



Title: Public Defense Fraud Detection
NASCIO Category: Government to Business

Gale Given, Chief Technology Officer
West Virginia Office of Technology

Project Initiation: June 2014 | Project Completion: July 2014

Executive Summary

In West Virginia, attorneys who are appointed to cases to provide public defense must submit vouchers to be reimbursed for expenses and services. Since 2013, attorneys have been using the Public Defender Services (PDS) Online Voucher System (OVS) as the primary way to manage their vouchers and submit them electronically when finished. Once the system was mandated for use in 2013, Public Defender Services waited one full year to allow the system to be populated with workable data. Once that milestone was reached, enhancements were implemented to detect billing discrepancies and possible fraud.

Features of the enhancements include:

- Ability to set daily billing hour thresholds for flagging vouchers
- Ability to filter down to a specific attorney
- Results that show total claimed hours per day, across any number of vouchers
- Ability to view the details of the voucher entries that comprise the total
- Link provided directly to view the voucher in full detail

Functionality

PDS administrative users can use a simple search feature to set a date range, hour threshold, or attorney name to filter results. The user can then drill down into the results to view voucher and even time-entry level details.

Benefits

Cost Savings

The ability to easily detect fraud and billing issues has not only led to the resolution of specific problem voucher problems, but has also resulted in attorneys being more careful. As the word about the new functionality has spread, overall payouts for claims by the agency have decreased by an average of \$100,000 per month. The agency expects to pay out over \$1 million less in claims this fiscal year than the previous.

Time Savings

What was previously a monthly, sometimes year-long process of compiling data to detect fraud and overbilling is now performed instantly. Overbilling could only be detected manually until the system enhancement was completed. Only voucher total claimed amounts were stored electronically, so it was impossible to have visibility into overbilling on a specific date across two unrelated vouchers.

Concept

Process (Genesis, Design and Implementation)

Once wide-spread use of OVS was underway, clarity into the data that was the collected and common billing practices was provided. Public Defender Services partnered with the WV.gov program, the developers of the underlying system, to scope the requirements for the enhancement. The two teams identified the elements that needed to be compared, calculated and presented and constructed a prototype. Once the prototype was finalized, there was still the issue of latency in the report generation due to the massive amounts of data being analyzed and pulled from different places. To enhance the speed of the reporting feature, a great deal of focus was placed on optimizing the queries.

Background and Context

In West Virginia, attorneys that perform public defense work are reimbursed by the state through a voucher program where detailed expenses and time worked on a case are reported. Prior to the implementation of the Online Voucher System, over 30,000 vouchers per year were completed by attorneys in West Virginia by hand or in a word processing program, printed and mailed to Public Defender Services (PDS). Summary claim totals and other information were keyed into a back-end database by PDS staff. Due to the lack of detailed information in that system, there was no way to analyze the data to easily detect billing fraud, which could span across numerous vouchers. Fraud could only be if it was first suspected, then verified via a lengthy and manual investigation. Even with this manual process, PDS investigates and detects incidents of voucher fraud almost every year.

The implementation and resulting mandated use of the agency's Online Voucher System meant that detailed expense and time data was entered by attorneys and could now be analyzed easily to detect fraud.

Evolution and Elements

How was the initiative selected

The ability to easily detect fraud and other billing issues was always an intent of the move to electronic voucher submission. Even through manual means, Public Defender Services detected and pursued multiple cases of fraud per year. It was only logical to expect there were many cases that went undetected and could be identified through this initiative. Since the data was finally available, it only made sense to move forward.

Part of a larger project

The enhancements were part of the administrative module of the Online Voucher System. However, they were not feasible until the system was mandated for use and was in-use for a long enough period to provide adequate data.

Project management approach taken

A traditional project management approach was taken for the initiative. An initiation, requirements gathering, design, prototyping, execution and monitoring procedure was following. A waterfall development methodology was deemed appropriate for this small but beneficial project.

Costs

The OVS billing discrepancy detection enhancements were provided to Public Defender Services at no cost to the agency. There is also no cost for the users of the system. The service is provided without fees as part of the self-funded WV.gov portal project.

Efforts to ensure accessibility and security

Every effort has been made to ensure the pages of the Application are accessible to individuals with disabilities in accordance with Section 508 of the Rehabilitation Act. In instances where innovation outpaces accessibility, the application is designed to degrade gracefully and provide a standard user interface control accessible to all users.

The minimum amount of information was collected to meet the purposes for which the application was created. All information collected is subject to the confidentiality and public disclosure provisions of West Virginia Code Chapter 29B.

Communications Plan

The new enhancements were kept quiet while the agency carefully analyzed the resulting data. Public Defender Services then pursued ten attorneys with billing issues, entering into a number of agreements to curb the practice. Word has spread quickly, which is believed to have resulted in more decreases in claim amounts.

Significance

Scope

The new enhancements to the OVS system have implications for attorneys that provide public defense, the agency that is responsible for their regulation and reimbursement (PDS), and the citizens of West Virginia. PDS spends drastically less time attempting to identify fraud and billing discrepancies and can identify issues much easier. As a result, claims paid have decreased an average of \$100k per month. This \$100k per month is paid from State funds, which are the citizen's tax dollars. Finally, attorneys business practices will be under increased scrutiny to ensure they are fair and appropriate.

Differentiating Factors

The fraud and billing discrepancy detecting enhancements to OVS differ in three main ways from similar projects:

1. **Amount of data analyzed:** Public Defender Services processes an average of 36,000 vouchers in a year. Each voucher may contain hundreds of time entries with many occurring on a single date. The system must aggregate, calculate and analyze each entry across numerous vouchers and provide the results in a simple, easy-to-use report.
2. **Funding Model:** The OVS system, as well as this added functionality were provided at no cost to the user or the agency through an innovative public-private partnership.
3. **Impact:** Seldom do such initiatives have a real-world hard dollar impact such as was seen in this case. A cost-savings of over \$1 million per year is substantial.

Successful Implementation and Change

Successful implementation is what PDS is witnessing now. Abusers of the system as well as those making honest mistakes have been identified and the issues have been addressed. The public defense providing attorney community is learning to be more careful with their billing and it is evident in the reduction in claims. The taxpayers of West Virginia benefit from saving the \$1 million.

Strategy and Goal Alignment

The goal of the WV.gov portal expansion program is to create innovative online services that create conveniences for citizens and businesses, but also create efficiencies for state agencies. This latest enhancement to OVS joins the original system in accomplishing those same goals.

Impact

Environment

Data is an incredibly powerful tool to use in decision and policy making. With the implementation of OVS, very detailed data related to public defense efforts and costs are available. This data is harnessed by these new OVS enhancements to enforce the rules that are already in place but have been otherwise un-enforceable. In addition to curbing fraud and abuse, PDS is also exploring other initiatives based on the data that have the potential to reduce costs and improve operations.

Immediate and Long Term Impact

Regarding the investment, there was zero financial outlay by PDS and the agency realized incredible cost savings. The benefits were anticipated and surpassed all expectations for the initiative. The immediate benefit has been the drastic reduction in claims payments. Long-term, PDS expects the downward trend to continue. Additionally, the success of the initiative has inspired new ideas and system enhancements that will result in greater cost savings and operational efficiencies.

Benefits

West Virginia Citizens

West Virginia citizens have been overpaying for public defense. With these OVS enhancements, the process is being closely audited and the result is the total cost trending downward. As of now, taxpayers are saving an estimated \$100,000 per month and PDS expects that to continue.

West Virginia Public Defender Services

Public Defender Services now has data at their fingertips they can use to easily enforce the rules of their agency. An investigation in the past was typically initiated as a result of raised suspicion or “coming across” information that looked suspicious. With the new fraud detecting measures, PDS can target the abuses and mistakes objectively, which has proven to be very effective. Data can be generated instantly and aggregated into a

useful format. PDS spends substantially less time on these efforts, freeing up resources to serve their constituents properly. With more resources and funds to appropriate to the correct places, the satisfaction of the agency's customers will increase.

State of West Virginia

The application was developed using a self-funded model resulting in \$0 cost to the state. As a result of the enhancement, the State is currently saving approximately \$100,000 per month.