



**State of Alaska
Department of Law**

Alaska Medicaid Fraud Control Unit

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Introduction

- Omnibus Budget Reconciliation Act 1993
 - Requires states to establish Medicaid Fraud Control Units (MFCU)
 - Sets performance standards and guidelines
 - Minimum personnel requirements
- Federal Financial Participation (FFP) grant
 - Funds 75% of MFCU operations

Medicaid Fraud Control Unit

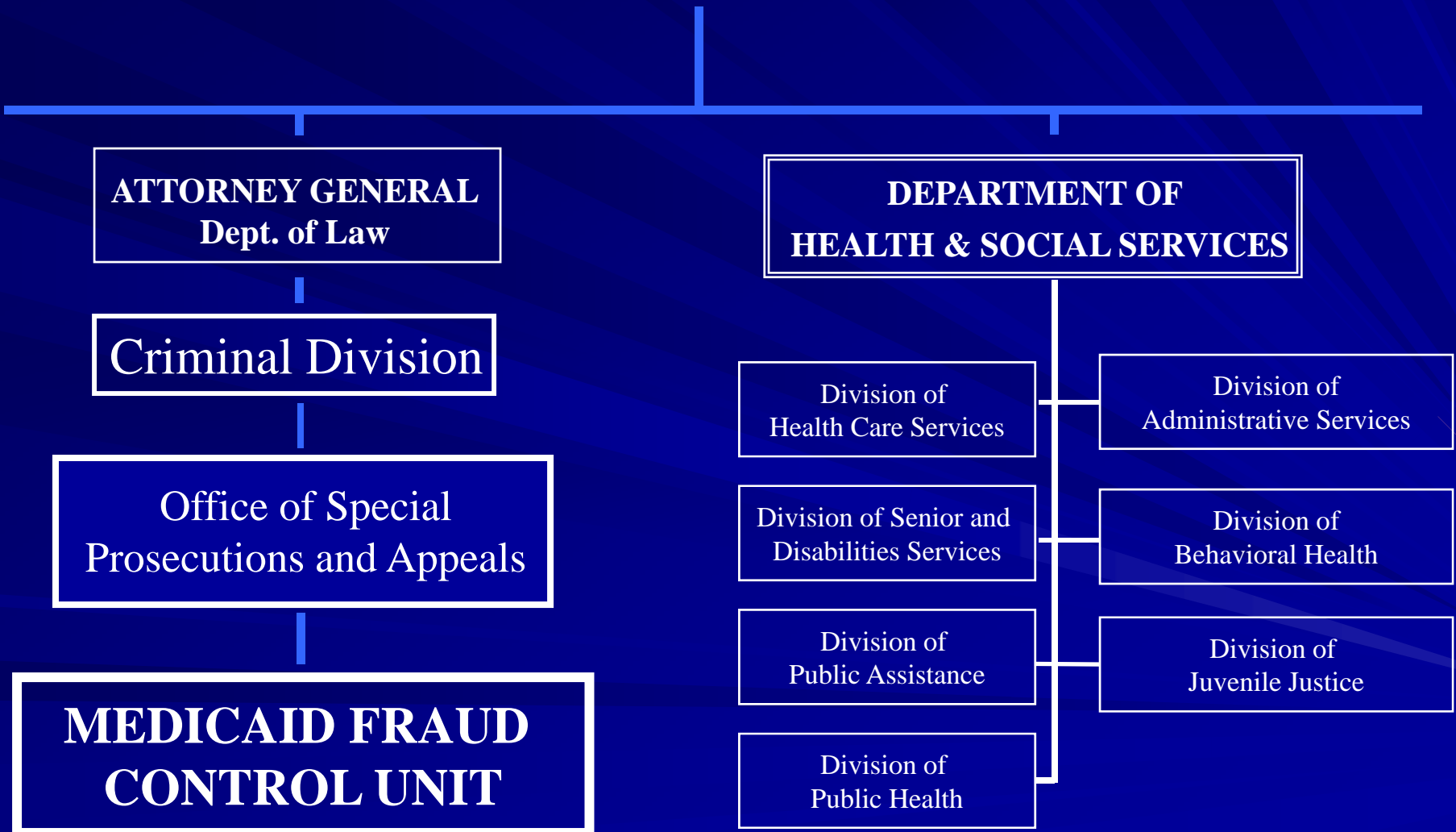
MFCU investigates and prosecutes:

- Medical Assistance Fraud
- Allegations of abuse or neglect
- Financial exploitation or misappropriation of patient assets

MFCU LIMITATIONS

- Non-Medicaid cases
- Investigating or prosecuting recipient fraud
- Data mining

The Medicaid Fraud Control Unit is Part of the Department of Law



Alaska Medicaid Fraud Control Unit

Director & AAG

Auditor
& CPA

Chief
Investigator

Law Office
Assistant

5 Staff
Investigators

Funding

ITEM	2010	2011	2012	2013	2014
Budget Request	\$849,067.00	\$892,000.00	\$1,323,361.43	\$1,357,333.47	\$1,525,200.00
Spent	\$750,660.15	\$811,076.32	\$854,709.75	\$937,557.96	
Federal Funding - 75%	\$562,995.11	\$608,307.24	\$641,032.31	\$703,168.47	
State Share - 25%	\$187,665.04	\$202,769.08	\$213,677.44	\$234,389.49	
# Investigative Staff	4	4	7	7	7
Total # Investigations	391	499	243	393	
Patient Abuse Investigations	217	302	83	55	
# Convictions	4	1	1	19	25

Medicaid Fraud Statistics

- FBI 2010-2011 Financial Crimes Report:
 - Estimates fraudulent billing in Medicaid to total between 3-10 percent of total billing nationwide
 - Fraud schemes becoming more sophisticated
 - Efficient deterrence requires agency cooperation

MFCU Collaboration with DHSS

■ Coordinated Medicaid Division Meetings

- Program Integrity
- Quality Assurance (SDS)
- Health Care Services QA
- Behavioral Health QA
- Department of Law – Civil Division

■ Identify Problems or Limitations

- Criminal vs. Civil Action
- Regulation modification

Collaboration with other Agencies

- Alaska State Troopers
- Municipality of Anchorage & APD
- Office of Inspector General (OIG) Agents
- FBI
- Immigrations and Customs Enforcement
- Other Federal Agencies (SSA, DEA, USPS)
- Dept. of Labor
- Dept. of Commerce
- Dept. of Corrections

HEALTH CARE FRAUD REFERRAL SOURCES

From DHSS, private citizens, recipients, police,
providers and other governmental entities

Complaints screened for merit - alleged conduct prohibited
by statute?

ACCEPTED

CASE INVESTIGATED
BY MFCU

REJECTED

CASE REFERRED
TO OTHER AGENCY

CASE
CLOSED

Medicaid Payment Suspensions

- 62 suspensions based on credible allegation of fraud (10/12 – Present)
- PCA agency
- Transportation service provider
- Two medical practices
- 58 individual PCAs
- Estimated Savings: \$15 Million

Prosecutions

October 2012 – Present: MFCU Charged 72 Criminal Cases

■ Personal Care Attendants

- Billing for services not provided
- Double billing for time
- Travelling internationally
- Billing while recipient is hospitalized
- Endangering Welfare of Vulnerable Adult

■ Assisted Living Home Employees

■ Dr. and Office Manager

Results

- Resolved Cases: (October 2012 – Present)
 - 44 Criminal Convictions
 - Suspension from providing Medicaid services
 - Restitution Judgments totaling \$226,931.00
 - 2 civil resolutions

- Pending Cases:
 - Number of pending and ongoing investigations
 - Potential Restitution: 1.3 – 3 million if allegations are proven

Notable Cases

■ State v. Batac:

- Defendant employed by Municipality as property tax assessor and at Home Depot
- Billed Medicaid for PCA services while working at Home Depot
- Billed Medicaid while traveling
- Total fraud \$64,665.47
- Sentence: Conviction for class B felony, one year in jail, restitution and 10 years formal probation.

■ State v. Gunes:

- Anchorage Taxi Driver Convicted for Fraudulently Billing Medicaid
- MFCU conducted joint investigation with OIG & FBI
- Gunes accepted vouchers for rides that violated terms and conditions of Medicaid voucher program
- Submitted multiple vouchers to Medicaid from a single ride
- Convicted of medical assistance fraud, a class A misdemeanor offense, fined \$500, restitution, three years probation and barred from billing Medicaid
- Municipality of Anchorage:
 - Issued 5 year suspension on providing chauffeur services
 - Revocation of taxi permit valued at \$39,000

- Anchorage Transportation Company
 - Criminal investigation
 - Allegations only: Billing for services not provided
 - Consequences of credible allegation of fraud
 - State suspension from Medicaid Payment
 - Municipality of Anchorage Suspension
 - Change in Municipality of Anchorage regs:
 - Prohibition on accepting Medicaid vouchers
 - Limitation on escort services

- Personal Care Attendant Cases: PCAs
 - July 9, 2013: MFCU charged 29 defendants
 - Jointly investigated Case with DHSS, OIG, ICE, FBI, APD, Dept. of Commerce, Social Security Administration
 - Identified \$362,000 in fraudulent billing
 - \$346,000 from a single company

Lessons Learned

- Value of Agency Cooperation:
 - Efficient utilization of limited financial resources
 - MFCU & DHSS joint efforts to prevent, reduce and mitigate healthcare fraud, waste and abuse paying dividends
 - Identified weaknesses and solutions for improving program
- Innovative Practices:
 - Enrollment of PCAs
 - High Level of cooperation between agencies
- Sentinel Effect: General Deterrence
 - Decrease in fraudulent billing
 - Savings from deterring fraud and/or suspending providers