



Memo

To: Members of the General Assembly
From: Beverly A. Zylstra, Deputy Director
Date: January 10, 2011
Re: Report on the Medicaid Divestiture Program

In accordance with section 13, subsection 3, of the 2010 Administration-Regulation Appropriations Bill (SF 2367), the Department of Inspections and Appeals is please to submit a report of the fiscal impact of additional full-time equivalent positions on the department's efforts relative to the Medicaid divestiture program under Iowa Code chapter 249F.

Attached is the required report.

Please contact me at 515-281-6442 or Beverly.zylstra@dia.iowa.gov with any questions.

IOWA DEPARTMENT OF INSPECTIONS AND APPEALS
REPORT TO THE GENERAL ASSEMBLY
REGARDING THE EXPANSION OF THE DIVESTITURE UNIT
FISCAL YEAR 2011

Background

The Iowa Efficiency Review Report of December 8, 2009, recommended expansion of the staffing of the Investigations Division of the Department of Inspections and Appeals for the Transfer of Assets Program, commonly referred to as the Divestiture Program, in order to increase recoveries of improperly-claimed Medicaid benefits. The General Assembly, during the 2010 session, through Senate File 2367, Administration and Regulation Appropriations Bill, appropriated the state matching funds of \$350,000 and 6.00 FTE to the Investigations Division of the Department of Inspections and Appeals for this expansion.

Under Iowa Code chapter 249F, Transfer of Assets, is defined as:

"Transfer of assets" means any transfer or assignment of a legal or equitable interest in property, as defined in section 702.14, from a transferor to a transferee for less than fair consideration, made while the transferor is receiving medical assistance or within five years prior to application for medical assistance by the transferor. Any such transfer or assignment is presumed to be made with the intent, on the part of the transferee, of enabling the transferor to obtain or maintain eligibility for medical assistance. This presumption is rebuttable only by clear and convincing evidence that the transferor's eligibility or potential eligibility for medical assistance was no part of the transferee's reason for accepting the transfer or assignment.

The Department of Inspections and Appeals is responsible for investigating any allegations of fraud regarding transfer of assets. The Divestiture Unit of the Investigations Division conducts these investigations.

Implementation and Impact

For the first half of Fiscal Year 2011, the Divestiture Unit has been in transition, with the loss of Investigators due to retirement and the addition of six new positions. The Divestiture Unit is now fully staffed, and investigators are being trained on Iowa Code 249F and Medicaid eligibility rules.

Prior to the addition of the new positions, the Divestiture Unit consisted of one Assistant Attorney General and five Investigators. The positions added to the Divestiture Unit are:

- Investigators (3)
- Executive Officer
- Compliance Officer

- Administrative Assistant

Investigators are working closely with the Adult Medical Unit of the Department of Human Services and the Estate Recovery Program to understand and augment each other's efficiencies in the identification and recovery of assets that have been improperly transferred or converted to gain or retain Medical Assistance.

When the first half of Fiscal Year 2011 is compared to the first half of Fiscal Year 2010, the coordinated efforts by DIA, DHS and Estate Recovery reflect an increase of investigative referrals and an increase in cost savings and dollars recovered to the state as shown in the Statistical Report below:

July 2009 – December 2009 (FY 2010)

# Cases Opened	# Cases Closed with Repayment Ordered	Total Amount Subject to Repayment	# Cases Closed with Cost Avoidance	Total Amount of Cost Avoidance	Total Repayments & Cost Avoidance	# Cases Closed with no Recovery	Criminal Conviction	Total Cases Closed
129	35	\$465,004.32	6	\$100,096.78	\$565,101.10	43	0	84

July 2010 – December 2010 (FY 2011)

# Cases Opened	# Cases Closed with Repayment Ordered	Total Amount Subject to Repayment	# Cases Closed with Cost Avoidance	Total Amount of Cost Avoidance	Total Repayments & Cost Avoidance	# Cases Closed with no Recovery	Criminal Conviction	Total Cases Closed
187	48	\$471,774.48	12	\$460,435.75	\$932,210.23	52	3	112

For the remainder of Fiscal Year 2011, the Divestiture Unit will focus its efforts on refining investigative skills related to financial investigations and to broaden knowledge of Medicaid rules.

The Divestiture Unit is planning outreach to caregivers, other state agencies, and local law enforcement throughout the state to acquaint them to the Unit's existence. The goal is for the Department of Inspections and Appeals and these new partners to work together in ensuring eligible persons receive Medicaid dollars.