



If you suspect that Medicaid fraud or elder abuse and neglect has occurred in a Medicaid facility or has been committed by someone working for a Medicaid provider, immediately contact Adult Protective Services and your local police department. Then, report the incident to the Medicaid Fraud Control Unit (MFCU) of the Office of the Virginia Attorney General at

1-800-371-0824 or
1-804-371-0779

HEALTHPOINT

The Commonwealth of Virginia's Medicaid Fraud Control Unit (MFCU) recently reached a settlement with pharmaceutical company Healthpoint, Ltd. and its parent DFB Pharmaceuticals, Inc. to resolve litigation pending in the United States District Court in Massachusetts. The case was originally filed as a whistleblower lawsuit naming only the United States as a government party. Although the federal government was the only named government plaintiff in the lawsuit, the MFCU determined that the Department of Medical Assistance Services (DMAS) was similarly defrauded. As a result, the MFCU, on behalf of DMAS, sought leave of court to intervene in the pending action, whereas a majority of states declined to seek permissive intervention in the case. Upon receiving the court's permission, the MFCU filed its own complaint to protect the Commonwealth's interests in the litigation.



Factual Background

The Complaint alleged that Healthpoint, Ltd. developed and marketed Xenaderm to promote the healing and treatment of decubitus ulcers, varicose ulcers and dehiscent wounds, even though the Food & Drug Administration (FDA) never approved Xenaderm as safe and effective for any use under current standards.

Beginning in 1938, in order to receive approval to market new drugs, manufacturers had to submit new Drug Applications to the FDA demonstrating their products were safe. In 1962, the FDA began to evaluate all previously approved drug products for both safety and efficacy. If the FDA determined that the drug was "less than effective" for some or all of its labeled indications, the FDA published a notice proposing to withdraw approval for the drug and any "identical, related, or similar" drugs. Manufacturers had the opportunity to challenge the FDA's determination. If there was no challenge, the FDA rescinded its

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VIRGINIA ATTORNEY GENERAL'S OFFICE

The Commonwealth From Corner to Corner



Retirement of one of the Commonwealth's Finest Heroes.

Paul N. Anderson, Deputy Director of Investigations and Audit will be retiring on April 1st after more than 30 years of service with the Office of the Attorney General of Virginia. Paul also served with distinction in the United States Army and the Henrico Police Department. During Paul's tenure with the MFCU, he was assigned to investigate, supervise and manage the investigation of hundreds of health care fraud investigations. Paul's skillful efforts helped secure more than \$1.8 billion in recoveries to the Virginia and federal government health care programs. We salute Paul for a job well done!

The Virginia MFCU's Community Outreach Coordinators will soon be coming to a church, club or civic group near you! Here's a partial schedule of the upcoming presentations on Medicaid Fraud and Elder Abuse & Neglect:



Virginia Attorney General Kenneth T. Cuccinelli, II

The men and women of the Unit risk their lives to protect the Virginia Medicaid Program by convicting criminals who commit fraud against the program. They have also found a way to make criminals pay for the state share of their budget. I think the Medicaid Fraud Control Unit is one of the greatest success stories of the Commonwealth.

March 6 Powhatan County TRIAD Meeting

10:00 a.m., Powhatan Village Building, 3910 Old Buckingham Road, Powhatan, VA

March 7 AARP Huguenot Chapter 4779 Meeting

12:00 p.m., St. Matthias Episcopal Church, 11300 W. Huguenot Road, Midlothian, VA

March 14 Ashland/Hanover County TRIAD Meeting,

Ashland Police Department
601 England Street
Ashland, VA

March 27 Colonial Heights Kiwanis Club Meeting, 12:00

p.m., Dante Italian Restaurant
2900 Cedar Lane
Colonial Heights, VA

April 2 Dinwiddie County TRIAD Meeting, 2:00 p.m.,

Eastside Enhancement Center
7301 Boydton Plank Road
Petersburg, VA



(left to right) Randy Clouse, MFCU Director and Chief; Attorney General Ken Cuccinelli; and John Childrey, Deputy Attorney General for Public Safety and Enforcement, gathered before opening a recent three-day MFCU In-Service Training event at the Office of the Attorney General in Richmond. Participants attended 12 workshops, focusing on the latest investigative and prosecutorial methods finding success in cases across Virginia.



Senior Virginians Deserve Quality Care!

Elder Abuse and Neglect Squad

800-371-0824

Office of the Attorney General
Attention: Elder Abuse & Neglect Squad
900 East Main Street
Richmond, VA 23219
MFCU_mail@oag.state.va.us
252.579.6100
Facebook.com/WAMFCU

Created in 2008 as part of the Medicaid Fraud Control Unit, the Commonwealth's Elder Abuse & Neglect Squad investigates and prosecutes cases of patient abuse and neglect whenever Medicaid dollars are being spent. The Squad's goal is to ensure each Virginia Medicaid patient gets the highest quality of care possible in both own homes, a nursing home or assisted living facility.

Signs of Elder Abuse and Neglect

- Runs with sores, bruises, cuts
- Persistent, unexplained injuries
- Unexplained, lost to bed or chair
- Absence of visitors
- Unintentional or unusual bruising
- Inappropriate or inadequate clothing
- Malnutrition
- Unkempt personal appearance
- Unexplained medical condition
- Unkempt dentures, glasses, hearing aids or medication



Order Materials for Your Community:

Contact us at MFCU_mail@oag.state.va.us or by telephone, 1-800-371-0824, to order brochures, tip cards for first responders, elder abuse and neglect flyers.

What if you suspect fraud by a Medicaid Recipient?

What can you do if you suspect fraud by a Medicaid recipient?

Please contact the Department of Medical Assistance Services (DMAS).

Recipient fraud may include:

- the deliberate failure to report income or to disclose resources
- unreported change in household member composition
- uncompensated asset transfer
- Medicaid card sharing, prescription fraud and drug diversion

Non-fraud examples are:

- eligibility errors due to recipient misunderstanding
- agency errors
- when Medicaid-covered services continue during the appeal process and the agency's cancellation action is upheld
- when the investigation confirms that an individual received Medicaid services fraudulently, the claims paid on the recipient's behalf are determined and the overpayment amount is identified. Recipient fraud cases may be prosecuted by the local Commonwealth's Attorney's Office or in Federal court when joint investigations are involved.

The MFCU is statutorily prohibited from investigating Medicaid recipient fraud.

To report recipient fraud, contact DMAS:

By telephone:
1-866-486-1971 or
804-786-1066

By mail:
Department of Medical Assistance Services
Recipient Audit Unit
600 East Broad Street
Suite 1300
Richmond, Virginia 23219



www.twitter.com/VaMFCU



“Like” Our Facebook Page and Follow Us On Twitter

Check out the new Virginia Medicaid Fraud Control Unit's Facebook page today at www.facebook.com/VAMFCU to keep up with the latest news on Medicaid Fraud from across the Commonwealth and the nation. While there, you can also access detailed information about MFCU, including our mission, awards, and contact information. View and download photos of our recent visits to community organizations. Watch videos and check our calendar of events for upcoming presentations in your area. And, don't forget to click the “like” button if you want to join our list of friends. You may follow us on Twitter at www.twitter.com/VaMFCU.

Request a presentation on Medicaid Fraud for your church, club or civic group. Contact Randy Davis (Eastern Virginia) at 804-786-7750 or Mickey Mixon (Western Virginia) at 540-562-3571 today.



prior approval. A drug product may be marketed without express FDA approval if it is not a new drug - meaning it has the same active ingredient and is labeled for the same use as a previously approved drug.

Following an extensive investigation, the MFCU alleged that Xenaderm was ineligible for Medicaid reimbursement. In order to receive Medicaid reimbursement for their products, drug manufacturers, including Healthpoint, Ltd., must provide the Centers for Medicare and Medicaid Services with quarterly reports, setting out which of their products are eligible for reimbursement by Medicaid. The MFCU alleged that Healthpoint, Ltd. falsely designated Xenaderm as being eligible for reimbursement. Further, the state Medicaid programs relied upon Healthpoint, Ltd.'s false statements and improperly paid reimbursement claims for Xenaderm.

Procedural History

The Virginia MFCU on behalf of DMAS, the federal government and fifteen other states participated in this litigation. The parties to the suit reached a settlement in the midst of active litigation. Virginia MFCU joined the pending suit in early 2012. Assistant Attorneys General Wm. Clay Garrett, Megan L. F. Holt, and Vincent Vaccarella represented the MFCU in this action during the pendency of the litigation. Further, AAG Holt served on the leadership team of states appointed by the National Association of Medicaid Fraud Control Units (NAMFCU) to arrive at a global settlement on behalf of the states. Virginia MFCU's efforts, along with those of Massachusetts, were particularly helpful to the overall litigation strategy of the intervening states.

The NAMFCU global case team and the federal government successfully negotiated a global settlement with Healthpoint, Ltd. and DFB Pharmaceuticals, Inc., resulting in a total recovery of \$48 million for the Medicaid and Medicare programs. Through the active efforts of the MFCU, \$222,757.00 was recovered for the Virginia Medicaid Program in civil fraud recoveries. As this matter was initiated without a relator serving the Virginia MFCU, no relator's share was paid from the recovery and all settlement funds were returned to the program based on losses attributed to DMAS.



OFFICE OF THE ATTORNEY GENERAL OF VIRGINIA

Medicaid Fraud Control Unit Elder Abuse and Neglect Squad



We are on the web:
www.ag.virginia.gov

900 East Main Street
Richmond, VA 23219

Phone: 1-800-371-0824

or 1-804-371-0779

Fax: 1-804-786-3509

E-mail:

MFCU_mail@oag.state.va.us

Also, find us at <http://tinyurl.com/VAMFCU>

For more information, additional copies, or to be placed on our distribution list to receive quarterly copies of this newsletter, please contact:

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