



## Business Impact

US government agencies made improper payments totaling \$72 billion in fiscal year 2008, according to a 2009 Government Accountability Office (GAO) report.

## Challenges

- **Pay and chase approaches.** States using pay-and-chase approaches incur higher administrative costs and have limited success recovering payments from third parties and providers.
- **Conflicting information.** Different payers may provide different information, resulting in data that is often incomplete and inconsistent.
- **Limited analytic capabilities.** The inability to identify anomalies or suspicious patterns of behavior makes agencies more susceptible to fraudulent activity and illegal or unethical billing practices.
- **Manual processes.** Manually gathering and preparing data for analysis is tedious, time-consuming and highly error-prone.
- **Limited skill sets.** Staff expertise in fighting fraud is often lacking, and there is little to no training or outreach to build staff skills.
- **Scarce resources.** Resources devoted to fighting fraud and abuse aren't commensurate with Medicaid's financial risk; however, agencies are unable to hire staff or purchase the tools needed to effectively fight fraud.
- **Time constraints.** With current processes, it can take months or even years to recoup funds lost due to fraud and improper payments.

## How can we more proactively combat improper payments, fraud, waste and abuse in Medicaid programs?

### YOUR GOAL: Improve Medicaid fraud and abuse control activities

The GAO reports that government agencies estimated improper payments of \$72 billion for fiscal year 2008 – and Medicare and Medicaid improper payments comprised 50 percent of that total. In fact, the improper payment estimate for Medicaid represents the largest amount that any federal agency reported for a program in 2008. While the Department of Health and Human Service's (HHS) Centers for Medicare and Medicaid Services (CMS) has taken steps to enhance its program integrity efforts, provider fraud, waste and abuse is a growing problem that continues to divert billions of dollars that could otherwise be spent to safeguard the health and welfare of Medicaid recipients.

Agencies too often focus on pay and chase approaches – which may end up costing more than is actually recovered – when they should be putting more emphasis on cost avoidance. In any case, more internal controls are necessary to effectively identify and detect improper payments, but there are significant challenges facing CMS and other state agencies as they attempt to address the vulnerabilities of such diverse state-administered programs.

### OUR APPROACH

Your best defense against improper payments is to identify poorly designed pay-and-chase processes and focus more on cost avoidance by detecting suspicious activity and hidden relationships in the enormous amount of data associated with provider enrollment, claims review and case referrals. SAS approaches the problem by delivering software and services to help you:

- **Enhance information credibility** by integrating disparate data sources—regardless of format—and applying embedded data quality techniques to ensure accuracy.
- **Find fraud faster – before money goes out the door** – by using advanced analytics to uncover hidden relationships, detect subtle patterns of behavior, prioritize suspicious cases and predict future risks.
- **Improve investigator efficiency** by putting critical information at their fingertips with a Web-based environment that lets them visualize data from multiple angles, perform interactive queries and generate meaningful reports.
- **Demonstrate financial accountability** with a consistent approach to financial management that improves organizational responsibility, fraud deterrence and process transparency by monitoring expenditures and tightening internal controls.
- **Measure program performance** by defining and monitoring key performance metrics via a dashboard environment to determine how effective and efficient your programs are at deterring fraud and improper payments.

In addition, SAS helps you implement a technology framework that integrates with existing IT infrastructures, smooths the flow of information across departments and functions, and supports future technologies and business processes not yet defined.



## THE SAS® DIFFERENCE: An ongoing process of analysis and refinement

SAS delivers a proven foundation along with best practices that tie together all the essential areas of fraud and abuse control activities. The industry-leading SAS Fraud Framework gives you the ability to develop a cohesive strategy for control, discovery, prioritization and deterrence with comprehensive:

- **Detection and alert generation** tools that let you use multiple analytic techniques to:
  - Set up rules to flag suspicious activities.
  - Detect abnormal patterns in the data that may indicate previously unknown fraud.
  - Use predictive modeling to uncover new fraud based on previous fraud profiles.
  - Automatically route suspicious cases for further review.
- **Alert management capabilities** that let you assemble alerts from multiple monitoring systems, associate them with common individuals or entities, and automatically prioritize and route suspicious cases to appropriate team members.
- **Social network analysis** for going beyond individual views to analyze all related activities and relationships at a network dimension so you can uncover previously hidden linkages that would otherwise go undetected.
- **Case management capabilities** that enable systematic facilitation of investigations and the ability to capture and display all information pertinent to a case.

No other solution provides better detection of – and greater insight into – improper payments, fraud, waste and abuse in your Medicaid programs. And because SAS has more than 30 years' experience working with government agencies, you know that you have a trusted partner who will be there to guide and support you over the long haul, no matter how your needs grow and change.

### CASE STUDY: Health Care Service Corporation (HCSC)

#### ■ Situation

HCSC wanted to take a more proactive approach to fighting fraud and abuse by identifying cases of fraud among the 300,000 claims that pour in each day before schemes become fully developed and result in significant costs – that is, *before* money goes out the door.

#### ■ Solution

SAS delivered a solution that:

- Brings years and terabytes of data on claims, providers, members, groups and accounts into a common format and manipulates it to ensure data integrity.
- Uses predictive analytics to uncover suspicious activities that need a closer look while avoiding unneeded investigations that are costly for all parties involved.

#### ■ Result

- The number of cases identified proactively has increased significantly – to 30 cases a year per analyst – and that number is expected to grow.

## ■ The Vision

### Enhance information credibility

What if you could easily eliminate duplicate names, addresses and other identifying information from your data so you could significantly reduce erroneous payments and duplicate billing?

### Find fraud faster

What if you could predict the likelihood that a claim would be improper and flag suspicious activity for further investigation so you could not only uncover fraud, but stop fraudulent payments before they occurred?

### Improve efficiency

What if you could not only access reports that measure your progress toward reducing improper payments, but also drill down through the reports for details at the individual level for claims, services, recipient, diagnosis, provider, etc.?

### Achieve financial accountability

What if your financial system could track Medicaid payments and related costs to ensure that they are necessary, proper and justified?

### Manage performance

What if everyone in your organization worked together collectively and collaboratively, sharing knowledge and best practices, to achieve common goals for preventing or correcting fraud and improper payments?

## SAS FACTS

- All 50 state governments rely on the power of SAS® software.
- SAS has more than 115 local government customers.
- For the eighth consecutive year, SAS was recognized as one of the Intelligent Enterprise "Dozen," a list of the top 12 most influential IT solution providers by *InformationWeek* Business Technology Network.

Learn more about SAS software and services for government at:  
[www.sas.com/govedu](http://www.sas.com/govedu)



THE  
POWER  
TO KNOW.

SAS Institute Inc. World Headquarters +1 919 677 8000

To contact your local SAS office, please visit: [www.sas.com/offices](http://www.sas.com/offices)

SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc. in the USA and other countries. © indicates USA registration. Other brand and product names are trademarks of their respective companies. Copyright © 2009, SAS Institute Inc. All rights reserved. 104096\_540302.0809