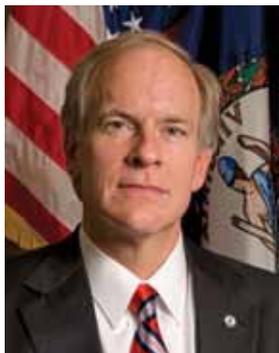


**2008-2009  
ANNUAL REPORT**







*Attorney General William C. Mims*

*The men and women working in the Medicaid Fraud Unit continue to surpass milestones in their fight to protect the health and welfare of the residents of the Commonwealth.*

*We are pleased to offer the Medicaid Fraud Control Unit's 2009 Annual Report.*



**Medicaid Fraud Control Unit  
Office of the Attorney General**  
900 East Main Street, Richmond, VA 23219  
(804) 786-2071



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## COMMONWEALTH of VIRGINIA

Office of the Attorney General

William C. Mims  
Attorney General

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Richmond, Virginia 23219  
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Virginia Relay Services  
800-828-1120  
7-1-1

June 30, 2009

The Honorable William C. Mims  
Attorney General of Virginia  
900 East Main Street  
Richmond, VA 23219

Dear General Mims:

On October 1, 1982, the United States Department of Health and Human Services formally designated and certified the Virginia Medicaid Fraud Control Unit (MFCU or the Unit) as an integral part of the nationwide effort to deter fraud and the misapplication of funds by health care providers enrolled in the Commonwealth's Medical Assistance Program, which is administered by the Virginia Department of Medical Assistance Services (DMAS). This year, as a result of our criminal and civil investigations, the MFCU has successfully recovered significant amounts of money wrongfully paid to providers by Virginia's Medicaid program. Additionally, because of the MFCU's growth, the Office of the Virginia Attorney General created a new Section within the agency, the Health Care Fraud and Elder Abuse Section. The MFCU achieved its third most successful year since its inception and obtained convictions of 16 healthcare providers in state and federal courts, with \$27,607,671.92 of restitution to be paid to Medicaid and other government health care programs. In addition to maintaining its normal significant caseload, the members of MFCU also trained nine new employees.

The outstanding performance of the MFCU is attributable to a team effort, the Unit's exceptional relationship with other state and federal agencies, and the continued support from you and your senior staff. The tremendous success of the Unit this year could not have been achieved without the persistent work performed by the men and women of the MFCU, who spend many days away from their family and friends while conducting surveillances, executing search warrants, analyzing records, conducting interviews, and prosecuting cases. The Unit's commitment to the Office of the Attorney General and its mission is why, in 2008, we were named the number one MFCU in the country by the United States Department of Health and Human Services, Office of Inspector General (HHS-OIG). The MFCU is proud to serve among the nation's leaders in combating fraud in the Medicaid program. We thank you for your continued support and encouragement.

The report that follows reviews the first half of the 2008-2010 biennium, from July 1, 2008 to June 30, 2009, and sets forth the organization, operations, and accomplishments of the Unit.

With kindest regards, I remain

Very truly yours,

A handwritten signature in cursive script that reads "Randall L. Clouse".

Randall L. Clouse  
Director  
Medicaid Fraud Control Unit  
Health Care Fraud and Elder Abuse Section

## PREFACE

The Virginia Medicaid Fraud Control Unit (MFCU or the Unit) of the Office of the Attorney General was certified October 1, 1982, by the United States Department of Health and Human Services. The Unit is one of fifty similarly structured units throughout the United States. In deciding to establish a MFCU in Virginia, the General Assembly stated:

The General Assembly finds and declares it to be in the public interest and for the protection of the health and welfare of the residents of the Commonwealth that a proper regulatory and inspection program be instituted in connection with the providing of medical, dental and other health services to recipients of medical assistance. In order to effectively accomplish such purpose and to assure that the recipient receives such services as are paid for by the Commonwealth, the acceptance by the recipient of such services and the acceptance by practitioners of reimbursement for performing such services shall authorize the Attorney General or his authorized representative to inspect and audit all records in connection with the providing of such services. Section 32.1-310, Code of Virginia, 1950, as amended.

## STATUTORY AUTHORITY

In 1981, the Virginia General Assembly enacted Chapter 9, §§ 32.1-310 through 32.1-321 of the Code of Virginia to regulate medical assistance in the Commonwealth. This Chapter authorizes criminal sanctions for specific acts of Medicaid fraud and abuse. The duties and responsibilities of the Unit are set forth in § 32.1-320.

In 1982, the Unit was established within the Office of the Attorney General in accordance with federal requirements. This Unit is separate and distinct from the Department of Medical Assistance Services (DMAS), which is the single state agency in the executive branch responsible for the administration of the Medicaid program.

In 1995, the General Assembly significantly amended the Medicaid fraud statutes by converting Virginia Code § 32.1-314, the most frequently charged crime under the Medicaid fraud statutes, from a larceny-type offense to a false-claims offense. The change eliminated the requirement that the Commonwealth prove \$200 or more was wrongfully taken from the program in order to secure a felony conviction. Under the amended statute, the Commonwealth need only prove that a materially false statement was made in an application for reimbursement under the program.

In 2007, the Virginia Attorney General's Office's Medicaid Fraud Control Unit successfully proposed legislation to eliminate the penalty for abuse or neglect of an incapacitated adult that resulted in death to a Class 3 felony, which is a term of imprisonment of not less than five years nor more than 20 years and a fine of not more than \$100,000. 2007 Va. Acts cc. 562, 653. Before the 2007 amendment, abuse of an incapacitated adult resulting in serious bodily injury or disease was a Class 4 felony punishable by a term of imprisonment of not less than two years nor more than 10 years and a fine of

not more than \$100,000. In 2007, the General Assembly also enacted a number of changes to health care fraud statutes in Virginia to ensure Virginia would be deemed compliant with the federal Deficit Reduction Act of 2005. If deemed compliant, Virginia would be allowed to keep an additional 10% of the recoveries.

- Amended Virginia Code § 8.01-216.3 to increase the minimum penalty from \$5,000 to \$5,500 and increase the maximum penalty from \$10,000 to \$11,000;
- Amended Virginia Code § 8.01-216.3 to allow the Virginia Attorney General's Office to recover attorney fees and costs incurred in its investigation and prosecution of *qui tam* actions;
- Amended Virginia Code §§ 8.01-216.5 and 8.01-216.6 to replace "motion for judgment" and "motion" with "complaint" (lines 55, 56-57, 59, 62, 64, 77, and 78);
- Amended Virginia Code § 8.01-216.9 to (1) extend the statute of limitations period; (2) extend the burden of proof requirement; and (3) prevent defendants from denying civil liability if they are convicted in a criminal proceeding based on the same transaction or occurrence; and
- Amended Virginia Code §§ 32.1-312 and 32.1-313 to extend the statute of limitations and allow Virginia to bring a civil action for fraud against health care subcontractors that provide services or goods to Medicaid recipients, but do not contract directly with Virginia's state provider pursuant to a provider agreement.

2007 Va. Acts, c. 569. The United States Department of Health and Human Services, Office of the Inspector General issued a ruling on March 13, 2007 that found Virginia's statutory scheme was in compliance.

## UNIT MISSION

The Unit is charged with the investigation and prosecution of Medicaid providers who conduct their businesses in a fraudulent or highly abusive manner. The intended result of this effort is to deter all providers of medical services from engaging in fraudulent or abusive behavior.

In order to achieve this goal, the Unit will:

Conduct professional and timely criminal investigations that lead to just results;

Collaborate with other state and federal agencies involved in the battle against healthcare fraud and patient abuse and neglect throughout the Commonwealth. In fact, the MFCU is uniquely positioned to take the lead in investigating and prosecuting healthcare fraud and patient abuse and neglect in the Commonwealth;

Seek alternatives to criminal prosecution, when appropriate, to reinforce and instill in the provider community a desire to comply with all regulations promulgated by the Virginia Department of Medical Assistance Services (DMAS);

Refine internal operating procedures designed to produce timely investigative results and maximize Unit resources in order to promote efficient and thorough strategies for each case;

Promote effective communication between the Unit and DMAS, thereby increasing the number and quality of referrals;

Maintain the highest standards of excellence through aggressive training on current fraud trends and law enforcement tools in an attempt to better combat fraud in the Medicaid program; and

Provide assistance related to nationwide civil and criminal healthcare fraud matters.



*Virginia's Capitol which was designed by Thomas Jefferson and is the centerpiece of Capitol Square*

# OFFICE OF THE ATTORNEY GENERAL PERSONNEL

(June 30, 2009)



The Honorable William C. Mims  
Attorney General

Martin L. Kent  
Chief Deputy Attorney General

Marla Graff Decker  
Deputy Attorney General  
Public Safety and Enforcement Division

Steven T. Buck  
Chief Counsel for MFCU and Section Chief  
Health Care Fraud and Elder Abuse Section

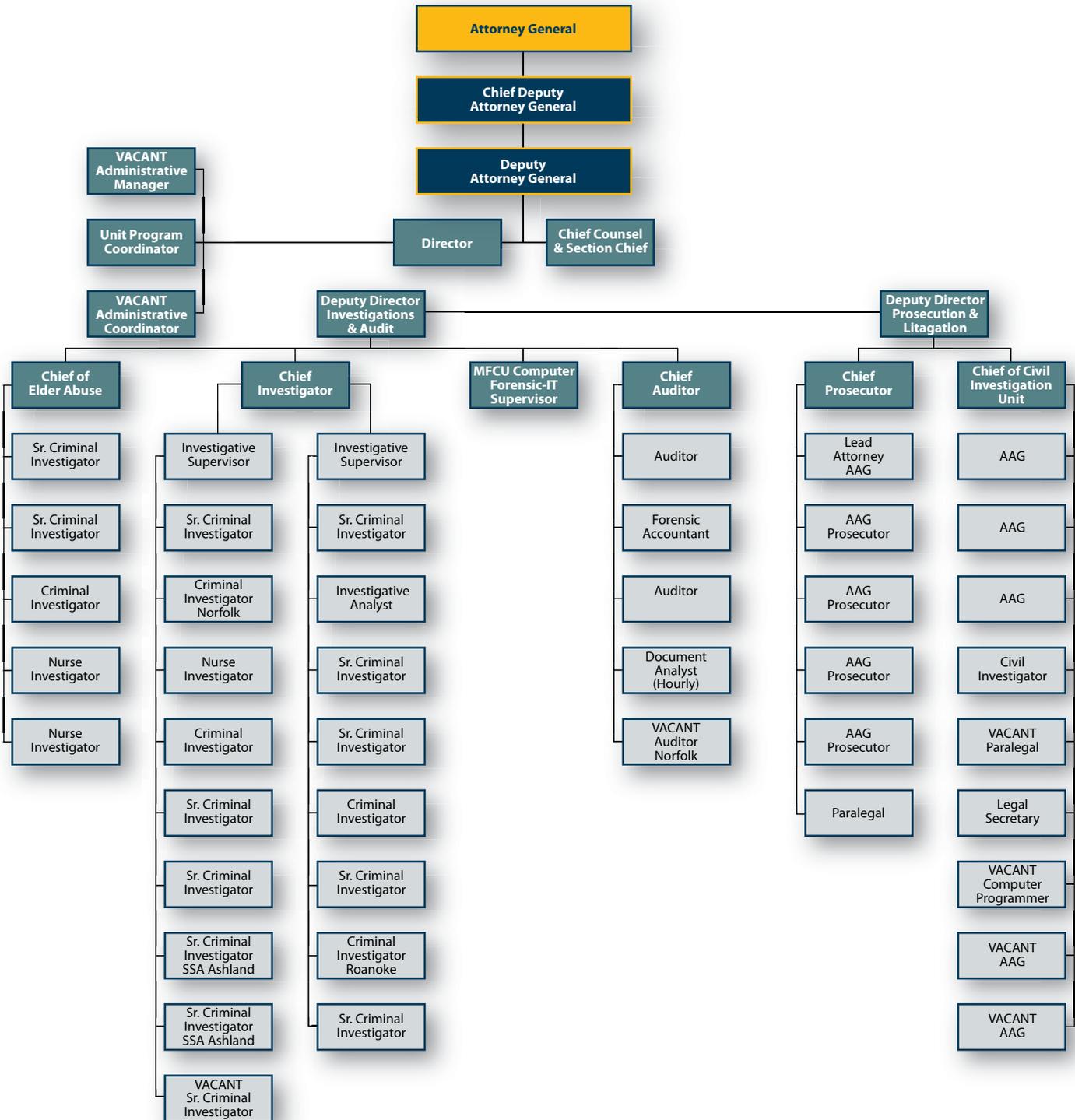
Randall L. Clouse  
Director  
Medicaid Fraud Control Unit



*MFCU Director Randall L. Clouse*

# ORGANIZATIONAL CHART

**Office of the Attorney General**  
 Public Safety and Enforcement Division  
 Health Care Fraud and Elder Abuse Section  
 Medicaid Fraud Control Unit  
 June 30, 2009



## SIGNIFICANT CASES

The following are brief summaries of significant cases that resulted in the successful convictions of fraudulent healthcare providers in the Commonwealth during fiscal year 2008-2009.

Virginia Court of Appeals Reports

### UNITED STATES v. ROY SILAS SHELburnE, DDS

On October 27, 2006, Roy S. Shelburne was indicted by a federal grand jury in Abingdon, Virginia for racketeering, health care fraud, mail fraud, wire fraud, money laundering, and interstate transportation of monies taken by fraud. The indictment was the result of a joint investigation by the Virginia Attorney General's Medicaid Fraud Control Unit, the Internal Revenue Service, and the Office of the United States Attorney for the Western District of Virginia.

Shelburne was a licensed dentist who practiced in Pennington Gap, Virginia and became a Medicaid provider in July 1998. Shelburne devised a scheme to maximize the income from his dental practice by over-billing insurance carriers and Medicaid for services that were not necessary or that were never performed. Shelburne also directed his employees to bill for activities that were either never performed or medically unnecessary. Shelburne was charged with upcoding; as well as billing for services that were incomplete, unnecessary, and which were detrimental to the health of the patient. Shelburne was also charged with billing for services that had no medical value.

On March 6, 2008, Shelburne was found guilty by a federal jury in Abingdon, Virginia, of ten felony offenses including racketeering, health care fraud, mail fraud, wire fraud, and money laundering. As a result of the conviction, Shelburne agreed to forfeit \$200,000.00 in addition to mandatory restitution, in an amount to be set by the court at sentencing.

On July 1, 2008, United States District Court Judge James P. Jones issued an opinion allowing Shelburne's convictions for one count of racketeer-



Evidence/Storage Room

ing, one count of health care fraud, and one count of structuring to avoid reporting requirements to stand, while vacating the jury's remaining convictions for money laundering. The Court's action was based upon a recent United States Supreme Court ruling.

On July 10, 2008, Shelburne was sentenced to 24 months incarceration, ordered to pay a \$75,000.00 fine, and ordered to pay \$17,889.57 in restitution to Virginia Medicaid.

## UNITED STATES v. MOHAMED A. ABDELSHAFI

On November 6, 2007, Mohamed A. Abdelshafi was indicted by a federal grand jury in Richmond, Virginia for fifteen counts of health care fraud and two counts of aggravated identity theft. On May 16, 2008, United States District Judge Henry E. Hudson found Abdelshafi guilty of all seventeen counts of the indictment.

Abdelshafi, owner and operator of Shafi Medical Transportation, LLC, executed a scheme to defraud the Virginia Medicaid program from November 30, 2006 through August 11, 2007. Abdelshafi submitted inflated reimbursement claims that reflected more miles than actually traveled; and phantom reimbursement claims for trips that never occurred. In addition, Abdelshafi exploited the names, dates of birth and unique identification numbers of Medicaid recipients to establish legitimacy for the reimbursement claims. During the period of the scheme, Abdelshafi caused the submission and payment of \$308,329.00 in false claims on behalf of Shafi Medical Transportation.

Abdelshafi contracted with Virginia Premier Health Plan, Inc. (Virginia Premier), a health maintenance organization contracted by Virginia Medicaid, to provide non-emergency transportation for Medicaid recipients. In July 2007, Virginia Premier audited Shafi Transportation's claims and identified unusually

high mileage amounts submitted for reimbursement. Virginia Premier referred the matter to the Virginia MFCU. The MFCU opened an investigation with agents of the Federal Bureau of Investigation (FBI) and the United States Department of Health and Human Services' Office of Inspector General (HHS/OIG). The Office of the United States Attorney for the Eastern District of Virginia and MFCU prosecutors charged Abdelshafi with aggravated identity theft related to the phantom billings. By using a Medicaid recipient's identification to further his criminal activity, the government alleged that Abdelshafi was guilty of aggravated identity theft. The Court agreed and on August 22, 2008, sentenced Abdelshafi to 38 months imprisonment for the fifteen counts of health care fraud and 24 months imprisonment for the two counts of aggravated identity theft, for a total of 62 months. Additionally, the Court ordered Abdelshafi to make full restitution for \$308,329. Just over \$260,000 was seized from Abdelshafi's bank account and that amount will be applied to restitution.

Abdelshafi appealed his aggravated identity theft convictions to the United States Court of Appeals for the Fourth Circuit. Oral argument is scheduled to be heard in October of 2009.

## UNITED STATES v. HAWA WELLER-PACE

On June 18, 2008, Hawa Weller-Pace pled guilty in United States District Court for the Eastern District of Virginia in Alexandria, Virginia to federal health care fraud charges in connection with a scheme to defraud the Virginia Medicaid program. On September 5, 2008, Weller-Pace was sentenced to 25 months imprisonment to be followed by three years of supervised release and ordered to pay \$877,342 in restitution.

Weller-Pace owned and operated Charity Home Care, an Alexandria, Virginia home health agency that provided respite care and personal care services to

Medicaid recipients. From October 2006 through March 2008, Weller-Pace submitted 1,069 false claims for reimbursement to Virginia Medicaid. Weller-Pace forged the signatures of registered nurses on patient records and falsely claimed payment for services that were not properly rendered or, in some instances, were never rendered. The matter was investigated by the Virginia MFCU, Federal Bureau of Investigation, and the Office of the United States Attorney for the Eastern District of Virginia.

## UNITED STATES v. SHARON M. HONEYCUTT

On May 21, 2008, Sharon M. Honeycutt pled guilty in United States District Court for the Eastern District of Virginia in Norfolk, Virginia to federal health care fraud charges in connection with her operation of a Portsmouth, Virginia durable medical equipment company. On September 23, 2008, Honeycutt was sentenced to 13 months imprisonment and three years of supervised release. She also was ordered to pay \$101,783.51 in restitution.

Honeycutt owned and operated Ace Homecare, a provider of durable medical equipment including catheters, gloves, nutritional supplements, and adult diapers. Under a Medicaid provider agreement, Ace Homecare was entitled to receive payment from Medicaid for providing these items to Medicaid recipients in accordance with a physician's written order. Between March

2003 and September 2005, Honeycutt filed claims for providing these items when there was no written order from a physician. Honeycutt filed these claims not only in the name of her own company, but also through another Medicaid provider in an arrangement Honeycutt concealed from Medicaid. When the records of Ace Homecare and the other Medicaid provider were audited, Honeycutt prepared for submission to Medicaid auditors, 22 false Certificates of Medical Necessity which included forged physician signatures. Approximately 1,500 fraudulent claims were filed for 22 Medicaid recipients, resulting in a loss to Medicaid of approximately \$101,783. The case was investigated by the Virginia MFCU, Federal Bureau of Investigation, and the Office of the United States Attorney for the Eastern District of Virginia.

## UNITED STATES v. RINA ZAVELSKY AND RENAISSANCE, INC.

On July 18, 2008, Rina Zavelisky and Renaissance Inc. each pled guilty in United States District Court for the Eastern District of Virginia in Richmond, Virginia, to one count of conspiracy to commit health care fraud. On October 24, 2008, Zavelisky was sentenced to 16 months incarceration and ordered to pay \$6,900,000 in restitution. Renaissance was sentenced to 3 years probation and ordered to pay \$6,900,000 in restitution (joint and several with Rina Zavelisky).

Zavelisky owned and operated Renaissance, Inc., a business that provided home health care services to Medicaid recipients throughout Virginia. In pleading guilty, Zavelisky, a registered nurse, admitted she

defrauded Medicaid by submitting false claims for reimbursement. Zavelisky and Renaissance provided services through unqualified and untrained personal care aides; created false training certificates to cover up the lack of training; concealed the use of family member personal care aides to care for family member recipients against Medicaid regulations; and billed for non-covered and unauthorized services. Renaissance, Inc. operated throughout Virginia with offices in Richmond, Tidewater, Northern Virginia, and Harrisonburg. The case was investigated by the Virginia MFCU, the Federal Bureau of Investigation, and the Office of the United States Attorney for the Eastern District of Virginia.



Commonwealth of Virginia motto: *Sic Semper Tyrannis*

## DETAILED CASE SUMMARY

**Criminal**  
**July 1, 2008 – June 30, 2009**

Category	Carried Over	Opened	Closed	Pending
<b>Institutions</b>				
Nursing Facilities	1	1	1	1
Hospitals	0	0	0	0
Other Institutions	1	1	1	1
<b>Practitioners</b>				
MD/OD	5	3	4	4
Dentists	2	1	2	1
Podiatrists	1	0	0	1
Psychiatrist/Psychologist	2	4	2	4
Other	3	0	3	0
<b>Medical Support</b>				
Pharmacy	8	0	8	0
Durable Medical Equipment	7	0	2	5
Laboratories	1	0	1	0
Medical Transportation	1	3	0	4
Home Health Agencies	16	3	11	8
Rehabilitation Therapists	0	0	0	0
Other	2	6	4	4
<b>Patient Abuse and Neglect</b>				
Patient Abuse	1	3	2	2
Corporate Neglect	5	5	5	5
<b>Patient Funds</b>				
Patient Funds	1	2	1	2
<b>Total</b>	<b>57</b>	<b>32</b>	<b>47</b>	<b>42</b>

## CIVIL INVESTIGATIONS SQUAD



MFCU's Civil Investigative Squad: Chief of Civil Investigations Erica Bailey, Assistant Attorneys General Lelia Beck, Erica Hooper, and Tracey Stith, Paralegal Michele Stanley and Legal Secretary Latarsha Tyler

## CEPHALON SETTLEMENT

Cephalon, Inc. (Cephalon) entered into a settlement agreement with the United States, Virginia, and other states to resolve claims in several *qui tam* cases filed in the United States District Court for the Eastern District of Pennsylvania that alleged Cephalon violated federal and state false claims statutes by fraudulently marketing the prescription drugs Gabitril, Provigil, and Actiq. The total amount of the settlement, civil and criminal, is \$425,000,000.00, plus interest. The agreement resolved civil claims that Cephalon illegally paid kickbacks

to physicians and marketed the above-mentioned drugs for off-label uses. Additionally, Cephalon plead guilty to misdemeanor misbranding and paid a criminal fine of \$50,000,000.00. The remaining \$375,000,000.00 is designated as civil restitution for government healthcare programs, including \$247,906,330 as civil restitution for the Medicaid program. Virginia's federal/state share of the settlement is \$3,487,552.00, of which \$1,747,459.78 is the amount paid to the Virginia Department of Medical Assistance Services.

## ELI LILLY SETTLEMENT

Eli Lilly and Company (Eli Lilly) entered into a settlement agreement with the United States, Virginia, and other states to resolve claims contained in four *qui tam* cases filed in the United States District Court for the Eastern District of Pennsylvania that alleged Eli Lilly violated federal and state false claims statutes. The settlement covers false claims submitted by Eli Lilly from September 1999 through 2005 to state Medicaid programs for reimbursement of the atypical antipsychotic drug Zyprexa. The United States Food and Drug Administration (FDA) approved Zyprexa for treatment of bipolar disorders and schizophrenia. From September 1999 to 2005, Eli Lilly marketed Zyprexa for the off-label treatment of depression, anxiety, irritability, disrupted sleep, nausea, and gambling addiction through a marketing program called "Viva Zyprexa." Eli Lilly also downplayed serious side effects associated with its use

including extreme weight gain, which can increase the incidence of Type II Diabetes. The total state and federal recovery, civil and criminal, is approximately \$1.415 billion, which represents the largest recovery in a health care fraud investigation in United States history.

As part of a plea agreement, Eli Lilly pled guilty to misdemeanor misbranding based on its marketing of Zyprexa for treatment of non-FDA approved medical conditions and agreed to pay a criminal fine of \$615,000,000.00. Of the remaining \$738,400,000.00, the United States received approximately \$438,000,000.00 and \$361,800,000.00 was distributed to the states. Virginia's total federal/state Medicaid damages are \$9,145,871.45 of which \$4,305,045.09 represents the federal share and \$4,840,826.36 represents the amount paid to the Virginia Department of Medical Assistance Services.

## DETAILED CASE SUMMARY

**Civil**  
**July 1, 2008 – June 30, 2009**

Category	Carried Over	Opened	Closed	Pending
<b>Institutions</b>				
Nursing Facilities	0	2	1	1
Hospitals	3	0	1	2
Other Institutions	0	0	0	0
<b>Practitioners</b>				
MD/OD	0	0	0	0
Dentists	0	1	0	1
Podiatrists	0	0	0	0
Psychiatrist/Psychologist	0	0	0	0
Other	0	2	0	2
<b>Medical Support</b>				
Durable Medical Equipment	3	5	0	8
Laboratories	4	0	0	4
Pharmaceutical Companies	100	24	2	122
Transportation	0	0	0	0
Home Health	2	0	0	2
Rehabilitation Therapists	0	0	0	0
Other	4	0	0	4
<b>Total</b>	<b>116</b>	<b>34</b>	<b>4</b>	<b>146</b>



Unit Program Coordinator Patricia Cooper-Lewis

## CASE ACTIVITY SUMMARY

The following is a brief statistical summary of cases investigated from  
**July 1, 2008 – June 30, 2009**

Cases	
<b>Cases carried over</b>	
	<b>173</b>
Cases opened	
Criminal	32
Civil	34
<b>Total</b>	
	<b>66</b>
Cases Closed	
With criminal resolution	11
With civil resolution	1
Insufficient evidence/no further action	39
<b>Total</b>	
	<b>51</b>
Indicted cases pending (7/1/2009)	
	8
<b>Total cases pending (criminal and civil)</b>	
	<b>188</b>
<b>Criminal Prosecution/Recovery</b>	
Indictments (individuals)	16
Convictions	14
Dismissed	0
Acquittals	0
Total length of probation	528 months
Total incarceration time	513 months
Total suspended incarceration time	208 months
Total hours of community service	150 hours
Providers terminated from program	
upon conviction	14
Ordered restitutions, reimbursements, criminal fines and interest	<b>\$12,577,768.00</b>
<b>Civil Recovery - including Affirmative Civil Enforcement (ACE)</b>	
Settlement/Reimbursements received	<b>\$15,029,904.00</b>
Investigative costs received	\$0
<b>Total</b>	
	<b>\$27,607,672.00</b>

## ELDER ABUSE AND NEGLECT SQUAD

The Elder Abuse and Neglect Squad of the Virginia Attorney General's Medicaid Fraud Control Unit (MFCU) investigates allegations of abuse or neglect of elderly and incapacitated adults receiving Medicaid benefits in the Commonwealth. During fiscal year 2008-2009, the squad was formally defined as a separate entity within the MFCU. Two criminal investigators, one nurse investigator, and a consulting physician were added to the team of two investigators (chief of elder abuse investigations and a senior criminal investigator) and a nurse investigator. The newly reorganized, expanded team has invested significant effort in educating various agencies regarding the role of the MFCU, including Social

Services' Adult Protective Services, Emergency Medical Technicians, Agencies on Aging, police departments, and nursing home ombudsmen. As a result of this networking effort, collegial relationships have developed between the MFCU and the various agencies, and referrals are arriving at a rapid pace. Due to the continuing influx of new cases, the squad anticipates adding at least one more Nurse Investigator during the next fiscal year. The Elder Abuse and Neglect Squad strives to ensure rapid response to referrals, effective investigations, and successful outcomes that will ensure Virginia's vulnerable adults receive the highest quality of care possible in both home and institutional settings.

## UNIT PROJECTIONS

The MFCU has an outstanding working relationship with state, local and federal agencies. Some of the key partner agencies are DMAS, the Offices of the United States Attorney for the Eastern and Western Districts of Virginia, the FBI, HHS-OIG, IRS-CID, the Virginia Department of Health Professions, the Virginia Department of Health, the Virginia Department of Social Services, and local law enforcement. Attorney General Bill Mims' and former Attorney General Bob McDonnell's approach to the investigation of major fraud cases, in conjunction with other state, local and federal agencies, contributed to the positive results obtained by the Unit last year.

At the end of the 2008-2009 reporting year, the Unit had 42 active criminal investigations of healthcare providers located throughout the Commonwealth. The Civil Investigations Squad had opened 34 new civil cases.

In addition, 16 had been indicted and were awaiting trial or sentencing in federal court.

The Unit will continue to participate in joint federal/state task forces to investigate and develop complex cases dealing with provider fraud in the fee-for-service community and the institutional neglect cases of patients in nursing homes. The Unit will also continue to work closely with the Offices of the United States Attorney for the Eastern and Western Districts of Virginia, and the Affirmative Civil Enforcement program to pursue Medicaid providers through the Federal False Claims Act and the Virginia Fraud Against Taxpayers Act. During state fiscal year 2009-2010, the Unit projects that the investigative, prosecutive, and civil recovery efforts of the Unit will result in 20 convictions, with combined criminal and civil recoveries of more than \$35,000,000.



*MFCU team members in Richmond communicate with other staff across the Commonwealth. MFCU Director Randall Clouse, Senior Assistant Attorney General and Deputy Director Michael T. Judge, Chief of Civil Investigations Erica Bailey and Assistant Attorney General Candice Hooper*

## PROJECTIONS FOR 2009-2010 FISCAL YEAR

Category	Closed	Pending
<b>Institutions</b>		
Elder Abuse	3	8
Nursing Homes/Corporate Neglect		
Hospitals	2	0
Home Health Agencies	5	3
<b>Practitioners</b>		
Dentists	2	0
Doctors	2	2
Psychiatrist/Psychologist	3	2
Other	4	3
<b>Medical Support</b>		
Durable Medical Equipment	10	5
Laboratories	5	2
Pharmacies/Pharmaceuticals	50	25
Medicaid Transportation	0	0
Rehabilitation Therapists	5	1
<b>Total</b>	<b>91</b>	<b>51</b>

<b>Projected Criminal Case Outcome: (Fines and Restitution)</b>	<b>\$15,000,000.00</b>
Convictions	20
<b>Projected Civil Recoveries:</b>	<b>\$20,000,000.00</b>
<b>Projected Total Recoveries:</b>	<b>\$35,000,000.00</b>

## UNIT PERFORMANCE

In 1982, the United States Department of Health and Human Services certified the Virginia MFCU as the nation's thirty-first Medicaid Fraud Control Unit. Over the past twenty-seven years, the Virginia MFCU has been responsible for the successful prosecution of over 250 providers in cases that involved patient abuse and neglect or the commission of fraudulent acts against the Virginia Medicaid program. In addition to prosecuting those responsible for healthcare fraud or abuse, the Unit has recovered \$755,587,271.00 in criminal restitution, asset forfeiture, civil judgments, and settlements.

The Medicaid Fraud Control Unit was extremely successful in fiscal year 2008-2009, particularly through its participation in multi-agency investigations. The Unit ended the fiscal year with 16 convictions and total recoveries from criminal and civil investigations of \$27,607,672.00. The Unit's success was in large part due to its continued outstanding working relationships with other law enforcement agencies such as the Offices of the United States Attorney, Federal Bureau of Investigation, Internal Revenue Service (Criminal Investigative Division), Department of Health and Human Services (Office of Inspector General), United States Postal Service, Food and Drug Administration, Virginia Department of State Police, Virginia Department of Taxation, local Commonwealth's Attorneys, and local police departments and sheriff's departments. The Unit's investigators also enjoy cooperative working relationships with the Department of Medical Assistance Services (DMAS), Virginia Department of Health (VDH), Virginia Department of Social Services (Adult Protective Services), Department of Mental Health, Virginia Department of Behavioral Health and Developmental Services (DBHDS), Virginia Department of Taxation, and the Association of Area Agencies on Aging. The rapport established with these agencies continues to generate a significant number of case referrals for the MFCU.

### Three Year Recovery Statistics Per MFCU Employee

MFCU recovered an average of \$228,803,844.66 per year over the past three years. The MFCU has averaged 45 staff members per year over the past three years. The recovery average per MFCU Employee position for the past three years is **\$5,084,529.88 per person.**

## UNIT ACTIVITIES/EXPANSION

**Social Security Task Force.** The MFCU continues to participate in an initiative with the Social Security Administration. This initiative is a Social Security Task Force. The Task Force investigates allegations of disability fraud involving the Social Security and Medicaid programs. This initiative began in 2003 and has been successful in its ongoing mission. The Social Security Administration pays all costs incurred by the MFCU, including salaries, benefits, and investigative costs. By preventing unqualified persons from receiving Social Security disability benefits, the Task Force saves the expenditure of unwarranted Medicaid funds. The Task Force finished the year with a five-year projected savings to the Virginia Medicaid program of over \$7,293,871.

**Unit Growth.** In the last fiscal year, the Unit hired additional personnel to more effectively investigate complaints of elder abuse and neglect in nursing homes. The MFCU anticipates its first nursing home case under this initiative to be completed during the upcoming year. The MFCU has also taken a leading role in a multi-state case which should come to fruition in the next 18 months. Further, the MFCU has created a position to handle community outreach in an attempt to increase awareness as well as referrals of fraud. This position will also coordinate regular staff training as mandated by Unit Policy and Performance Standards.

The MFCU Director has continued to serve on the Department of Health Professions Prescription Drug Monitoring Board and this year was elected

Vice-Chairman. Additionally, the MFCU Director was elected to serve on NAMFCU's Executive Committee as the Eastern States Representative. The MFCU Director is a member of NAMFCU's Global Case Committee as well as the Performance Standards Working Committee. Finally, the MFCU Director is Co-Chairman of NAMFCU's Personnel Committee.

A Deputy Director of the MFCU continues to serve as a member of the NAMFCU Training Committee. He is an instructor at both the Introductory and Practical Skills NAMFCU Medicaid Fraud Training programs.

Our Chief of the Elder Abuse and Neglect Squad serves on the Advisory Board of the Virginia Senior Fraud Patrol Project, for which the Virginia Association of Area Agencies on Aging received a three-year grant from the Administration of Aging. The intent of the project is to provide a Senior Fraud Patrol of volunteer retirees trained to identify Medicare and Medicaid fraud. The members of this group are available to provide presentations regarding Medicare and Medicaid fraud in their communities.

During the fiscal year, the MFCU provided many training sessions and presentations. The topics ranged from drug diversion to patient abuse and neglect. The audiences included law enforcement, state ombudsmen, adult protective services staff, Department of Health Professions, and senior citizens' groups throughout the Commonwealth.



*Chief Prosecutor David Tooker and Assistant Attorney General Eric Atkinson*

## TRAINING

The Unit is committed to an aggressive training program for all staff members as a means of improving knowledge and skills in order to ensure the highest quality and most efficient investigations and prosecutions.

In order to achieve and maintain a high level of productivity from all staff members, training and continuing education have been built into staff development. Unit members have participated in programs selected to meet their individual and professional requirements, as well as to meet the needs of the Unit. The following are brief descriptions of training programs attended by MFCU staff. A chart indicating dates and staff that attended is also included in this report.

Many of our Unit members also provided training to various groups. A description of those presentations as well as a chart of dates and presenters is included later in this report.

## TRAINING RECEIVED

**18th Annual Ethics Program – Litigation Ethics: Claims & Settlements.** Program designed to facilitate and promote ethical conduct in settlement negotiations.



**19th Annual National Institute of Healthcare Fraud Conference.** Topics included foundations of health law; white collar law and practice and handling a health care fraud case; federal government enforcement panel; review of false claims developments; state and federal false claims practice and procedure; criminal and civil enforcement in the medical device industry; health care fraud workshops; trial practice demonstration; and alternative dispute resolution in fraud cases.

**Asset Forfeiture Training.** Annual update on recent case law, statutes, and procedures affecting asset forfeiture.

**Association of Certified Fraud Examiners “Money Laundering–Tracing Illicit Funds.”** Topics included common asset-hiding techniques; and use of analysis to identify unknown sources of income, money laundering and offshore banking.

**Basic Health Care Fraud Seminar.** Seminar provided an overview of the health care system with an emphasis on Medicare and Medicaid. Topics included health care fraud schemes and defenses involving pharmaceutical companies, physicians, hospitals, nursing homes, durable medical equipment companies, and other health care providers as well as current developments in legislation, rules, regulations, Department of Justice policies, and best practices among civil and criminal prosecutors.

**Basic Westlaw Research Program.** Provided information on how to retrieve documents, formulate queries, and browse search results.

**Best Practices in Circuit Court: An Interactive Judges’ Forum for Richmond-Area Care Fraud Cases Seminar.** Topics covered included pleadings, practice, discovery, and expert witnesses; motions practice and pretrial matters; and best practices in bench and jury trials.

**Break the Silence Symposium.** Conference addressed the topic of the hidden problem of elder abuse.

**CFE Fraud Training.** Courses provided essential knowledge for anti-fraud professionals.

**CLE – Minnesota Lawyers Mutual Ethics.** Provided updates on legal malpractice claims and ethics complaints.

**Commonwealth’s Attorneys Spring Institute.** Topics included legislative changes and changes in substantive and procedural criminal law.

**Computer & Enterprise Investigations (CECI) Conference.** Topics included internal investigation analysis; forensic and digital investigations; defeating advanced hiding techniques; information gathering and data correlation; e-mail lab; network forensics techniques, use of forensics in eDiscovery; advanced RAID analysis; and essential Macintosh forensics.

**Computer Forensics Training.** Coverage of forensic recovery techniques, ensuring what the examiner finds will be admitted in court, examination and evidence handling procedures, understanding how to articulate what evidence forensic tools uncover is critical.



**Continuity of Operations Plan Training.** Provided MFCU staff with instructions on how the OAG will continue to function during emergencies.

**Criminal Federal Practice Seminar, NAC.** Provided information on the principles governing the prosecution and trial of federal criminal cases. Lecture topics included drafting complaints, indictments and search warrants; pre-trial release and detention; grand jury practice; pre-trial discovery and motion practice; evidence; the use of cooperating defendants confidential informants; plea bargaining; the federal sentencing guidelines; and asset forfeiture.

**DMAS Training: Children’s Mental Health Services.** Training focused in children’s mental health services available for Medicaid and FAMIS clients.

## TRAINING RECEIVED

**ECF Certification.** Training provided on the electronic case filing policies and procedures.

**E-Discovery CLE.** E-Discovery CLE covered developments in e-discovery law by providing an intense immersion into the subject matter and by providing an opportunity to compare notes with peers to see what others are doing to provide competent and effective advice in this area of the law.



**Eighth Annual Taxpayers Against Fraud Education Fund Conference.** Topics included overview of the False Claims Act; FCA Corrections Act; working under seal with government pretrial motions; leveraging a false claims act case; fleshing out your complaint; calculating damages and penalties; parallel proceedings; and multi-jurisdictional actions.

**Elder Abuse Conference.** Provided information on what constitutes abuse, how to recognize abuse, where to report abuse and strategies to prevent abuse.

**Federal Criminal Practice Seminar, National Advocacy Center.** Provided information on changing federal criminal law and procedure and review of new federal criminal legislation.

**Health Care Prosecution NAC.** Provided review of health care laws, regulations and ethics.

**“How Did I Get Here? Who is my Client & I Agreed to Do What?” Seminar.** Information provided for unit attorneys regarding ethics issues.

**Introduction to Information Literacy & Research.** Provided basic computer literacy to develop information literacy mastery; information on understanding the research process; selecting and evaluating a variety of electronic and print resources; and communicating and citing information.

**John E. Reid Interviewing and Interrogation Training.** Training provided the knowledge and skills necessary to conduct successful interviews by using Reid’s “Nine Steps of Interrogation.” Topics included interview and interrogation preparation; proper interview environment; factors affecting a subject’s behavior; and distinguishing between interview and interrogation.

**Justice Television Network Training.** Training facilitated at United States Attorney’s Office in Norfolk. Topics included: complex prosecutions; criminal trial advocacy; health care fraud; security awareness; and government ethics.

**Legal Issues in Health Care Fraud.** Provided updates on legislation and overview of federal government investigations of fraud and abuse in the delivery of health care services.

**Microsoft Access Workshop.** Provided training on creating and managing tables and queries, integrating with other applications, creating macros, designing forms, use of the Switchboard Manager, general reports and how to filter and sort data.

**Medicaid Fraud Control Unit’s In-Service Training.** Topics included MFCU orientation; DMAS overview; review of significant cases, nursing home initiative, document management; video conferencing; money laundering; keys to professional prosecution; administrative reports; case management; and Microsoft Access and Excel.



**NAC Grand Jury Training.** Topics included grand jury mechanics; grand jury secrecy; interaction with the grand jury; grand jury strategy; acquisition of evidence; privileges; immunity; dealing with hostile/recalcitrant witnesses; multiple representation and conflicts of interest; parallel proceedings; use of the computer in organizing complex cases; and managing large document investigations.

## TRAINING RECEIVED



**National Adult Protective Service Conference.** Provided a forum for sharing information, solving problems, and improving the quality of services for victims of elder and vulnerable adult abuse.

**National Advocacy Center, Grand Jury Practice Seminar.** Topics included grand jury mechanics; grand jury secrecy; interaction with the grand jury; grand jury

strategy; acquisition of evidence; privileges; immunity; dealing with hostile/recalcitrant witnesses; multiple representations and conflict of interest, parallel proceedings; use of the computer in organizing complex cases; and managing large document investigations.

**National Advocacy Center Conference – “Successful Strategies for Navigating Health Care Fraud Cases Seminar.** Topics included investigative and prosecutive strategies necessary to identify fraud, gather evidence, draft the best charges, prove the charges and recover the most loss. Course also provided in-depth and up-to-date analysis of the critical stages of the case, identify pitfalls and challenges raised by defendants, and set out examples of how to efficiently and successfully prove a case, targeted and effective data requests, conventional and unconventional investigative techniques, presenting a coherent story, and preserving assets, obtaining appropriate sentences, and recovering the loss.

**National Association of Medicaid Fraud Control Unit’s Annual Conference.** Topics included current fraud trends; investigations; prosecutions; pharmaceutical drug pricing; budget issues and grant requirements.

**National Association of Medicaid Fraud Control Unit’s Elder Abuse Training.** Provided training on elder abuse issues including: detection, reporting, investigating, prosecuting, caring for victims, and prevention.

**National Association of Medicaid Fraud Control Unit’s Executive Committee Meeting and Directors Symposium.** Executive Committee topics included policy changes, personnel matters and review of NAMFCU Budget for 2009. Directors Symposium covered on-going criminal

investigations, global settlements, civil investigations, fraud trends and new grant regulations.

**National Association of Medicaid Fraud Control Unit’s Global Case Data Analyst Training.** Training provided on compiling and analyzing state Medicaid data; preparing data requests for global settlement investigations; preparing data distribution spreadsheets for negotiation and settlement of global cases; assisting team attorneys with negotiating settlements; and preparing distribution spreadsheets.

**National Association of Medicaid Fraud Control Unit’s Resident Abuse Training.** Topics included emerging trends in elder abuse; building relationships and obtaining referrals; how to use public data to track nursing home abuse; use of granny cams; practical exercise workshop; legal issues; role of the nurse analyst; corporate criminal neglect; minimum staffing cases; chemical restraints; use of expert testimony; corporate integrity, exclusions, license issues; and practical skills exercise – nurse home neglect investigation.



**National College of District Attorney – End Violence Against & Abuse of Women Later in Life Program.** Topics included elder abuse; neglect; exploitation including domestic violence, dating violence, sexual assault, and stalking involving victims who are fifty years old.

**National Health Care Anti-Fraud Association Institute for Health Care Fraud Prevention’s Annual Training Conference.** Topics included clinical issues for health care fraud investigator; fraud detection and investigation in specialty areas; investigator’s toolbox; legal, regulatory and management issues; life, disability, long-term care and workers’ compensation; and antifraud technology and services.

**National Health Care Anti-Fraud Association Training titled Legal Issues in Health Care Fraud.** Provided overview of recent legal trends and explored the impact of current court decisions and national and state legislative and regulatory developments on health care fraud investigation strategies.

## TRAINING RECEIVED

**National Health Care Anti-Fraud Association Training Conference.** Training focused on the latest issues involving health care fraud. Conference included review of legal developments in health care fraud and national trends that could have an impact on the way health care fraud is investigated. Participants reviewed impact of current court decisions and helped prepare investigators for common health care fraud defenses and how to combat them.

**National Health Care Anti-Fraud Association's Education and National Education and Training Series Program.** Topics included fraud, waste and abuse trends, medical necessity investigations, and inpatient stays for financial rather than medical necessity reasons.

**National Health Care Anti-Fraud Association's Internet Online Search Strategies.** Focused on health care fraud related Web sites, databases and tools best used to conduct health care investigations online and how to preserve evidence found on the Internet.

**National Health Care Anti-Fraud Association's Investigating in an Electronic World.** Focused on electronic medical records (EMR), challenges with e-mail communication, personal digital assistants (PDAs), personnel health information (PHI), and strategies for investigating on the Internet.

**National Health Care Anti-Fraud Association's Pharmaceutical Fraud Conference\ NHCAA Training Conference.** Highlighted pharmacy fraud schemes and tools to identify emergent challenges. Heard case examples of successful investigations and cases as well as tips to proactively identify pharmaceutical abuse.

**Paralegal's Guide to Creating a Trial Notebook (Teleconference).** Topics included advantages and disadvantages of a litigation vs. chronological notebook; key sections and their development; and cross-referencing.

**Preventing Legal Malpractice Claims in Your Law Practice.** Overview of malpractice prevention program.



**Professional Coders Conference.** Provided educational sessions with topics including ICD-9-CM guidelines, CMS, general surgery, audits, radiology, sleep apnea, and anesthesia.

**SAS Global Forum 2009.** Topics included in-depth skill sets in matching and merging databases, large dataset cleaning, data de-duplication, and efficiency issues with large data sets using SAS.

**Seminar for Litigators.** Provided updates on expert testimony; the legal framework; Supreme Court decisions; rules of discovery; rules of evidence; selecting experts; presenting experts; objecting to experts; deposition of experts; direct examination of experts; and cross-examination of experts.

**Virginia Association of Commonwealth's Attorneys Annual Conference.** Topics included recent legislative enactments and judicial decisions; updates and developments in Virginia criminal law and procedure and constitutional law.

**Virginia Coalition for Prevention of Elder Abuse Conference.** Provided training on elder abuse issues including: defending Virginia's vulnerable adults through zealous investigation and prosecution of offenders; getting to prevention: social change and Virginia's adult fatality review team; protecting residents' rights and investigating elder neglect and abuse in nursing homes; power of attorney abuse: new legal and legislative remedies; assessing competence: the right to make bad decisions; Fairfax Harding Task Force; successful prosecution of elder abuse; and current national issues for nursing facility residents.

**Virginia Fraud Against Taxpayers Act CLE.** Covered basics of liability, damages, FCA and *qui tam* procedures.

**Web Training: Abuse & Neglect of the Elderly.** Topics included facts of abuse; parties in abuse; prevention; types of neglect; resident's rights; legislation; elder abuse; and post acute issues.

**Williamsburg Fraud Examiner Conference (CFE).** Topics included document evidence procedures, negotiation and interview skills.

## DATES AND PERSONNEL ATTENDING TRAINING

Date	Program	Personnel
7/2008	Reid School of Interviewing & Interrogation	Nurse Investigator
7/2008	NAMFCU Basic Training	Three Criminal Investigators; Nurse Investigator
7/2008	Virginia Association of Commonwealth's Attorneys Summer Conference	Assistant Attorney General
8/2008	NHCAA Health Care Fraud Conference	Criminal Investigator
8/2008	Legal Issues in Health Care Fraud	Assistant Attorney General
8/2008	NHCCA Institute for Health Care Fraud Prevention, Legal Issues in Health Care Fraud Conference	Assistant Attorney General
8/2008	JTN – Criminal Trial Advocacy	Assistant Attorney General
8/2008	JTN – Health Care Fraud - Norfolk	Assistant Attorney General
8/2008	National Adult Protective Service Conference	Nurse Investigator & Senior Criminal Investigator
8/2008	Professional Coders Conference	Nurse Investigator
8/2008	NAPSA Conference	Senior Investigator; Nurse Investigator
9/2008	CFE Fraud Training	Criminal Investigator
9/2008	Elder Abuse Conference	Assistant Attorney General
9/2008	Health Care Prosecution NAC	Assistant Attorney General
9/2008	JTN Training Norfolk USAO	Assistant Attorney General
9/2008	NHCCA Internet Online Search Strategies (2)	Paralegal
9/2008	NHCAA Web Training	Three Senior Criminal Investigators
9/2008	“How Did I Get Here? Who is My Client & I Agreed to Do What?” CLE	Deputy Director/Senior Assistant Attorney General
9/2008	NAMFCU Annual Conference	Director, Deputy Director, Chief Investigator & Chief Auditor
9/2008	NHCAA Health Care Fraud Conference	Two Auditors
9/2008	Stop the Silence Symposium	Assistant Attorney General
9/2008	Taxpayers Against Fraud Conference	Assistant Attorney General
10/2008	Criminal Federal Practice Seminar, NAC	Assistant Attorney General
	Paralegal's Guide to Creating a Trial Notebook Teleconference	Paralegal
	Basic Westlaw Research	Deputy Director/Senior Assistant Attorney General; Legal Secretary
10/2008	Paralegal's Guide to Creating a Trial Notebook Teleconference	Paralegal
10/2008	Basic Westlaw Research	Deputy Director/Senior Assistant Attorney General; Legal Secretary
10/2008	VA Fraud Against Taxpayers Act CLE	Assistant Attorney General
10/2008	Federal Criminal Practice Seminar, National Advocacy Center	Assistant Attorney General

## DATES AND PERSONNEL ATTENDING TRAINING

Date	Program	Personnel
10/2008	Professional Coders Training	Nurse Investigator
10/2008	NHCAA Health Care Fraud Training	Senior Criminal Investigator
10/2008	MFCU In-Service Training	Unit Staff
10/2008	Association of Certified Fraud Examiners "Money Laundering-Tracing Illicit Funds"	Senior Investigator
11/2008	NHCAA Annual Conference	Investigative Supervisor
12/2008	DMAS Training: Children's Mental Health Services	Assistant Attorney General
12/2008	PPC Coding Yearly Update	Nurse Investigator
12/2008	Reed School of Interviewing & Interrogation	Criminal Investigator
1/2009	Web Training: Abuse & Neglect of the Elderly	Nurse Investigator
1/2009	NHCAA Intermediate Health Care Fraud Training	Senior Criminal Investigator
1/2009	NAMFCU Basic Training	Criminal Investigator
1/2009	Basic Health Care Fraud Seminar	Two Assistant Attorneys General
1/2009	National Advocacy Center Conference – "Successful Strategies for Navigating Health Care Fraud Cases Seminar"	Two Assistant Attorneys General
1/2009	Policing	Paralegal
1/2009	Introduction to Information Literacy & Research	Paralegal
2/2009	Best Practices in Circuit Court: An Interactive Judges' Forum for Richmond-Area Litigators	Two Assistant Attorneys General
	SAS Global Forum 2009	Programmer
	Commonwealth's Attorneys Spring Conference	Assistant Attorney General
2/2009	NHCAA Pharmaceutical Fraud Conference	Chief Auditor, two Auditors & one Investigator
3/2009	NAMFCU Basic Training	Two Assistant Attorneys General; two Investigators; Senior Investigator; Investigative Supervisor & Nurse Investigator
3/2009	SAS Global Forum 2009	Programmer
3/2009	Commonwealth's Attorneys Spring Conference	Assistant Attorney General
3/2009	NAMFCU Executive Committee Meeting and Directors Symposium	Director
4/2009	NHCAA Investigating in an Electronic World	Investigative Analyst
4/2009	NAC Grand Jury Training	Two Assistant Attorneys General
4/2009	Preventing Legal Malpractice Claims in Your Law Practice	Assistant Attorney General
4/2009	CLE – Minnesota Lawyers Mutual Ethics	Assistant Attorney General
4/2009	NAMFCU Global Case Data Analyst Training	Two Programmers
4/2009	JTN – Complex Prosecutions	Assistant Attorney General
4/2009	Asset Forfeiture Training	Assistant Attorney General

## DATES AND PERSONNEL ATTENDING TRAINING

Date	Program	Personnel
4/2009	NHCAA Training Conference	Analyst
4/2009	Williamsburg Fraud Examiner Conference (CFE)	Investigator, Nurse Investigator
5/2009	19th Annual National Institute of Healthcare Fraud Conference	Two Assistant Attorney Generals; one Investigator
5/2009	18th Annual Ethics Program – Litigation Ethics: Claims & Settlements	Two Assistant Attorneys General
5/2009	Computer & Enterprise Investigations (CECI)	Forensic Information Technology Supervisor
5/2009	ECF Certification	Assistant Attorney General
5/2009	VA Coalition for Prevention of Elder Abuse Conference	Nurse Investigator, one Senior Investigator, two Investigators
5/2009	COOP Training Session	All
	JTN – Seminar on Government Ethics	Assistant Attorney General
	NHCAA Legal Issues for the Health Fraud Investigator	Senior Investigator
5/2009	E-Discovery CLE	Assistant Attorney General
6/2009	Reid School of Interviewing & Interrogation	Senior Investigator
6/2009	PPC Coding Meeting & Training	Nurse Investigator
6/2009	JTN – Security Awareness Training	Assistant Attorney General
6/2009	JTN – Seminar on Government Ethics	Assistant Attorney General
6/2009	NHCAA Legal Issues for the Health Fraud Investigator	Senior Investigator
6/2009	NAMFCU Elder Abuse Training	Two Nurse Investigators; Senior Investigator; two Investigators
6/2009	Mandatory Security Training (Sheltering/SCIF/OEP)	Assistant Attorney General
6/2009	NAMFCU Executive Committee Meeting	Assistant Attorney General



*Chief Counsel and Section Chief Steven T. Buck*

## TRAINING PROVIDED

**Health Care Fraud Presentation – Virginia Association of Area Agency on Aging (VAAAA).** The Virginia Medicaid Fraud Control Unit conducted a presentation before the VAAAA. The VAAAA operates the Senior Medicare Patrol Project. MFCU staff provided information to staff and volunteers of the Senior Medicare Patrol Project that will help them provide education and outreach to consumers about Medicare/Medicaid fraud, waste and abuse. Presentation included insight into the amount of money that is lost to either fraud, waste or abuse; why health care fraud drives up the cost of health care premiums and deductibles; scams on the elderly; and how older beneficiaries and family members can get more information with health insurance and long term care information and complaints.

**Elder Abuse Training - Chesterfield County Police.** This training was part of the Central Virginia Training Alliance to Stop Elder Abuse. The Medicaid Fraud Control Unit continues to provide training to detectives on the subject of elder abuse. MFCU staff provided information on the function of the Elder Abuse Squad within the Virginia Medicaid Control Unit and how the MFCU can assist local law enforcement. Staff also provided information on how local law enforcement can make referrals to the MFCU.



**Health Care Fraud and Prescription Drug Diversion Presentation at Virginia State Police.** Presentation conducted by MFCU staff included information on investigating and prosecuting complex health care fraud committed by Medicaid providers. Additionally, MFCU staff discussed the role of the MFCU with regards to prescription drug diversion investigations. While focusing on the Medicaid provider, i.e., physician or nurse practitioner, the MFCU is able to assist various law enforcement agencies by providing cover Medicaid cards, analysis of billing data, assistance with interviews, and prosecutorial resources.

**Medicaid Fraud Control Unit's In-Service Training.** The Medicaid Fraud Control Unit held in-service training opportunities for its staff. Topics included a complete



orientation and overview of the Unit and all of its sub-units. Staff was provided with an in-depth presentation by the Department of Medical Assistance Services (DMAS) with regards to the provider category of Intensive In-Home Therapy, as this is a growing area of fraud within Virginia Medicaid. MFCU staff provided an overview of this year's significant cases and announced information on its nursing home initiative. Staff were provided updates on document management and video conferencing. Other topics included money laundering and keys to professional prosecution. Administrative topics were also discussed including case management and computer software updates.

**National Association for Medicaid Program Integrity's National Conference.** Medicaid Fraud Control Unit staff assisted NAMPI during their national conference. At this conference, officials from across the United States gathered to exchange information to help in their efforts to safeguard the operational, fiscal, and program integrity of their Medicaid programs. They exchanged information regarding new techniques and technology. Other topics included updates on current trends in Medicaid policy.

**National Association of Medicaid Fraud Control Units' Elder Abuse Training.** NAMFCU provided specialized training to assist employees with investigations and prosecutions. This specialized training provided staff with tools needed to build successful cases. The Virginia Medicaid Fraud Control Unit participated with NAMFCU in providing specialized training to attorneys, investigators and auditors to investigate and prosecute elder abuse cases – specifically, the use of Granny Cams in nursing facilities, including legal issues, practical matters, and results.

## TRAINING PROVIDED

**National Association of Medicaid Fraud Control Unit's Introduction to Medicaid Fraud Training Program.** MFCU staff assisted NAMFCU with its Introduction to Medicaid Fraud Training. This training included an overview of MFCU; medical records/health care terminology; computers; and fraud in the administration of the program. Topics also covered included ethics/privacy issues; managed care; provider fraud schemes; and Medicaid fraud case studies. Conference presenters provided an overview of resident abuse investigative techniques; fraud in institutional settings and financial abuse of patients. Finally, conference staff presented on techniques for developing and organizing evidence and exhibits in a health care fraud case.

**Provider Fraud Presentation at Triad Conference.** Triad is a partnership between law enforcement, senior citizens, and service providers designed to address crime prevention for seniors. The goal of Triad is to reduce the fear of crime and victimization among seniors, increase awareness of scams and frauds targeting seniors, strengthen communication between the law enforcement and senior communities, and educate seniors on local and state resources that are available in their community. MFCU staff presented information on provider fraud during the TRIAD Conference that provided more insight into this problem and how it impacts seniors.

**Virginia Coalition for Prevention of Elder Abuse Conference.** MFCU Staff presented on "Defending Virginia's Vulnerable Adults Through Zealous Investigation and Prosecution of Offenders." Presenter talked about how the MFCU partners with FBI Special Agents, and with use of covert video surveillance, surprise facility inspections, investigative grand juries, and other investigative tools gathers the evidence needed to protect Virginia's vulnerable adults from uncaring, neglectful and even abusive nursing homes. MFCU staff provided information on nursing home investigations and plans for future expansion in this area.

**Virginia Ombudsmen Annual Conference.** This State Conference provided an overview of health care fraud and history; responsible parties; and information on referrals and resources. MFCU staff specifically provided information to attendees on its Elder Abuse Section and how they can make referrals to the Unit. MFCU staff discussed the types of cases it investigates, and the investigative process.



Lee Cheeseman, Computer Forensic – Information Technology Supervisor



Paralegal Kimberly Wilborn

## DATES AND PERSONNEL PROVIDING TRAINING

Date	Program	Personnel
7/2008	NAMFCU Basic Training	Deputy Director
8/2008	NAMPI National Conference	Director & Deputy Director
9/2008	NAMFCU Annual Conference	Director, Deputy Director & Chief Auditor
10/2008	Health Care Fraud Presentation -Area Agency on Aging	Investigative Supervisor
10/2008	Elder Abuse Training - Chesterfield County Police	Investigative Supervisor & Assistant Attorney General
10/2008	MFCU In-Service Training	Management Team
11/2008	VA Ombudsmen Annual Conference	Investigative Supervisor
1/2009	NAMFCU Basic Training	Deputy Director
2/2009	Health Care Fraud Presentation – Virginia State Police	Chief Investigator
3/2009	NAMFCU Basic Training	Deputy Director
3/2009	Provider Fraud Presentation - Triad Conference	Investigative Supervisor
5/2009	VA Coalition for Prevention of Elder Abuse Conference	Chief Elder Abuse Squad
6/2009	NAMFCU Elder Abuse Training	Chief Elder Abuse Squad



*MFCU Director Randall Clouse provides overview on the MFCU Unit to OAG interns.*

## ANNUAL CASE ACTIVITY SUMMARY

### Fiscal Years 1982 through 2009

Total Criminal and Civil Recoveries, including ACE Cases  
(Ordered and Collected Reimbursements, Fines, Restitutions)

Fiscal Year	Total Recoveries
July 82 - June 83	\$5,600.00
July 83 - June 84	\$19,600.00
July 84 - June 85	\$15,300.00
July 85 - June 86	\$13,522.00
July 86 - June 87	\$82,136.00
July 87 - June 88	\$114,443.00
July 88 - June 89	\$237,583.00
July 89 - June 90	\$322,547.00
July 90 - June 91	\$312,207.00
July 91 - June 92	\$205,370.00
July 92 - June 93	\$387,064.00
July 93 - June 94	\$416,966.00
July 94 - June 95	\$400,280.00
July 95 - June 96	\$1,281,129.00
July 96 - June 97	\$2,275,542.00
July 97 - June 98	\$1,053,099.00
July 98 - June 99	\$2,577,045.00
July 99 - June 00	\$1,480,345.00
July 00 - June 01	\$37,612.00
July 01 - June 02	\$12,081,532.00
July 02 - June 03	\$11,848,871.00
July 03 - June 04	\$14,358,790.00
July 04 - June 05	\$10,578,111.00
July 05 - June 06	\$9,071,043.00
July 06 - June 07	\$117,704,247.00
July 07 - June 08	\$541,099,617.00
July 08 - June 09	\$27,607,670.00
<b>Total:</b>	<b>\$755,587,271.00</b>

## THREE-YEAR AVERAGE RECOVERED

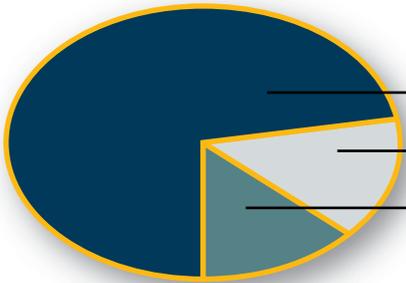
Per Number of Staff (per year)

Reporting Periods	Total Number of Employees	Number of Employees – Three Year Average
July 1, 2006-June 30, 2007	42	
July 1, 2007-June 30, 2008	44	
July 1, 2008-June 30, 2009	49	
		<b>45</b>

Three-Year Recovery Average (per year)	Number of MFCU Staff- Three Year Average	Three-Year Average Recovered Per Number of Staff (per year)
<b>\$228,803,844.66</b>	<b>45</b>	<b>\$5,084,529.88</b> recovered per staffed position.

**The three-year (2007–2009) recovery average for the Virginia MFCU is \$228,803,844.66 per year.**

## PROPOSED 2009-2010 BUDGET



Personnel Expenses	4,749,717.42
Non-Personnel Expenses	\$953,025.15
Indirect Costs	\$865,279.78
<b>Total Proposed Budget</b>	<b>\$6,568,022.35</b>

Category	Budgeted Amount
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<b>Personnel Expenses</b>	
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A. Salaries	\$3,569,907.00
B. Benefits	\$1,179,810.42

<b>Personnel Expense Total</b>	<b>\$4,749,717.42</b>
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<b>Non-Personnel Expenses</b>	
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A. Travel	\$286,946.25
B. Equipment/Improvements	\$197,004.90
C. Special Payments	0.00
D. Supplies and Materials	\$32,500.00
E. Contractual Expenses	\$363,000.00
F. Other Expenses	\$73,574.00

<b>Non-Personnel Expense Total</b>	<b>\$953,025.15</b>
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<b>Indirect Cost (19.6%)</b>	
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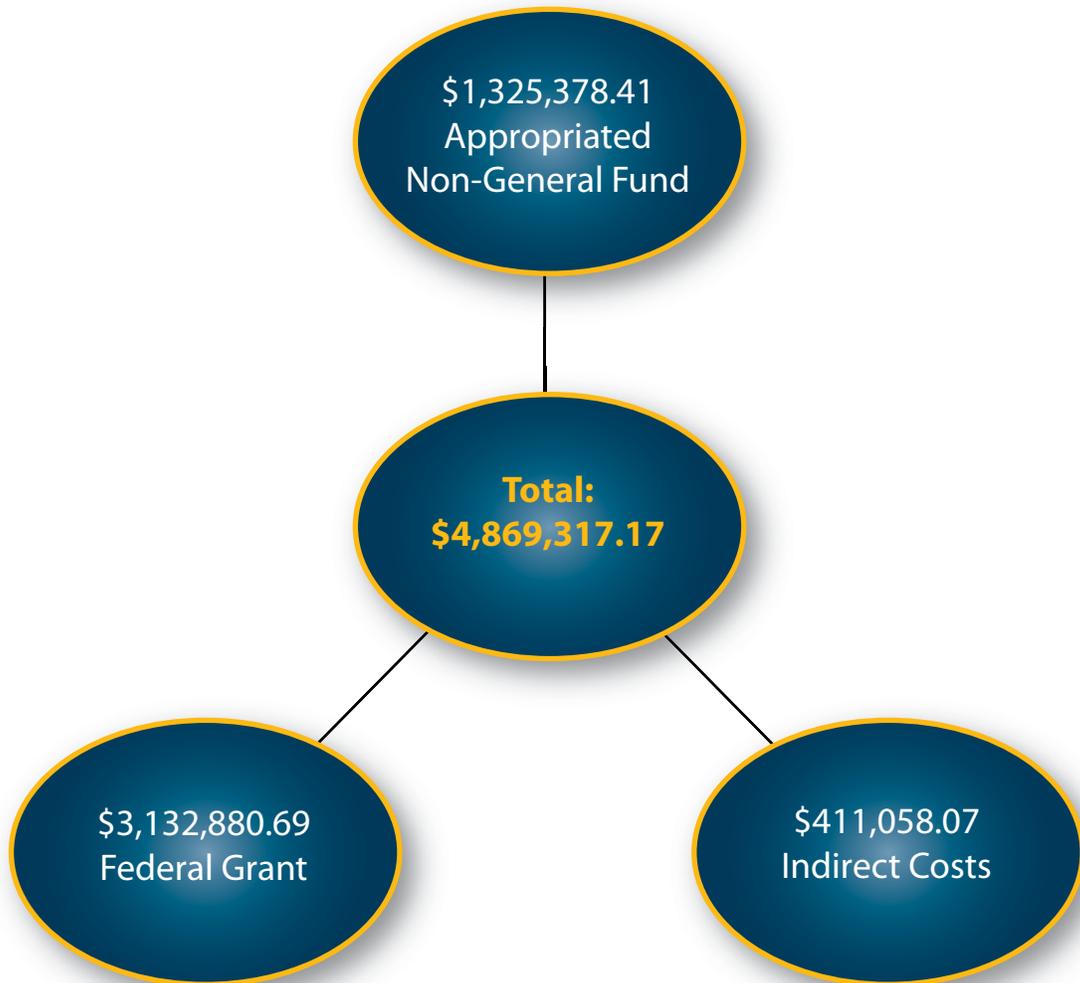
Indirect Cost Total	\$865,279.78
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<b>Grand Total</b>	<b>\$6,568,022.35</b>
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## 2008-2009 EXPENDITURES

July 1, 2008 – June 30, 2009

Appropriated Non-General Fund	\$1,325,378.41
Federal Grant	\$3,132,880.69
Indirect Costs	\$ 411,058.07
<b>Total</b>	<b>\$4,869,317.17</b>



**Agency Street Address:**

Virginia Attorney General's Office  
900 East Main Street  
Richmond, Virginia 23219  
(804) 786-2072 (Main Number)

**Enjoy our New Format:**

The Virginia Attorney General's Office has published its 2008-2009 Annual Report in a summary format that includes the Director's letter, general information about the Medicaid Fraud Control Unit, training updates, a summary of criminal and civil cases, and other pertinent information.

**To Report Medicaid Fraud:**

If you would like to report a suspected case of Medicaid fraud or have questions, please contact us at 1-800-371-0824 or (804) 786-2071.

*The Unit can be contacted at by mail at:*

900 East Main Street  
Richmond, Virginia 23219  
or by email: [MFCU\\_mail@oag.state.va.us](mailto:MFCU_mail@oag.state.va.us)

*OAG Web Site:*

[www.vaag.com](http://www.vaag.com)

**Additional Information**

Copies of the Virginia Attorney General's Office's Medicaid Fraud Unit's Annual Report are available without charge. This report can be viewed by visiting [www.vaag.com](http://www.vaag.com), or requests for this item can be made by writing to:

Esther Welch Anderson, Manager  
Administrative, Training and Outreach  
Medicaid Fraud and Control Unit  
Virginia Attorney General's Office  
900 East Main Street  
Richmond, VA 23219

[ewelch@oag.state.va.us](mailto:ewelch@oag.state.va.us)  
(804) 692-0519  
1-800-371-0824 toll free  
(804) 371-0779 local

**Credits**

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*Capitol Area and Staff Photography:*

Esther Welch Anderson

Report compiled by Esther Welch Anderson,  
MFCU Administrative, Training and Outreach Manager,  
the Medicaid Fraud Control Unit of the Office of the  
Attorney General, Richmond, Virginia



*Medicaid Fraud Unit is housed in the Pocahontas Building  
across from Capitol Square*



**Medicaid Fraud Control Unit  
Office of the Attorney General**

900 East Main Street, Richmond, VA 23219

To report suspected Medicaid fraud, contact MFCU at:  
1-800-371-0824 or (804) 786-2071

(804) 786-3509 (fax)

MFCU\_mail@oag.state.va.us  
or the Department of Medical Assistance Services at:  
RecipientFraud@DMAS.virginia.gov