

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive/Legislative Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	Agency	Pos	Executive	Pos	Legislative	Pos
M76 Enterprise Fraud Program	0	0	0	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
M88 Office of Medicaid Inspector General	2,254,992	33	2,561,938	36	2,724,778	36	2,722,222	36	2,722,222	36	2,722,222	36	2,725,773	36	2,725,773	36	2,725,773	36
Total	2,254,992	33	2,561,938	36	6,724,778	36	6,722,222	36	6,722,222	36	6,722,222	36	6,725,773	36	6,725,773	36	6,725,773	36

Funding Sources		%		%		%		%		%		%		%		%
General Revenue 4000010	1,124,591	49.9	1,124,591	43.9			1,202,176	44.2	1,124,591	44.0	1,124,591	44.0	1,203,933	44.2	1,124,591	44.0
Federal Revenue 4000020	1,130,401	50.1	1,437,347	56.1			1,520,046	55.8	1,430,836	56.0	1,430,836	56.0	1,521,840	55.8	1,431,241	56.0
Total Funds	2,254,992	100.0	2,561,938	100.0			2,722,222	100.0	2,555,427	100.0	2,555,427	100.0	2,725,773	100.0	2,555,832	100.0
Excess Appropriation/(Funding)	0		0				4,000,000		4,166,795		4,166,795		4,000,000		4,169,941	
Grand Total	2,254,992		2,561,938				6,722,222		6,722,222		6,722,222		6,725,773		6,725,773	

## **Analysis of Budget Request**

**Appropriation:** M76 - Enterprise Fraud Program

**Funding Sources:** PMG - OMIG Paying

The Enterprise Fraud Program was created by Act 259 of 2014 to require the Office of Medicaid Inspector General (OMIG) to establish a program focused on using state-of-the-art enterprise fraud detection technology to enhance the detection and prevention of fraud, waste, and abuse in the Arkansas Medicaid Program. The Act requires OMIG to procure, by competitive bid, an enterprise technology solution which uses current industry standards to provide: automated detection and alerting; continuous monitoring of program transactions; identification of fraud, noncompliance, and improper payments, both prospectively and retrospectively; detection of non-transactional fraud such as program eligibility issues and identity theft; use of state of the art analytical techniques; feedback and self-learning capability that allows the technology to adapt to changing schemes and trends; and demonstrated experience hosting sensitive and regulated state data.

This program is funded through a mixture of state and federal revenues and is contingent on the Center for Medicare and Medicaid Services (CMS) approving the funding. Federal revenue must comprise a minimum of 80% of the program funding.

The Agency Change Level request totals \$4,000,000 to cover the costs of establishing the program.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

**Appropriation Summary**

**Appropriation:** M76 - Enterprise Fraud Program

**Funding Sources:** PMG - OMIG Paying

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Agency	Executive	Legislative	Agency	Executive	Legislative
Enterprise Fraud Program 5900046	0	0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total	0	0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Funding Sources									
Federal Revenue 4000020	0	0		0	0	0	0	0	0
Total Funding	0	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Grand Total	0	0		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

## **Analysis of Budget Request**

**Appropriation:** M88 - Office of Medicaid Inspector General

**Funding Sources:** PMG - OMIG Paying

The Office of Medicaid Inspector General was established by Act 1499 of 2013. This act transferred the Program Integrity section from the Department of Human Services - Division of Medical Services. The Program Integrity section is federally mandated to comply with federal regulations outlined in 42 CFR Part 455 and 456. The goal of the Program Integrity section is to ensure payments are consistent with the quality of care being provided, verify that medical services are medically necessary and rendered as billed, payments for services are correct and funds identified for collection are pursued. Program Integrity performs on-site reviews to ensure providers are in compliance with Medicaid policy.

This appropriation is funded through general revenue and federal revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Base Level request is \$2,555,427 in FY2016 and \$2,555,832 in FY2017 with general revenue of \$1,124,591 each year and 36 Base Level positions.

The Agency Change Level request totals \$166,795 in FY2016 and \$169,941 in FY2017 and new general revenue of \$77,585 in FY2016 and \$79,342 in FY2017. The following delineates the Agency's request:

- Regular Salaries and Personal Services Matching of \$34,566 with new general revenue of \$15,900 each year due to the reclassification of twenty-two (22) positions within the Agency to comply with an Office of Personnel Management audit.
- The below requests are to fulfill federal and state regulatory requirements and for technology infrastructure expenditures which were not foreseen upon creation of the Agency:
  - Operating Expenses of \$74,057 in FY2016 and \$77,203 in FY2017 with new general revenue of \$34,926 in FY2016 and \$36,683 in FY2017.
  - Conference Fees and Travel of \$2,560 with new general revenue of \$1,178 each year.

- Professional Fees of \$5,612 with new general revenue of \$2,581 each year.
- Capital Outlay of \$50,000 with new general revenue of \$23,000 each year for unexpected equipment expenditures.

The Executive Recommendation provides for the Agency Request for appropriation only with the exception of one (1) reclassification of a DHS Program Specialist (C115) to an Administrative Analyst (C115).

The Legislative Recommendation concurs with the Executive Recommendation.

## Appropriation Summary

**Appropriation:** M88 - Office of Medicaid Inspector General

**Funding Sources:** PMG - OMIG Paying

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	1,486,387	1,745,353	1,713,126	1,788,252	1,788,252	1,788,252	1,788,352	1,788,352	1,788,352
<b>#Positions</b>		<b>33</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
Extra Help	5010001	2,844	14,778	151,234	14,778	14,778	14,778	14,778	14,778	14,778
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	505,840	566,553	586,380	582,149	582,149	582,149	582,454	582,454	582,454
Operating Expenses	5020002	199,953	200,202	200,202	274,259	274,259	274,259	277,405	277,405	277,405
Conference & Travel Expenses	5050009	4,379	4,612	12,612	7,172	7,172	7,172	7,172	7,172	7,172
Professional Fees	5060010	0	0	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	55,589	30,440	55,612	50,000	50,000	50,000	50,000	50,000	50,000
<b>Total</b>		<b>2,254,992</b>	<b>2,561,938</b>	<b>2,724,778</b>	<b>2,722,222</b>	<b>2,722,222</b>	<b>2,722,222</b>	<b>2,725,773</b>	<b>2,725,773</b>	<b>2,725,773</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,124,591	1,124,591		1,202,176	1,124,591	1,124,591	1,203,933	1,124,591	1,124,591
Federal Revenue	4000020	1,130,401	1,437,347		1,520,046	1,430,836	1,430,836	1,521,840	1,431,241	1,431,241
<b>Total Funding</b>		<b>2,254,992</b>	<b>2,561,938</b>		<b>2,722,222</b>	<b>2,555,427</b>	<b>2,555,427</b>	<b>2,725,773</b>	<b>2,555,832</b>	<b>2,555,832</b>
Excess Appropriation/(Funding)		0	0		0	166,795	166,795	0	169,941	169,941
<b>Grand Total</b>		<b>2,254,992</b>	<b>2,561,938</b>		<b>2,722,222</b>	<b>2,722,222</b>	<b>2,722,222</b>	<b>2,725,773</b>	<b>2,725,773</b>	<b>2,725,773</b>

FY15 Budget amount in Regular Salaries exceeds Authorized due to salary adjustments during the 2013-2015 Biennium.