



ANALYTICS AND HUMAN INSIGHT: A POWERFUL COMBINATION

Content-deep forensics offer a better way to safeguard social services resources.

The federal government, working in collaboration with states, spends billions of dollars a year to fund vital social services and benefits. Medicaid alone costs more than \$500 billion annually.¹ Tens of billions more are spent on the Women, Infants, and Children (WIC) program, Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP) and subsidized childcare.

The effectiveness of these vital programs is negatively impacted by incorrect payments or those based on fraudulent claims. Complex policies, administrative errors and bad actors can all skew the system. Many states are using data analytics to flag potential improper payments, but they need a more comprehensive solution that knits together machine learning, workflow management and human expertise.

Health and human services agencies can also benefit from a broad intervention strategy that extends beyond simply “pay and chase.” This deeper approach can strengthen efforts to reduce error and prevent improper payments. And it enables caseworkers to be even more impactful in the administration of these complex programs.

ANALYTICS ARE PART OF THE STORY

Data-driven machine analysis helps spot anomalies in the payment process, but digital strategies alone can’t do the job.

“The rules are so complicated, everything starts to look like a problem to the algorithms,” says Monte Zaben, a principal in the Deloitte Risk & Financial Advisory practice of Deloitte & Touche LLP. “When the analytics look at eligibility, they can generate so many positives it often overwhelms caseworkers.”

Another example can be seen in the Medicaid space. If the average psychotherapist typically bills for a 45-minute session, a doctor who frequently bills for 60-minute sessions will automatically come under scrutiny. Social programs have gray areas that algorithms can’t see.

“One doctor bills 10 hours and another bills 20 hours. Is that an error or just a hard-working doctor? Analytics alone can’t tell you,” says Brien Lorenze, a principal with Deloitte Risk & Financial Advisory, Deloitte Transactions & Business Analytics LLP. “If one orthopedist prescribes more pain killers, when is that necessary pain management and when is it a pill mill? The algorithm doesn’t know.”

A large volume of suspicious transactions can drive inefficient and ineffective use of resources if caseworkers spend time investigating anomalies that turn out to be legitimate. Likewise, states don’t want false positives resulting from analytics to potentially deny someone a benefit for which they are eligible.

“For this reason, states typically rely on initial eligibility checks rather than post-application eligibility analysis,” Zaben says. “This is understandable because the rules for SNAP and other human services programs are extremely complex.”

Clearly a better solution is needed.

ANALYTICS PLUS

One promising approach might be described as “analytics plus.” The “plus” adds a combination of factors including enhanced business processes, the application of expert human intervention and an intensive effort to improve the analytic outcomes themselves. Also known as content-deep forensics, this approach offers a more holistic, effective solution to combat fraud, waste and abuse in public programs.

It starts with an added level of human intelligence — subject-matter experts with deep program knowledge who can triage the anomalies identified by the analytics.

“They can look at the analytic results and validate them. They can ask ‘What is the risk that we are talking about and is it worthy of pursuing?’ These are individuals who understand the rules and the gray areas,” Zaben says.

Having experts take a first look at suspicious claims is important.

“These experts can look for the improper payment cases that would seem to promise the highest return on effort,” Lorenze says.

“They can look at dollar amounts, patterns of behavior and the likelihood of recovery. They can determine at the outset whether something is a good lead or not.”

A human expert also can spot places where conflicting program rules may trip up a caseworker. This in turn can drive process improvements across the system.

On the technology side, content-deep forensics can help agencies leverage the outcomes of analytics to generate results that are more specific and more accurate.

“Analytics is part of an overall solution, but you have to surround it with a lot of other capabilities,” Lorenze says. “By tightly connecting analytics and case management, you form a closed loop where each event and each case informs the analytics and refines the predictive models.”

At the same time, content-deep forensics envisions a higher-touch approach to managing suspicious behavior. Not every action that falls outside the usual parameters should prompt a criminal referral; a gentle reminder may be all that’s needed to change behavior.

“Say a doctor falls outside the norm, that doesn’t mean he or she is committing fraud. But maybe that person should get a letter that nudges good behavior. For example, the state could let them know that they prescribe certain medications far more often than their peer group or they tend to recommend the highest-cost treatments,” Lorenze says. “A simple letter could encourage some people to self-correct, particularly when it’s a case that can be fixed through some basic forms of training.”

IMPROVED OUTCOMES

There are a range of advantages to augmenting straight analytics with human expertise.

Content-deep forensics can reduce false positives and help prioritize cases, enabling agencies to focus their recovery and law enforcement efforts on egregious violations. They can also help ensure that services go to those who are eligible and that they receive the appropriate level of care.

In addition, content-deep forensics can put investigators in a better position to act on cases of serious wrongdoing.

“By the time investigators receive the information, the case is well-baked because someone who understands what is going on has looked at it and created more data points to support a law enforcement action or a denial of eligibility for services,” Zaben says.

Finally, content-deep forensics can support pre-pay interventions. Suppose analytics find anomalies in the claim data.

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TAKING THE NEXT STEP

Government agencies considering adopting content-deep forensics can begin with an in-depth inventory of their existing processes. This inventory can help agencies discover their areas of highest risk, prioritize risk factors and take stock of current interventions.

Once these factors are understood, agencies can dig into the data.

“You need reliable data and alternative cost saving approaches. Analytics do not work with poor data and decisions are not optimized when the only option is to try to recover money after a claim has been paid.” says Deloitte’s Brien Lorenze. “Once analytics help you better understand your vulnerabilities, you can apply a host of different mitigation approaches.”

Data from web logs might reveal that all suspect claims come from different IP addresses, or they occur at 3 a.m. Spotting suspicious patterns like these can help an agency prevent improper payments and clear up the incongruities, rather than trying to recoup payments that should not have been made.

The approaches mentioned here can help agencies get the most value from their analytics investment.

“Forensic investigations can reduce the generation of false positives or negatives,” Lorenze says. “They can make analytics more effective and hone the number of actual results as the rules and models become more refined.”

Analytics technologies are a powerful tool for fighting fraud, waste, and abuse in health and human services programs. But these digital tools are enhanced by human insight. Content-deep forensics adds human expertise and judgment that unlocks the true power of analytics, empowering states to ensure social services dollars are spent more appropriately and that vital benefits reach individuals and families who qualify for them.

1. <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2017-2018/>

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