

# TRANSMITTAL LETTER FOR MANUAL RELEASES

STATE OF MARYLAND  
DEPARTMENT OF HEALTH AND MENTAL HYGIENE  
BENEFICIARY SERVICES ADMINISTRATION  
DIVISION OF ELIGIBILITY POLICY  
201 WEST PRESTON STREET  
BALTIMORE, MARYLAND 21201

410-767-1463 or 1-800-492-5231 option 2 and request extension 1463

**MANUAL:** Medical Assistance **EFFECTIVE DATE:** January 1, 2007

**RELEASE NO:** MR-137 **ISSUED:** December 2006

**APPLICABILITY:** Referrals of fraud and abuse

---

<u>Item</u>	<u>Remove Pages</u>	<u>Insert Pages</u>
Chapter 14 – Fraud and Abuse referrals for fraud and abuse	1400-1 – 1400-3	1400-1 – 1400-3

## COMMENTS

### Chapter 14

As of July 2006, the Program Integrity (PI) Division of the Department of Health and Mental Hygiene (DHMH) was transferred to the Department of Health and Mental Hygiene's Office of the Inspector General.

The DHMH Investigation Referral Form 4243 is used to refer cases for investigation of potential recipient fraud or abuse. Referrals should be sent to the PI Division's new address at:

Department of Health and Mental Hygiene  
Office of the Inspector General – Medicaid Program Integrity  
201 West Preston St., Rm. 520  
Baltimore, MD 21201

A reminder is included in Chapter 14, that the DHMH Notice of Potential MA Payment Recovery Form 1169 is sent to the DHMH Recoveries and Financial Services Division. This assures that Program payments may be recovered when the eligibility caseworker discovers that eligibility was granted in error or that there is the potential for third party coverage.

Forms 1169 and 4243 are included in the Appendix of Chapter 15 in the Manual.

See COMAR 10.09.24.14 and .14-1 for the definitions, policies, and procedures related to recipient fraud and abuse of the Medicaid program. There have been organizational and procedural changes since the regulations were promulgated.

The Corrective Managed Care Program, described in Regulation .14-1, was discontinued when the HealthChoice managed care program was implemented in 1996. The Department of Health and Mental Hygiene, however, retains the option to re-institute the program. A HealthChoice managed care organization (MCO), in accordance with COMAR 10.09.75, has the option to implement corrective managed care for enrollees who abuse the MCO's benefits.

In July 2006, all fraud, waste, and abuse investigation was transferred to the DHMH Office of the Inspector General (OIG).

- The Medicaid Program Integrity (PI) Division investigates allegation of possible Medicaid recipient fraud.
- If suspected fraud is detected by personnel of a local department of social services or local health department, the case must be promptly reported to the OIG/PI Division via the DHMH Form 4243. A completed DHMH Form 4243 should be sent to the following address:  

Department of Health and Mental Hygiene  
Office of the Inspector General - Medicaid Program Integrity  
201 West Preston St., Rm. 520  
Baltimore, MD 21201
- The DHMH Form 4243 may be obtained from the PI Division by sending a written request to the address above, by calling 1-866-654-4421, or by visiting the website at: [www.dhmh.state.md.us/mma/programintegrity/](http://www.dhmh.state.md.us/mma/programintegrity/). Click on "Report Medicaid Fraud," then select "For agency use." A copy of Form 4243 may also be found in the Appendix of Chapter 15: Liens, Adjustments and Recoveries.
- Referrals for investigation of suspected recipient fraud are also generated from providers, police departments, the Social Security Administration, and citizens. They should call or write the PI Division to provide information and request an investigation.

Medicaid fraud is defined as:

- Knowingly and willfully making or causing to be made any false statement or false representation of a material fact (whether or not the individual is found eligible):
  - In an application for a Medicaid benefit or payment; or
  - For use in determining rights to a Medicaid benefit or payment;
- Having knowledge of the occurrence of any event affecting the initial or continued right to Medicaid benefits or payments for the individual who filed the application or on whose behalf the application was filed, and concealing or failing to disclose that event with an intent to secure fraudulently those benefits or payments either in a greater amount or quantity than is due or when benefits or payments are not authorized;
- Applying to receive or receiving Medicaid benefits or payments for the use and benefit of someone else, and knowingly and willfully converting any part of the Medicaid benefit or payment to a use other than for the benefit of the enrolled Medicaid recipient;
- Fraudulently obtaining, attempting to obtain, or aiding another person in obtaining or attempting to obtain a Medicaid covered service by the use of:
  - Fraud, deceit, misrepresentation, or subterfuge;
  - Forgery or alteration of a Medicaid prescription;
  - Concealment of a material fact; or
  - Use of false names or addresses;
- Unauthorized possession of a blank provider prescription form;
- Possession of a Medical Care Program recipient identification card without authorization from the individual to whom the card was issued; or
- Manufacture, distribution, or possession of a counterfeit Medical Care Program recipient identification card or a provider prescription form.

Following are examples of the most frequent types of recipient fraud:

- Intentionally under-reporting or not reporting income and resources;
- Falsely reporting household composition, such as omitting wage earners from the Medicaid application;

- Failing to report changes in income, resources, or other circumstances within 10 working days as required – e.g., moving out of state, receipt of cash lump sums;
- Failing to report third party insurance coverage;
- Lending a Medical Care Program recipient identification card to another person; and
- Forging or altering prescriptions.

If the Local Department of Social Services or Local Health Department has granted eligibility in error and can verify the period of ineligibility, these cases are referred to the DHMH Recoveries and Financial Services Division via the completion and submission of the DHMH Form 1169. A copy of Form 1169 may be found in the Appendix of Chapter 15: Liens, Adjustments and Recoveries.