

MFCU

MEDICAID FRAUD CONTROL UNIT

OFFICE OF THE ATTORNEY GENERAL

Health Care Fraud and
Elder Abuse Section



VIRGINIA OFFICE OF THE ATTORNEY GENERAL

History of the Unit



- Created 30 years ago.
- Investigate Medicaid providers only.
 - No individuals.
- 1999 – MFCU began investigating patient abuse and neglect in healthcare facilities.

Funding

- 75% federally funded
- 25% state funded



Types of Providers We Investigate

Institutions

- Nursing Homes
- Hospitals

Practitioners

- MD/OD
- Dentists
- Podiatrists
- Psychiatrist/Psychologist

Patient Funds

Medical Support

- Pharmacy
- Durable Medical Equipment
- Laboratories
- Medical Transportation
- Home Health Agencies
- Home Health Aides
- Rehabilitation Therapists

Patient Abuse and Neglect

- Patient Abuse
- Corporate Neglect

What cases do we investigate?

- Billing for services not performed
- Embezzlement
- *Qui tam* cases (whistleblowers)
- Kickbacks
- Inflating bills for services provided
- Double-billing

Additional cases we investigate

- RICO
- False claims
- Mail fraud
- Money laundering
- Aggravated identity theft
- Elder Abuse

Working Relationship Between OAG and DMAS

- Excellent working relationship between MFCU and Program Integrity Division.
- MFCU investigative management staff meets monthly with Program Integrity staff to discuss referrals and fraud trends.



How do Referrals Work?

- Referrals come from Program Integrity to MFCU.
- MFCU assesses referrals to determine if there is a credible allegation of wrongdoing, sufficient to open an investigation.
 - Civil and/or criminal investigations.
- If not opened, we report to DMAS why the investigation is not opened.

Partnerships

Department of Medical Assistance Services

The United States Attorney's Office for the Western and Eastern Districts of Virginia

Federal Bureau of Investigation

Food and Drug Administration

Department of Health and Human Services, Office of Inspector General

Internal Revenue Service, Criminal Division

The Department of Taxation

Commonwealth Attorney's Offices



MFCU Staffing

NORTHERN VIRGINIA

RICHMOND



SOUTHWEST VIRGINIA

ROANOKE

MFCU Growth

Fiscal Year 2011 – 25 additional positions

Fiscal year 2012 – 5 additional positions

Fiscal Year 2013 – 10 additional positions



Patient Abuse and Neglect Squad

Created separate Patient Abuse and Neglect Squad in 2008.

The Patient Abuse and Neglect Squad investigates neglect and physical abuse of incapacitated adults.



ANNUAL CASE ACTIVITY SUMMARY
Fiscal Years 1982 through 2013
Total Criminal and Civil Recoveries,
Including Affirmative Civil Enforcement Cases
(Ordered and Collected Reimbursements, Fines, Restitutions)

<u>FISCAL YEAR</u>	<u>TOTAL RECOVERIES</u>
July 82 - June 83	\$ 5,600
July 83 - June 84	\$ 19,600
July 84 - June 85	\$ 15,300
July 85 - June 86	\$ 13,522
July 86 - June 87	\$ 82,136
July 87 - June 88	\$ 114,443
July 88 - June 89	\$ 237,583
July 89 - June 90	\$ 322,547
July 90 - June 91	\$ 312,207
July 91 - June 92	\$ 205,370
July 92 - June 93	\$ 387,064
July 93 - June 94	\$ 416,966
July 94 - June 95	\$ 400,280
July 95 - June 96	\$ 1,281,129
July 96 - June 97	\$ 2,275,542
July 97 - June 98	\$ 1,053,099
July 98 - June 99	\$ 2,577,045
July 99 - June 00	\$ 1,480,345
July 00 - June 01	\$ 37,612
July 01 - June 02	\$ 12,081,532
July 02 - June 03	\$ 11,848,871
July 03 - June 04	\$ 14,358,790
July 04 - June 05	\$ 10,578,111
July 05 - June 06	\$ 9,071,043
July 06 - June 07	\$ 117,704,247
July 07 - June 08	\$ 541,099,617
July 08 - June 09	\$ 27,607,670
July 09 - June 10	\$ 25,390,467
July 10 - June 11	\$ 14,573,789
July 11 - June 12	\$ 40,260,842
July 12 - June 13	\$1,011,122,042
Total:	\$1,846,934,411

Unit Performance

Five Year Break Out

- 1982 – to December 9, 2013, MFCU totaled over \$1.9 billion in civil case settlements and court-ordered fines, penalties, asset forfeitures and restitution.
- \$1.2 billion since July 1, 2009.



Breakdown of Court-Ordered Recoveries by Fiscal Year

Fiscal Year	Total Awarded
July '07 – June '08	\$ 541,099,617
July '08 - June '09	\$ 27,607,670
July '09 – June '10	\$ 25,390,467
July '10 – June '11	\$ 14,573,789
July '11 – June '12	\$ 40,260,842
July '12 – June '13	\$ 1,011,122,042
July '13 – Present (12/9/13)	\$ 58,253,215
Total from July '07 to Present	\$ 1,718,307,644

Cash Recoveries to General Fund

Fiscal Year	Cash Recovered
July '07 – June '08	\$14,399,122
July '08 – June '09	\$11,604,967
July '09 – June '10	\$ 9,262,235
July '10 – June '11	\$ 9,702,039
July '11 – June '12	\$ 6,951,808
July '12 to June '13	\$18,737,646
July '13 to Present	\$42,527,854
Total	\$113,185,675

Virginia MFCU Compared to Other States

- Typically, a state Medicaid Fraud Control Unit would be measured in three year average recoveries since typical fraud cases take two to three years to complete.
- Virginia is one of four states that conduct multi-state investigations involving pharmaceutical fraud and those cases take four to five years to complete.
- Therefore, Virginia Medicaid Fraud Control Unit is measured in five year average recoveries.

Performance

- From 2007-to date (12/9/13), the MFCU has recovered \$1,718,307,644, which makes it one of the top producers in the country.
- Virginia is one of the finalists in consideration for the MFCU of the year award for having over a Billion Dollars in recoveries last fiscal year.

Three Largest Cases

- McKesson \$ 37,000,000
 - Conspiring to inflate drug prices
- Abbott \$1,500,000,000
 - Off-label marketing
- Johnson and Johnson \$ 21,020,653
 - Off-label marketing and kickbacks

This fiscal year.....

- Largest Medicaid Fraud Case Investigated by a State in U.S. History:

\$1.5 Billion

- Largest asset forfeiture in the history of the program: \$198 million
- \$115 million to the Attorney General's Office for law enforcement purposes.

What it took.....

- 4+ years working on this case
- 38,000+ man hours
- Nearly two million records reviewed
- Interviews in 26 states

Result....

- Abbott had illegally marketed the drug Depakote for elderly in nursing homes to control behavioral disturbances in dementia patients
- Abbott paid rebates to health care professionals and long-term care pharmacies.

Abbott Pharmaceuticals pled guilty and agreed to pay **\$1.5 billion** to the federal government and the states to settle civil and criminal cases.

Provider Categories of Concern

- Intensive In-home Therapy for At-Risk Youth
- In-home Health Care and Consumer Directed
- Pharmaceutical Companies

#1 Unit in the United States

- **2008** – MFCU awarded the **Medicaid Fraud Control Unit of the Year** from the United States Department of Health and Human Services Office of the Inspector General.
- Highest recovery of any state in the history of the program (at that time).

\$541,099,617



MFCU Outreach Tools

Public Education

- Two Outreach workers have made presentations to hundreds of TRIAD/Community Organizations, Law Enforcement and First Responders
- Annual Report, Quarterly Newsletter, brochures, tip cards and more.

MFCU Budget:

Fiscal Years 2011-2012 and 2012-2013

2011-2012 Expenditures:	\$8,914,856
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2012-2013 Expenditures:	\$9,819,091
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Medicaid Expansion



- Up to three years before we start receiving referrals.
- Initial expansion is 100% federally funded.
- Currently, Virginia would get no money from MFCU investigating fraud in the expanded part of Medicaid.
 - Because there is no state money to recover.
 - At 90/10 split, Va. would only get 10% of recoveries related to expanded portion of Medicaid.

Medicaid Expansion (cont.)

- Currently, MFCU does not have staff to handle the anticipated increase in referrals.
- Need agreement between DMAS and HHS on FMAP recoveries to warrant MFCU investigations.
 - I.e., to move from no state recovery (or 10%) to 50% state recovery.

Medicaid Fraud Control Unit

Virginia Attorney General's Office

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