

Fact Sheet: AHCCCS Provider Payment Suspensions

How Fraud Was Perpetrated Against the State of Arizona

The Credible Allegation of Fraud (CAF) payment suspensions announced May 16 initiated wide-ranging investigations into fraudulent Medicaid billing by the named providers. The investigations are ongoing. However, credible evidence has been established that individuals were targeted and aggressively recruited with false promises of food, treatment, and housing, only to be taken to facilities where providers billed for services that were not provided or were not appropriate or necessary. For example, providers billed for:

- Excessive hours of services in a 24-hour period for a single member,
- Multiple services for the same member at the same time,
- AHCCCS IDs of individuals who were not physically present (“ghost billing”),
- Services after a member’s date of death and,
- Services that were not medically necessary.

Arizona’s Swift Response to Protect AHCCCS Members

AHCCCS’s primary focus and top priority any time a CAF payment suspension is issued is the health and safety of enrolled members. While housing is currently not a covered Medicaid service, AHCCCS is coordinating with state and community partners to provide temporary housing, transportation, and behavioral health services to enrolled members who become displaced due to a provider closure. AHCCCS and its network of health plans, behavioral health providers, tribal partnerships, and other state agencies mobilized resources to coordinate care for affected members and connect them with resources, including:

- A dedicated hotline at 2-1-1 (press 7) for individuals who have been impacted by the closure of a sober living home or residential facility. More resources, including a Member Guide for American Indian Health Plan enrollees, are posted on www.211Arizona.org/MMIP. Law enforcement agencies are equipped with 2-1-1 handout cards and a guidance document describing how to help affected members.
- Mobile crisis teams who are ready to deploy when members need hands-on, immediate behavioral health services,
- Coordination of temporary housing, transportation, and behavioral health services in order to continue a member’s care treatment plan if their provider closes,
- AHCCCS is supporting the Navajo Nation’s Operation Rainbow Bridge as they work to locate Navajo Nation members who have been dislocated from northern Arizona and New Mexico and transported to the Phoenix metro area.

Actions Taken To Date To Eliminate Fraudulent Billing

In order to eliminate fraudulent billing, AHCCCS has made holistic, system wide improvements to the Medicaid payment system, including:

1. Elevated 3 behavioral health provider types to the high-risk category for all new registrants, requiring fingerprints, on-site visits, background checks and additional disclosures,

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2. Received federal authority to impose a moratorium on new provider registrations for all Behavioral Health Outpatient Clinics, Integrated Clinics, Non-Emergency Transportation providers, and Community Service Agencies.
3. Ended approval of retroactive provider registrations without good cause documentation,
4. Eliminated the ability for providers to bill on behalf of others,
5. Added new reporting to flag concerning claims for review before payment, including, but not limited to, claims for services that could not be rendered as billed, claims for substance use treatment for minors age 12 and under, claims for services by different providers that should not be provided on the same day, and overlapping services of the same style,
6. Set billing thresholds and imposed prepayment review for various scenarios including multiple providers billing the same client on the same day for similar services, excessive number of hours per day, and the age of patients,
7. All codes intended for per diem services have been limited in the system and providers must bill each day separately rather than in date ranges, so per diem codes cannot be billed more than once a day on any given date of service,
8. Researched and confirmed that the National Correct Coding Initiative (NCCI) Medicaid coding methodologies, which allow for states to reduce improper payments, are in place and functioning correctly,
9. Hired a forensic auditor to review all claims since 2019,
10. Set a specific rate for billing code H0015 for drug and alcohol treatment services, a change from the previous rate that paid a percentage of the billed amount, and
11. Revised AMPM Chapter 610 policy to address provider conflicts of interest.

AHCCCS plans to implement additional measures in coming months to further strengthen the agency's ability to detect and prevent potential fraudulent activity. A partial list includes:

- Requiring visual attestation of individual billers,
- Implementing new agency rules that allow AHCCCS to exclude individuals affiliated with suspended or terminated providers, and
- Requiring third-party billers to disclose terms of compensation.

Background & Findings

- The Arizona Health Care Cost Containment System (AHCCCS) Office of Inspector General and the Arizona Attorney General's Office became aware of potential fraudulent billing practices including significant increases in billing for outpatient behavioral health services. These circumstances triggered a multi-agency review and investigation of potential fraud, waste and abuse. Ultimately, this led AHCCCS to connect the irregular billing of these services with alleged criminal activity targeting Indigenous peoples and other vulnerable Arizonans.
- These investigations led to the announcement that the AHCCCS Office of Inspector General (OIG) suspended payments to more than 100 registered providers of Medicaid

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services based on credible allegations of fraudulent billing activities. These provider payment suspensions are known as Credible Allegations of Fraud (CAF) suspensions. Additional provider suspensions have been issued since the initial announcement, and are expected to continue as the investigative process evolves. A list of these suspended providers, along with prior suspensions since 2019, is posted on the [AHCCCS Provider Suspensions and Terminations web page](#). This list will be updated regularly.

- Federal regulation 42 CFR 455.23 describes a *credible allegation of fraud* as an allegation, which has been verified by the State, from any source, including but not limited to the following:
 - (1) Fraud hotline tips verified by further evidence,
 - (2) Claims data mining, or
 - (3) Patterns identified through provider audits, civil false claims cases, and law enforcement investigations. Allegations are considered to be credible when they have indicia of reliability, and the State Medicaid agency has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.
- Once a credible allegation of fraud determination is made, AHCCCS is *required* to suspend all payments to a provider unless there is good cause not to while investigations are conducted. The credible allegation of fraud determination results from the agency's preliminary investigation, and the agency must then make a fraud referral to the Arizona Attorney General's Healthcare Fraud and Abuse Section or a federal law enforcement agency for a full investigation. During this time, providers may continue to bill AHCCCS for services provided, but any reimbursement to these providers is withheld pending the outcome of further investigation. Under state statute, providers are entitled to appeal a suspension placed by AHCCCS.
- AHCCCS is working closely with the Arizona Attorney General's Healthcare Fraud and Abuse Section, the Federal Bureau of Investigation, the US Department of Health and Human Services, the US Attorney's Office, the Internal Revenue Service, and local and tribal law enforcement to disrupt organized bad actors, apprehend them, and prosecute them to the full extent allowed by law.
- AHCCCS is a joint federal and state program, with approximately 70% of funding from the federal government and 30% from other state, county, and local funding sources. With an annual operating budget of approximately \$22 billion, AHCCCS uses these funds to provide quality, integrated physical and behavioral health care services to more than 2 million Arizonans.
- Sober living facilities, behavioral health residential facilities, outpatient treatment centers, and integrated clinics are licensed by the Arizona Department of Health Services.