



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



JUL - 1 2013

TO: All State Medicaid Fraud Control Units

/s/

FROM: Stuart Wright
Deputy Inspector General
for Evaluation and Inspections

SUBJECT: State Fraud Policy Transmittal No. 2013-2:
Elements of and Process for Submitting a Complete Data Mining Application

The purpose of this policy transmittal is to describe the elements of a complete application to conduct data mining as well as the process for submitting an application to the Office of Inspector General (OIG).

Background

On May 17, 2013, the Department of Health and Human Services (HHS) issued the final rule “State Medicaid Fraud Control Units; Data Mining” (78 Fed. Reg. 29055), codified at 42 CFR 1007.20(a). This rule amends a provision in HHS regulations prohibiting State Medicaid Fraud Control Units (MFCU or Unit) from using Federal matching funds to identify fraud through the screening and analysis of data, known as data mining. Specifically, this rule permits Federal financial participation in costs of data mining if certain criteria are satisfied. For OIG to determine whether a Unit meets those criteria, a Unit must submit an application. The following describes the elements of a complete data mining application and how to submit the application.

Elements of a Complete Data Mining Application

A complete application for data mining must contain the following elements:

Methods of Coordination. MFCU identifies the methods of coordination between the MFCU and State Medicaid agency (SMA). The application must:

- Identify procedures that will be in place to coordinate data mining activities with the SMA. Procedures will address how duplication of effort will be avoided.
- Identify the positions that will serve as primary points of contact for data mining at the MFCU and the SMA.

- Include proposed language for amended memorandum of understanding between MFCU and SMA.
- Describe the SMA's level of support for the data mining application.

Staffing and Training.

- MFCU identifies the staff who will conduct data mining and provides contact information, title, and office of such staff as well as their job description(s).
- MFCU describes the specialized training in data mining techniques that the MFCU staff engaged in data mining will receive.

Reporting. MFCU describes how it will collect, track and report on:

- All costs expended that year attributed to data mining activities under section 1007.20.
- The amount of staff time devoted to data mining activities.
- The number of cases generated from those activities.
- The outcome and status of those cases, including the expected and actual monetary recoveries (both Federal and non-Federal share).
- Any other relevant indicators of return on investment from data mining activities.

Budget Implications.

- MFCU describes the anticipated costs of implementing data mining, including staff time and equipment costs.

Process for Submitting a Data Mining Application

Interested MFCUs should submit their application electronically to both the director of the Medicaid Fraud Policy and Oversight Division and to their Unit's assigned oversight program analyst. OIG will acknowledge receipt of the application. Under 42 CFR 1007.20(a)(i), OIG has 90 days from receipt to review a written request, consult with the Centers for Medicare & Medicaid Services (CMS), and approve or deny the application. The regulations provide that if OIG fails to respond within 90 days, the request shall be considered approved.

OIG may request additional information in writing if any elements described in this guidance are missing from the application or if our analysis or consultation with CMS requires OIG to seek additional information or clarification. Upon receiving the additional information, the regulation provides that OIG will have 90 days from receiving the information to approve or deny the request.

If you have any questions, please contact Richard Stern, Director, Medicaid Fraud Policy and Oversight Division. He can be reached at (202) 619-0480.