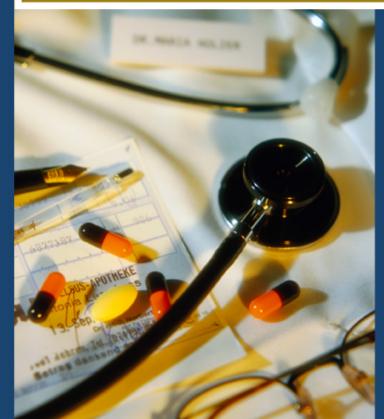


## MFCU

### **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

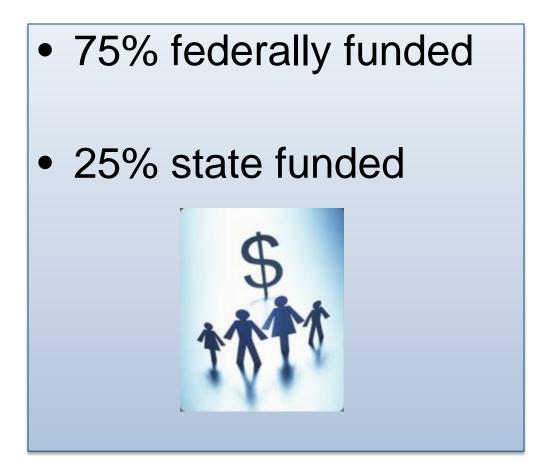


• Created 30 years ago.

- Investigate Medicaid providers only.
  - No individuals.

• 1999 – MFCU began investigating patient abuse and neglect in healthcare facilities.

## Funding



### 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

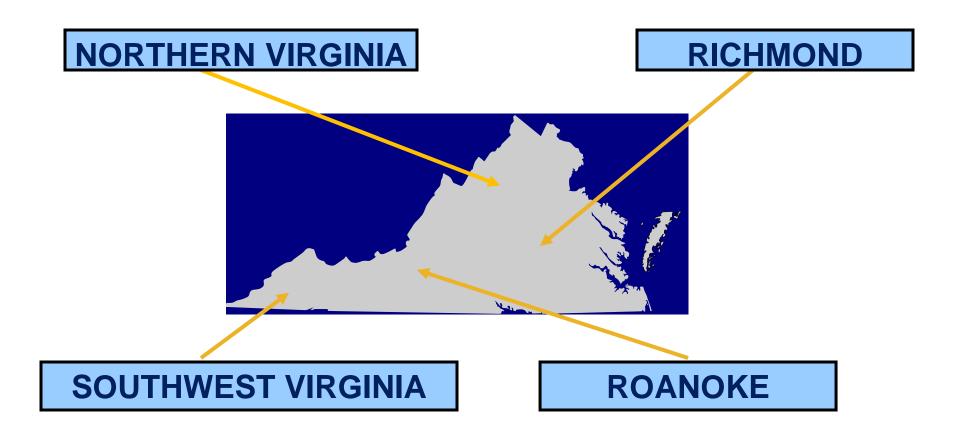
Internal Revenue Service, Criminal Division

The Department of Taxation

Commonwealth Attorney's Offices



### MFCU Staffing



### 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 <u>Fiscal Years 1982 through 2013</u> Total Criminal and Civil Recoveries, Including Affirmative Civil Enforcement Cases (Ordered and Collected Reimbursements, Fines, Restitutions)

FISCAL YEAR		TOTAL RECOVERIES	
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	<u>\$1</u>	<u>,011,122,042</u>	
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 courtordered 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 multistate 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

2012-2013 Expenditures:

\$9,819,091



## **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 900 East Main Street Richmond, VA 23219



**VIRGINIA OFFICE OF THE ATTORNEY GENERAL**