



# **JOINT ANNUAL INTERAGENCY COORDINATION REPORT**

Fiscal Year 2023

# INTRODUCTION

Pursuant to Texas Government Code Section 531.103(c), the Joint Interagency Coordination Report summarizes the collective efforts of Texas Health and Human Services Office of Inspector General and the Texas Office of Attorney General to detect and prevent fraud, waste and abuse in the Texas Medicaid program for fiscal year (FY) 2023. Contributing to the report are:

- **Texas Health and Human Services, Office of Inspector General (OIG)**  
The Office of Inspector General prevents, detects, audits, inspects, reviews and investigates fraud, waste and abuse in the provision and delivery of all Texas health and human services and enforces state law related to the provision of those services.
- **Texas Office of Attorney General, Medicaid Fraud Control Unit (MFCU)**  
The Texas Medicaid Fraud Control Unit investigates allegations of criminal fraud by Medicaid providers and abuse and neglect of Medicaid beneficiaries in a variety of settings including health care facilities funded by the Medicaid program. Upon request by local and federal authorities, MFCU provides prosecution assistance.
- **Texas Office of Attorney General, Civil Medicaid Fraud Division (CMF)**  
The Civil Medicaid Fraud Division investigates allegations of unlawful acts against the Medicaid program to prosecute meritorious civil claims and recover taxpayer dollars.

These three entities recognize the critical importance of collaboration and regular communication in their ongoing efforts to identify and deter fraud, waste and abuse in the Texas Medicaid program. OIG, MFCU and CMF have worked closely to strengthen collaborative efforts and information sharing over FY 2023 through:

- Conducting meetings between the MFCU Director, the Inspector General and key staff from both agencies.
- Engaging in regular meetings between MFCU, the OIG Investigations and Utilization Reviews Division, and the OIG Chief Counsel Division to focus resources and efforts on:
  - Maximizing recoveries while minimizing provider abrasion and duplicative efforts for specific cases under investigation.
  - Identifying unusual provider billing trends and other concerning provider activities.
- Dedicating OIG legal, analytic and investigative resources to support and coordinate MFCU and CMF efforts involving violations of the Texas Health Care Program Fraud Prevention Act and the Federal False Claims Act, and to participate in multistate investigations and settlement negotiations.

# HIGHLIGHTS OF COORDINATION ACTIVITIES

The OIG and OAG are committed to collaboration and coordination in their efforts to identify and deter fraud, waste and abuse in the Medicaid program. These efforts range from the alignment of cross-agency processes to opportunities for management and staff at the OIG, MFCU and CMF to participate in joint training opportunities. In FY 2023 the offices:

- Continued cross-agency processes to recoup provider overpayments when no criminal charges are filed and to deconflict overlapping administrative and criminal investigations, using a “request and response” shared spreadsheet maintained by dedicated OIG and MFCU staff to track evidence requests and process deconfliction requests.
- Ensured timely responses by OIG Investigations and Utilization Review supervisors and MFCU Field Office supervisors to include the scheduling of informal telephone and virtual conferences to discuss the pros and cons of parallel investigations when subject matter overlapped.
- Continued working collaboratively under the current Memorandum of Understanding (MOU) between OIG, MFCU and CMF. The MOU is updated every five years as a federal requirement for MFCUs and Medicaid single state agencies; it governs interagency cooperation and exchanges of information.
- Continued working with OIG points of contact to facilitate access to and review of documentary evidence in possession of the OIG by criminal investigators and prosecutors from MFCU.
- Continued sharing the MFCU closed case report with the OIG to assist in identification of the correct provider when restitution checks are received from court agencies that reference only a single defendant name.
- MFCU coordinated and made use of assistance from the OIG when requested data responses from Managed Care Organizations (MCOs) were not received within the agreed time frame.
- Participated in joint meetings with the MCO Special Investigative Units (SIUs) and the Texas Fraud Prevention Partnership (TFPP). The focus of these collaborative efforts is to coordinate among the OIG, MFCU and Medicaid health maintenance organizations and dental managed care organizations in conducting investigations to deter fraud, waste and abuse. The TFPP SIU meetings take place three times a year. These meetings also include the opportunity for joint training sessions on investigative techniques and fraud, waste and abuse trends.
- MFCU and CMF coordinated and collaborated on multistate civil matters which included attorneys and auditors from both divisions serving on national investigation and settlement teams.
- OIG, MFCU and CMF engaged in deconfliction communications.
- When appropriate, MFCU and OIG made referrals to CMF.

# KEY METRICS

The activities in the latest annual reporting period reflect progress and success in identifying and deterring fraud, waste and abuse in the Medicaid Program.

## HHS Office of Inspector General

Action	FY 2023
Provider Enrollment Applications Processed	32,164
Individual Screenings Processed	77,488
Medicaid Investigation Cases Opened	2,118
Medicaid Investigation Cases Completed	2,313
Referrals to MFCU	866
Referrals to Other Entities	1,040
Hospital Claim Reviews Completed	23,457
Nursing Facility Onsite Reviews	412
Settlement Agreements Executed	109
Credible Allegation of Fraud (CAF) Payment Holds Imposed	2
MFCU Directed Payment Holds Imposed	2
Medicaid Providers Excluded	208
Audits Completed*	36
<b>Total Amount Recovered*</b>	<b>\$532,442,112</b>

\*Figures include Medicaid and non-Medicaid amounts

## OAG Medicaid Fraud Control Unit

Action	FY 2023
Referrals Received	2,411
Cases Pending	1,101
Cases Opened	122
Charges Obtained	79
Medicaid Overpayments Identified	\$124,094,178
Convictions	61
<b>Fines and Restitution*</b>	<b>\$51,678,366</b>

\*Medicaid = \$1,355,312.17; non-Medicaid = \$50,323,053.90

## OAG Civil Medicaid Fraud Division

Action	FY 2023
Cases Opened	56
Cases Closed	157
Cases Pending	356
<b>Total Amount Recovered</b>	<b>\$ 151,422,664</b>

# SIGNIFICANT CASES

## Cases with recoveries of more than \$2 million

In FY 2023, CMF settled and recovered funds in several matters with recoveries of \$2 million or higher. These include:

- A state civil action against Shire OLC, Baxter International, Inc., Baxalta Incorporated, Viorpharma Inc., Takeda Pharmaceuticals U.S.A., Inc., and Takeda Pharmaceuticals America yielding a total Texas recovery of \$42,767,458 including state, federal and relator portions.
- A federal/state civil action against Biogen, Inc. yielding a total Texas recovery of \$3,043,940 including state, federal and relator portions.

## Ongoing OAG cases

CMF continues to pursue significant cases against the following defendants:

- Lab testing company Medical Diagnostic Laboratories, LLC for misrepresentations to Texas Medicaid related to Texas Medicaid best price rules.
- Drug manufacturer Gilead Sciences, Inc. for misrepresentations to Texas Medicaid. The defendant is alleged to engage in unlawful marketing schemes involving numerous drugs to incentivize medical providers to prescribe its drug over other drugs on the market.
- Dental provider Richard Malouf for misrepresentations to Texas Medicaid. The trial court entered a \$16 million final judgment in favor of the State in this matter. The Eighth Court of Appeals affirmed the trial court's grant of the State's motion for partial summary judgment. Malouf recently filed a Petition for Review to the Texas Supreme Court.
- Lab testing company Laboratory Corporation of America for misrepresentations to Texas Medicaid related to kickbacks and Texas Medicaid best price rules. The State filed an appeal in the Third Court of Appeals following the trial court's granting of summary judgment in defendant's favor. The appeal is fully briefed.
- Drug manufacturers Pfizer, Inc, Tris Pharma, Inc, and Tris CEO Ketan Mehta for providing an adulterated pharmaceutical drug to Texas children. Defendants manufactured an ADHD drug that was adulterated due to faulty quality control practices. The defendants' practices caused labeling for the drug – which included certain efficacy claims and instructions for reconstitution – to be rendered misleading.
- Drug manufacturer Tris Pharma, Inc., and Tris CEO Ketan Mehta for unlawfully promoting an ADHD drug through misleading claims about the drug's efficacy, causing the drug to be misbranded under federal and state law.
- CMF also continues to investigate multiple other matters that are under seal and cannot be described in detail at this time.