



MEDICAID HEALTHCARE COMPLIANCE SEMINAR

July 17, 2015

**THE MEDICAID AUDIT AND PAYMENT
HOLD EXPERIENCE FROM
A HEALTH CARE PROFESSIONAL
PERSPECTIVE**

BY

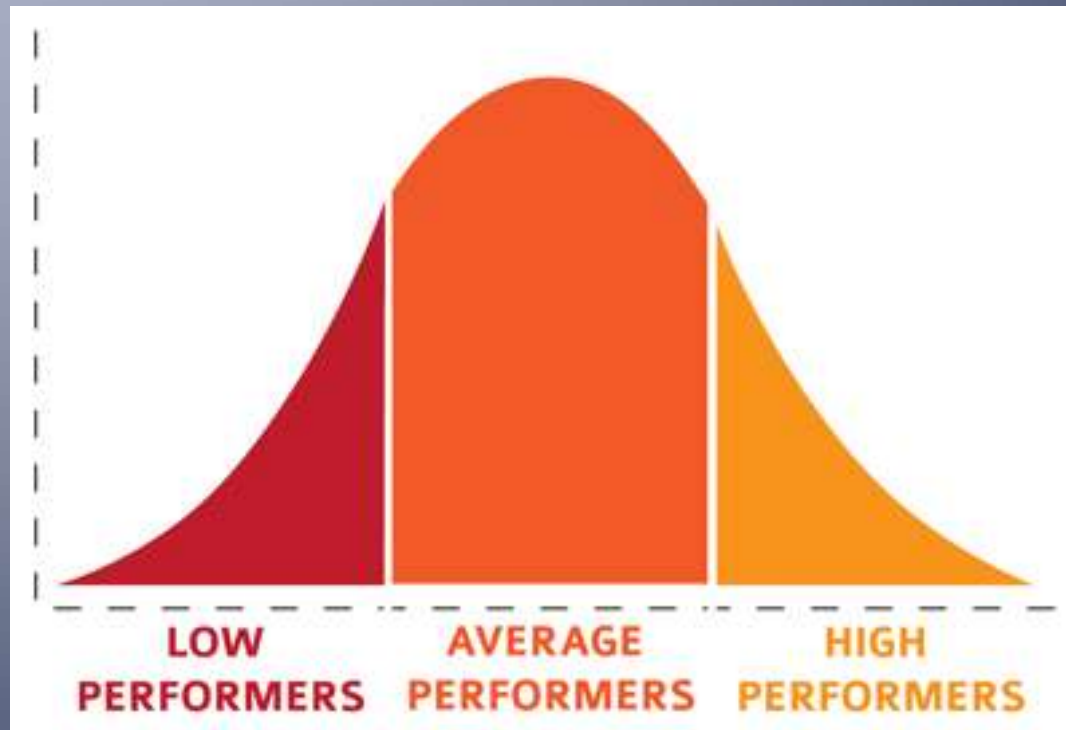
J.D. VILLARREAL, DDS

Health and Human Services Commission Office of inspector General

- ▣ Auditing, investigating, and reviewing the use of state or federal funds.
- ▣ Researching, detecting, and indentifying events of fraud, waste and abuse.
- ▣ Providing education, technical assistance and training to the provider community.
- ▣ Strong OIG is essential to the taxpayers of the state of Texas.

Outlier

1. Something that is situated away from or classed differently from a main or related body
2. A statistical observation that is markedly different in value from the others of the sample.



HARLINGEN FAMILY DENTISTRY

- Founded in 1983.
- Group practice with 140 employees



HARLINGEN FAMILY DENTISTRY

- Largest single dental facility in the State.
- Provided Medicaid orthodontics since 1984.
- Ranked #17 of the top 25 billing dental clinics
- The 1st provider to challenge CAF hold

MEDIA BLITZ

- In May 2011, WFAA starts a series of stories about their investigation into Texas Medicaid spending for orthodontia and the excesses of several chains and their owners.
- The beginning of the Texas Medicaid orthodontia scandal and the knee-jerk reaction of Medicaid authorities to put all large billers of Medicaid in the same basket.
- Here's the story of Harlingen Family Dentistry.

THE AUDIT

- Identify top 25 or top 50 providers in problem areas (JS).
- Three (3) days to provide records requested by OIG.
- Gamut of emotions.

THE TOWER OF RECORDS



CREDIBLE ALLEGATION OF FRAUD HOLD

- The perfect storm
- OIG was relatively unfettered in deciding when to impose a payment hold with little or no actual evidence of fraud.
- This stoppage is considered an administrative sanction that stays in place until the matter in dispute is resolved.
- September 2011 HFD placed on 100% orthodontic payment hold.

STATE OFFICE OF ADMINISTRATIVE HEARINGS (SOAH)

- April 2012, 2 day hearing
- October 2012, the Court found no fraud, waste, or abuse.
- October 2012 Retaliation: 2nd Audit on General Dentistry
- HHSC Judge Fekety agrees with SOAH court ruling.
- State appeals.
- January 2013, decision is final.
- Lifting the payment hold.

HLD OIG EXPERT 14

HLD HFD EXPERT 28

HLD HFD DENTIST 28

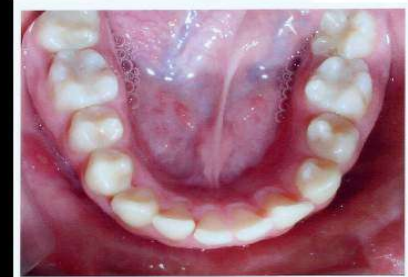


Patient DA

Harlingen Family Dentistry

Dr. Franklin

2-20-09



HLD OIG EXPERT 16

HLD HFD EXPERT 36

HLD HFD DENTIST 36



Patient AC

Harlingen Family Dentistry

Dr. Teegardin

1-19-06



WHERE'S THE PAYMENT HOLD MONIES?

- State refuses to release monies.
- District Court in April 2013
- Informal Conference with OIG
“If Jesus Christ was doing Medicaid, we would find a program violation.” – JS
- September 1, 2013, Senate Bill 1803 goes into effect.
- October 2013, District Judge rules in our favor that the State should return payment hold monies.
- State appeals to Court of Appeals.

OVERPAYMENT HEARING

- Railroaded into HHSC Court of Appeals
- Interrogatories
- Depositions

COURT OF APPEALS RULINGS

- November 2014, Court rules in our favor HFD to return payment hold monies.
- Court rules that State can not place payment holds on program violations.
- State appeals to Texas Supreme court ruling due about August 2015.

HHSC CORRUPTION EXPOSED



- Five Top Bureaucrats Resign. 21CT
- Monies Returned
- Cases Closed under OIG and reopened in District Court.
- State argues providers suing
- Xerox in Court of Appeals





84th LEGISLATIVE SESSION

- CALL TO ACTION! TDMR Supported Bills
- SB 207 Sunset Bill
- HB 1661 Dental Provider Bill

SB 207 Sunset Bill

- The new bill will make State Office of Administrative Hearing decisions final in payment hold hearings.
- No court fees at SOAH for providers
- Term “fraud” does not include unintentional technical, clerical, or administrative errors
- Signed into law by Governor Abbott June 2015

HB 1661 Dental Provider Bill

- Bill allows dentist to bill for Medicaid services provided by a substitute dentist.
- Effective September 1, 2015 or as soon as July 1, 2015
- Signed by Governor Abbott June 2015

**SOAH finds dentist innocent of Fraud,
orders OIG to pay back \$360,000 in legal
fees**



- ▣ **3rd SOAH Case with 3 judges**
- ▣ **Message to HHSC-OIG**

Texas Owes Feds \$133 Million for Medicaid Ortho Debacle



- ▣ HHSC and Xerox found responsible for extent
- ▣ Of Medicaid spending.
- ▣ Xerox utilized unqualified administrative personnel who worked from home and rubber stamped prior authorizations.
- ▣ HHSC was aware of the deficiencies as early as 2008 yet did nothing to remedy them.

“TRUTH DECAY”

**The Story of a
South Texas
Dentist caught
in the Web of
Bureaucratic
Morass**

