Taken</u>	<u>Privileges Denied</u>
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- b. Are management reports produced that cross-check or reconcile client tracking information (i.e., GPRA data) with payment data from your accounting system? Please describe fraud prevention concerns identified through this review.

**Describe Identified Concerns:**





## DEFINITIONS

As a condition of award, ATR grantees assured SAMHSA that they would implement and enforce strategies to prevent, detect, and remedy fraud, abuse, and waste in the ATR program. These terms may be defined as follows:

**Fraud** involves an intentional deception or a representation that an individual either knows is false or does not believe to be true. The individual hopes to benefit personally or is making the representation for the benefit of a third party. *Examples* include a provider who knowingly bills for services that were not rendered, bills multiple times for the same service, or bills for more costly services than were furnished; a provider who misrepresents his or her qualifications or bills for services furnished by unqualified staff; and a client who permits another person to use his or her voucher or sells drugs or supplies that were provided for the client's treatment needs.

**Abuse** involves provider actions that contradict sound clinical, financial, or business practices in a way that harms clients or increases program costs unjustifiably. Abuse also includes client behaviors that generate waste or unnecessary costs. *Examples* include a provider who furnishes services that are no longer necessary or are inappropriate for the client's condition, and a client who repeatedly changes providers for inappropriate reasons.

**Waste** occurs when services are not rendered or client outcomes are not achieved in a cost-effective manner. Waste may be attributable to fraud or abuse. *Examples* include a provider who renders more services or more costly services than the client's condition warrants, or knowingly does not bill Medicaid, Criminal Justice, or other primary payers for substance abuse services.



**Appendix C.  
Fraud, Waste, and Abuse Section of Grantee's  
Monthly Report Format**

**Access to Recovery Monthly Status Report**  
(Due within 1 week following the end of each month)

**Grantee:** \_\_\_\_\_

**Reporting Period:** March 1–31, 2006

**A. Providers**

*Please provide an updated version of your provider network list indicating which providers are secular and faith-based. (Submit only if new providers are added this month).*

Assessment providers added in March 2006:

Clinical treatment providers added in March 2006:

Recovery support providers added in March 2006:

**B. Waste, Fraud and Abuse**

B.1. *Identify programmatic monitoring efforts that have taken place this month to prevent or detect waste, fraud and abuse. (Please check all that apply)*

- \_\_\_ Random audits
- \_\_\_ Cross-checking payment systems for duplicate payments
- \_\_\_ Review of provider billing practices
- \_\_\_ Electronic tracking
- \_\_\_ Unique voucher identifiers
- \_\_\_ Client satisfaction surveys
- \_\_\_ Other (If other, describe)

B.2. *Have you detected any incidents of waste/fraud/abuse in the current reporting period?*

Yes \_\_\_ No \_\_\_

a. If yes, how many instances of waste/fraud/abuse were detected?

\_\_\_\_\_

b. If yes, provide text that specifically details how the abuse was detected and specify what actions have been taken to investigate and resolve the situation?

**C. Challenges (Brief Narrative)**

C.1. Identify specific concerns and challenges with respect to GPRA-SAIS reporting.

C.2. Identify any unresolved TA issues.

C.3. Identify specific concerns and challenges with respect to program scope, client systems, provider(s), or service delivery. Describe plans to address them.

C.4. Which goals of your action plan have not been met to date?

C.5. Identify any challenges that delay secular/FBO referrals?