

**SL 2013-360, SECTION 12A.5 FRAUD DETECTION THROUGH
THE NORTH CAROLINA FINANCIAL ACCOUNTABILITY AND
COMPLIANCE TECHNOLOGY SYSTEM**



**STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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A. INTRODUCTION

Session Law 2013-360, Section 12A.5, required the Department of Health and Human Services to work with the Governmental Data Analytics Center (GDAC) to develop an integration plan to leverage the North Carolina Financial Accountability and Compliance Technology System (NC FACTS), which is the State's enterprise-level fraud detection system operated by GDAC, to detect and prevent potential fraud, waste, and improper payments. According to the legislative mandate:

The integration plan shall include a feasibility analysis, a proposed integration time line, and a cost estimate to integrate the following systems with NC FACTS:

- (1) NCTracks;
- (2) North Carolina Child Treatment Program (NC CTP); and
- (3) North Carolina Families Accessing Services through Technology (NC FAST).

The integration plan shall include opportunities to leverage existing data integration and analytics contracts and licenses for the purposes of optimizing cost effectiveness and generating greater efficiencies. The integration plan shall also include proposals for how to protect medical and other private information stored in the NCTracks, NC CTP, and NC FAST.

The DHHS Office of NCTracks currently manages NCTracks and the related Reporting and Analytics System. The Division of State Operated Healthcare Facilities (DSOHF), in partnership with the Division of Mental Health/Developmental Disabilities/Substance Abuse Services (DMH/DD/SAS), manages the NC CTP database of Child Treatment Program providers. The Office of NC Families Accessing Services through Technology (NC FAST) manages the NC FAST System. These agencies have conducted meetings to assess opportunities, within existing and potentially new resources, to meet all of the objectives outlined in the mandated integration plan. On April 1, 2014, the Department submitted a progress report that addressed the identification of existing and planned interfaces with NC FACTS, an inventory of existing software systems and other smaller software applications that may potentially be integrated with NC FACTS, federal and state mandates related to Protected Health Information (PHI), and current methodologies within the Department directed toward fraud and abuse detection.

This submission is the final report to fulfill this legislation.



B. CURRENT METHODOLOGIES REGARDING FRAUD AND ABUSE DETECTION

1. NC FACTS:

NC FACTS is a data repository with analytics capability. GDAC is not an “agency” or “office” that investigates fraud; rather, the investigation of fraud is the responsibility of the agency requesting the assistance of GDAC, such as DHHS. GDAC helps agencies identify potential fraud and assess the priority for addressing each incident of suspected fraud to maximize investigative work efforts. GDAC provides the SAS-hosted environment, licenses to analytical tools and resources at SAS for analytical development hours. It is the responsibility of the requesting agency to determine what data sources and analysis can be done to improve fraud detection, and to work the fraud alerts.

2. Office of NCTracks in Partnership with the Division of Medical Assistance, Program Integrity Unit:

The Division of Medical Assistance, Program Integrity Unit (DMA PI) has a primary mission to ensure compliance, efficiency, and accountability within the NC Medicaid Program by detecting and preventing fraud, waste, program abuse, and by ensuring that Medicaid dollars are paid appropriately by implementing tort recoveries, pursuing recoupments, and identifying avenues for cost avoidance.

Providers that engage in Medicaid fraud, waste and abuse often share their illegal methods with former business partners and other providers, thus proliferating the fraud, waste and abuse. Beginning June 2010, DMA PI entered into a service contract with IBM to install the IBM Fraud and Abuse Management System (FAMS) and Infosphere Identity Insight (II). Using these systems together provided data and analysis leverage, first, by using FAMS to analyze provider behavior to identify potential Medicaid fraud, waste and abuse, and then, using Infosphere II to analyze provider relationships through provider tax identifiers and other information.

After the initial contract, the State further contracted with IBM, in October 2011, to design and lead an analytics unit within DMA PI. The new contract shifted the focus of analysis from many users across DMA PI to a core group of IBM consultants and DMA PI staff dedicated to using analytics and performing fraud detection services. DMA PI also collaborates with other vendors and the Medicaid Investigations Division (MID) of the Attorney General's Office (AGO). This collaboration entails using data analytics to identify providers that are potentially engaged in fraudulent activities and referring them to the MID for criminal or civil prosecution. The other vendors include DMA PI's prepayment review contractor, the Carolinas Center for Medical Excellence, and DMA PI's post-payment review contractor, Public Consulting Group. Analyzed data from FAMS is used to identify providers for prepayment review and also for post-payment review audits.



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Additionally, IBM has contracted with the various Behavioral Health Managed Care Organizations (MCOs) in North Carolina to allow them access to the State's FAMS license. Thus, the MCOs are able to perform their own analytics to identify providers that are potentially engaged in fraud, waste and abuse.

In October 2013, the Office of NCTracks began the operational oversight of the Truven Health Analytics JSURS and Advantage Suite software systems on behalf of all DHHS users, the primary user being DMA PI. These are application software components of the Reporting and Analytics data warehouse platform within NCTracks. These software components are a suite of user-friendly, claims-based, data mining software applications designed to identify potentially fraudulent or abusive practices by those who provide as well as those who receive healthcare services. JSURS is a federally-mandated provider claims fraud and abuse detection system. As of May 2014, JSURS began to house a sufficient quantity of accurate and usable data for the purpose of conducting data analytics for fraud abuse detection. The DMA PI staff is continuing to improve its use of JSURS—reviewing and analyzing personal care service providers and referring suspicious providers to the post-payment review vendor for audit.

For the above reasons, there is no identified advantage to integrate FAMS, Infosphere II or JSURS with the NC FACTS.

3. DSOHF and DMH/DD/SAS – NC CTP:

DMH/DD/SAS contracted with the third party vendor *Child and Family Health*, a non-profit organization, to develop and support a Child Treatment Program. The program would include a secure database of Child Treatment Program providers and track treatment outcomes. This contract was signed in November 2013. The contract amendment supporting the development of the database, NC POP, version 2, was approved by DHHS on March 5, 2014. Once fully developed, NC POP and the exchange may allow NC CTP to engage other entities/states in business arrangements as a trainer, roster creator, and ongoing clinician certifying entity for an array of evidence-based mental health treatments.

As NC POP v2 is being developed, a clear definition regarding the most effective manner to integrate NC POP with NC FACTS will be evaluated. The DMH/DD/SAS team will work collaboratively with the NC CTP staff to identify whether any specific points of validation exist and, if so, the most efficient and effective manner to leverage NC FACTS in those areas. Possible areas of provider validation include Medicaid certification and credentials/certifications.

4. Office of NC Families Accessing Services Through Technology – NC FAST:

NC FAST consolidates nineteen disparate legacy systems that collect, maintain and process information about applicants and recipients into one Global Case Management system, which helps to identify potential abuse. NC FAST supports the growing demands of economic benefits, child welfare, adult care and aging services, health care reform, and related changes in accountability to share and integrate



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information. Eliminating redundant client data entry and sharing evidence across programs within NC FAST helps to identify fraud. Additionally, automated integration with the Social Security Administration for social security and citizenship verification, as well as integration to the Systematic Alien Verification for Entitlements (SAVE) Program for alien verification, reduces fraud.

NC FAST works closely with DMA PI and DSS PI in support of its mission. NC FAST is also integrated with EPICS, the Enterprise Program Integrity Control System, which tracks over-issuances of benefits for Medicaid, Temporary Assistance for Needy Families (TANF) and Food and Nutrition Services.

NC FAST is also integrated with Accuity's Asset Verification System (AVS) to ensure that Aged, Blind and Disabled (ABD) clients are not fraudulent in reporting their assets.

While no advantage has currently been identified, if future business requirements necessitate it, NC FAST is capable of integrating with NC FACTS through an existing web service. NC FAST provides a Common Eligibility Web service that may be invoked by NC FACTS, or any other approved system, through the NC FAST Enterprise Service Bus (ESB) to obtain eligibility data.

C. PROTECTION OF MEDICAL AND OTHER PRIVATE INFORMATION

1. NCTracks and Reporting and Analytics Systems:

NCTracks Security Plan

The NCTracks Security Plan is documented in the final deliverable titled "NCMMIS Security Plan" (CDRL MOO23, Version 4D.0.2, March 27, 2014). The following is an excerpt from the NCTracks Security Plan Purpose Statement:

The purpose of this document is to provide an outline that details the security processes of the North Carolina Medicaid Management Information System (NCMMIS), also referred to as NCTracks.

As the solutions delivery agent, CSC utilizes current industry best practices and leverages the collective experiences of our most talented IT and security service delivery teams to provide an accurate, cost-effective, compliant, and repeatable solution suite for the Division of Information Resource Management (DIRM), North Carolina Department of Health and Human Services (DHHS).

All applicable industry, State, and federal regulatory guidelines and policies based on contractual agreement are employed during the system design, data development integration, and operations phases to identify risks, avoid threats where mutually feasible, and manage the impact to tactical and strategic business operations.

Enterprise-wide risk and incident management, data protection and assurance, integrity auditing, and availability reporting are supported through security program



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planning and management and through assessments of staff responsibilities and associated performance metrics.

Security controls needed to monitor, manage access, and protect the technical systems environment during the design, development, testing, release, and patching phases of applications support are identified, reviewed for applicability, and delivered.

Business continuity and disaster recovery services are proactively provided through implementation of technical configuration and process modifications, in accordance with findings from periodic risk assessments and vulnerability testing of the NCTracks infrastructure.

The NCTracks Security Plan covers the following topics:

- System Identification;
- Physical Security Controls;
- Administration and Management Controls;
- Operation Controls;
- Technical Controls;
- Applicable Laws, Regulations, and State and DHHS Policy; and
- CSC – NCTracks Breach Response Management Notification Process.

Reporting and Analytics (R&A) Security Plan

The R&A Security Plan is documented in the final deliverable titled “NC MMIS Reporting and Analytics CDRL-7 Joint Security Plan Version 1.2” dated May 19, 2014. The following is an excerpt from the plan:

The purpose of this document, CDRL-7 Joint Security Plan, is to provide the North Carolina Department of Health and Human Services (NC DHHS) with information on how Truven Health Analytics (Truven Health) has implemented security controls so that critical issues are addressed properly and timely in order to ensure minimal cost and interruption to the project. This plan was made with the expectation that the document would be updated to reflect the final descriptions of the production enterprise structure during the design and development phases (moving from assertions or described intent) as the State prepared for the final security assessment of the Reporting and Analytics (R&A) System. Revision dates and descriptions are noted in the Document Revision History.

Truven Health views the security of the State’s data to be of critical importance, and the Joint Security Plan identifies a comprehensive approach to a wide range of security issues and controls. This includes protection against unauthorized access to the data by either internal or external personnel; protection against threats of a physical nature; and a plan to ensure that the State’s business continues to run effectively in the event of an unanticipated service interruption.

The plan includes applicable state and federal regulations and industry security standards for the following areas listed:

- Environmental Security;



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- Data Access Security;
- Security Design and Implementation;
- Identification and Account Management;
- Incident and Threat Management;
- Tracking and Auditing;
- Training;
- Personnel Security;
- Certification and Accreditation;
- System Acquisition;
- Communication Protections; and
- Information Integrity.

The full text of the NCTracks and R&A Security Plans is available, upon request, from the NC DHHS Office of NCTracks.

2. NC CTP:

A security plan will be developed for the NC CTP POP database during the Design, Definition and Implementation phase of the project.

3. NC FAST:

The protection of medical and other information within NC FAST is fully described in the NC FAST Security Management Plan, date December 2013. The following is an excerpt from the plan:

The Security Management Plan describes how NC FAST will safeguard all aspects of program and project data—electronic assets including hardware and software, applications, systems, networks, servers and environments. The plan will define security measures required at the appropriate levels, and the requirements to establish, implement, operate, monitor, review, maintain and improve these measures.

The plan will ensure secured access to data, including the use of NCID. The plan will adhere to industry best practices and all required policies managed by the NC DHHS Office of Privacy and Security.

A basic concept of security management is information security, the primary goal of which is to guarantee the safety of information. When protecting information it is the value of the information that must be protected. These values are stipulated by confidentiality, integrity and availability. Inferred aspects are privacy, anonymity and verifiability.

Within the State of North Carolina there is a hierarchy with information security requirements. The top level is the Statewide Security Manual, which is the foundation for information technology security in North Carolina. The next level is the NC DHHS security standards and policies. All three documents build on each other, with each



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level being more detailed than the previous. They are all designed and built around industry standards such as ISO 27002 and federal requirements. These resources are used by NC FAST when making decisions regarding information security issues such as architectural designs, implementation of new technologies, etc. Additionally, they are used to develop various required documents such as the NC FAST Continuity of Operations Plan and Business Continuity Plan.

The plan describes:

- Required state security guidance: standards, policies and procedures;
- Required federal security guidance: standards, policies and procedures;
- Waivers and additional conditions for required security guidance, if applicable; and
- Security documents maintained by the NC FAST team.

D. CONCLUSIONS

The fraud and abuse detection systems that are in place in the NCTracks (reference section B.2) and NC FAST Systems (reference section B.4) are adequate as standalone efforts. NC FACTS is a data repository with analytics capability; however there would be no added value in utilizing the capabilities of NC FACTS as these capabilities currently resides within the existing NC Tracks and NC FAST Systems. Nor will new areas of fraud and abuse detection be discovered through integration with NC FACTS; however, if future business requirements so necessitate, NC FAST may be integrated with NC FACTS through an existing web service.

It is too early in the developmental phase of NC CTP's NC POP database to determine whether there may be opportunities to integrate with NC FACTS.

The protection of medical and other private information is ensured in NCTracks, the R&A system and its JSURS subsystem, and NC FAST through adherence to written security plans. The same will be true for the NC CTP POP database when it is designed.

End of Report