



## COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

1570 Grant Street, Denver, CO 80203-1818 • (303) 866-2993 • (303) 866-4411 Fax

John W. Hickenlooper, Governor • Susan E. Birch MBA, BSN, RN, Executive Director

January 15, 2013

The Honorable Daniel Kagan, Chair  
House Judiciary Committee  
200 E. Colfax Avenue, Room 271  
Denver, CO 80203

Dear Representative Kagan:

The Department of Health Care Policy and Financing (Department) presents this report with respect to its compliance with requirements for Senate Bill 12-060, as stipulated in Section 25.5-1-115.5, C.R.S.

The passage of SB 12-060 (Improving Medicaid Fraud Prosecution) requires the Department to deliver an annual report to the House and Senate Judiciary Committees and the Health Committees on investigations of fraudulent receipt of Medicaid benefits. The report must include:

- Investigations of client fraud during the year;
- Termination of client Medicaid benefits due to fraud;
- District Attorney action, including criminal complaints requested, cases dismissed, cases acquitted, convictions, and confession of judgment;
- Recoveries, including fines and penalties, restitution ordered, and restitution collected; and
- Trends in methods used to commit client fraud, excluding law enforcement-sensitive information.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, MaryKathryn Hurd, at [MK.Hurd@state.co.us](mailto:MK.Hurd@state.co.us) or 303-547-8494.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Susan Birch', written over a faint circular stamp.

Susan E. Birch, MBA, BSN, RN  
Executive Director

SEB/mld

Enclosure(s)

The Honorable Daniel Kagan, Chair

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Cc: Representative Pete Lee, Vice-Chair, Judiciary Committee  
Representative John Buckner, Judiciary Committee  
Representative Lois Court, Judiciary Committee  
Representative Daniel Kagan, Judiciary Committee  
Representative Bob Gardner, Judiciary Committee  
Representative Polly Lawrence, Judiciary Committee  
Representative Mike McLachlan, Judiciary Committee  
Representative Carole Murray, Judiciary Committee  
Representative Brittany Petterson, Judiciary Committee  
Representative Joe Salazar, Judiciary Committee  
Representative Jared Wright, Judiciary Committee  
Jessika Shipley, Judiciary Committee Staff  
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting  
Katherine Blair, Health Policy Advisor, Governor's Office  
Legislative Council Library  
State Library  
Susan E. Birch, MBA, BSN, RN, Executive Director  
John Bartholomew, Finance Office Director  
Suzanne Brennan, Health Programs Office Director  
Antoinette Taranto, Acting Client and Community Relations Office Director  
Lorez Meinhold, Community Partnerships Office Director  
Tom Massey, Policy and Communications Office Director  
MaryKathryn Hurd, Legislative Liaison  
Rachel Reiter, Communications Director



# **Colorado Department of Health Care Policy and Financing**

## **Fraud Investigations and Referrals SFY 2012 Report In Compliance with C.R.S Section 25.5-1-115.5**

**January 23, 2013**

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## SUMMARY

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The Department of Health Care Policy and Financing (Department) presents this medical assistance client fraud report with respect to its compliance with requirement for Senate Bill 12-060, as stipulated in Section 25.5-1-115.5, C.R.S.

This report is based on information requested in the C.R.S and was compiled by the Department from the 64 counties. Each county's self-reported information is in Appendix A. Overall totals include:

- 2,267 investigations of client fraud during the year
- 150 terminations of client Medicaid benefits due to fraud
- Number of District Attorney actions:
  - 64 criminal complaints requested
  - 23 cases dismissed
  - 0 cases acquitted; 12 convictions; 12 confessions of judgment
- \$850,773.83 dollar amount of fraud identified as reported by the counties
- \$328.50 fines and penalties
- Amount of Restitution
  - \$249,292.34 ordered
  - \$117,281.43 collected
- \$141,515.20 total amount of recovery received by Department in SFY 2011-2012

Although restitution is included in this report, due to the recent Supreme Court decision declaring that restitution no longer applies to Medicaid, this item will not be reported in the future.

Trends observed during fraud investigations as reported by the counties are noted below:

- District Attorneys will often only pursue cases that are large enough to make the case a felony.
- Most cases are due to unreported income or resources and household members; some involve clients leaving the state without reporting the move. Other cases involve residency and forged documents. In order to address these concerns voiced by the counties as listed above, the Department has been utilizing the Public Assistance Reporting Information System to determine if clients are receiving benefits in other states and the Income Eligibility Verification System to verify income of applicants.
- A couple of counties report that medical providers' staff may misguide applicants who do not have knowledge of the rules and regulations of Medicaid in order to obtain benefits for the client and, thus, receive payment for the provider's services.

## Fraud Investigations and Referrals SFY 2012 Report: Appendix A

The information presented below regarding medical assistance client fraud is presented in compliance with the requirement for Senate Bill 12-060, as stipulated in Section 25.5-1-115.5, C.R.S. This information is self-reported by each county.

Fraud Investigations and Referrals SFY 2012						
County	Cases Investigated by County	Refer to Atty	Dismissed	Acquitted	Convictions	Confessions of Judgment
Adams	350	1	0	0	1	0
Alamosa	0	0	0	0	0	0
Arapahoe	0	1	0	0	0	1
Archuleta	6	5	0	0	1	3
Baca	24	0	0	0	0	0
Bent	0	0	0	0	0	0
Boulder	147	0	0	0	0	0
Broomfield	10	0	0	0	0	0
Chaffee	9	0	0	0	0	0
Cheyenne	0	0	0	0	0	0
Clear Creek	0	0	0	0	0	0
Conejos	0	0	0	0	0	0
Costilla	0	0	0	0	0	0
Crowley	0	0	0	0	0	0
Custer	0	0	0	0	0	0
Delta	2	0	0	0	0	0
Denver	222	0	0	0	0	0
Dolores	0	0	0	0	0	0
Douglas	24	24	19	0	0	1
Eagle	0	0	0	0	0	0
El Paso	19	3	0	0	0	6
Elbert	0	0	0	0	0	0
Fremont	137	0	0	0	0	0
Garfield	81	1	0	0	1	0
Gilpin	0	0	0	0	0	0
Grand	0	0	0	0	0	0
Gunnison	0	0	0	0	0	0
Hinsdale	0	0	0	0	0	0
Huerfano	0	0	0	0	0	0
Jackson	0	0	0	0	0	0
Jefferson	154	5	4	0	0	1
Kiowa	0	0	0	0	0	0
Kit Carson	0	0	0	0	0	0
Lake	12	0	0	0	0	0
La Plata	38	1	0	0	0	0
Larimer	532	0	0	0	0	0
Las Animas	0	0	0	0	0	0
Lincoln	2	0	0	0	0	0

County	Cases Investigated by County	Refer to Atty	Dismissed	Acquitted	Convictions	Confessions of Judgment
Logan	0	0	0	0	0	0
Mesa	4	2	0	0	0	0
Mineral	0	0	0	0	0	0
Moffat	11	8	0	0	0	0
Montezuma	0	0	0	0	0	0
Montrose	0	0	0	0	0	0
Morgan	68	0	0	0	0	0
Otero	0	0	0	0	0	0
Ouray	0	0	0	0	0	0
Park	0	0	0	0	0	0
Phillips	0	0	0	0	0	0
Pitkin	0	0	0	0	0	0
Prowers	0	0	0	0	0	0
Pueblo	85	0	0	0	0	0
Rio Blanco	0	0	0	0	0	0
Rio Grande	0	0	0	0	0	0
Routt	0	0	0	0	0	0
Saguache	0	0	0	0	0	0
San Juan	1	0	0	0	0	0
San Miguel	0	0	0	0	0	0
Sedgwick	0	0	0	0	0	0
Summit	0	0	0	0	0	0
Teller	0	0	0	0	0	0
Washington	0	0	0	0	0	0
Weld	329	13	0	0	9	0
Yuma	0	0	0	0	0	0
<b>Grand Total</b>	<b>2,267</b>	<b>64</b>	<b>23</b>	<b>0</b>	<b>12</b>	<b>12</b>

County	Clients Terminated due to Fraud	Claims for Recoveries	Fines/Penalties Recovered	Restitution Ordered	Restitution Collected
Adams	1	\$10,875.03	0	0	\$10,875.03
Alamosa	0	0	0	0	0
Arapahoe	0	\$7,359.16	0	\$7,359.16	\$7,359.16
Archuleta	0	\$47,476.62	0	\$8,531.07	\$8,531.07
Baca	24	\$4,075.00	0	0	\$4,075.00
Bent	0	0	0	0	0
Boulder	26	\$7,885.28	0	\$76,376.06	\$7,885.28
Broomfield	10	\$92,460.25	0	0	0
Chaffee	0	0	0	0	0
Cheyenne	0	0	0	0	0
Clear Creek	0	0	0	0	0
Conejos	0	0	0	0	0
Costilla	0	0	0	0	0
Crowley	0	0	0	0	0
Custer	0	0	0	0	0
Delta	0	0	0	0	0
Denver	0	0	0	0	0
Dolores	0	0	0	0	0
Douglas	4	0	0	0	0
Eagle	0	0	0	0	0
El Paso	6	\$20,017.02	0	\$35,159.50	\$20,017.02
Elbert	0	0	0	0	0
Fremont	0	0	0	0	0
Garfield	2	\$244,240.21	0	0	0
Gilpin	0	0	0	0	0
Grand	0	0	0	0	0
Gunnison	0	0	0	0	0
Hinsdale	0	0	0	0	0
Huerfano	0	0	0	0	0
Jackson	0	0	0	0	0
Jefferson	1	\$ 112,895.79	\$ 328.50	0	\$ 7,480.28
Kiowa	0	0	0	0	0
Kit Carson	0	0	0	0	0
Lake	0	0	0	0	0
La Plata	1	\$1,526.38	0	0	0
Larimer	0	\$3,101.66	0	0	\$3,101.66
Las Animas	0	0	0	0	0
Lincoln	0	\$2,147.50	0	0	\$2,147.50
Logan	0	0	0	0	0
Mesa	1	\$6,692.66	0	0	0
Mineral	0	0	0	0	0
Moffat	5	\$ 22,500.00	0	0	0
Montezuma	0	0	0	0	0
Montrose	0	0	0	0	0
Morgan	11	\$41,655.40	0	0	0

County	Clients Terminated due to Fraud	Claims for Recoveries	Fines/Penalties Recovered	Restitution Ordered	Restitution Collected
Otero	0	0	0	0	0
Ouray	0	0	0	0	0
Park	0	0	0	0	0
Phillips	0	0	0	0	0
Pitkin	0	0	0	0	0
Prowers	0	0	0	0	0
Pueblo	0	0	0	0	0
Rio Blanco	0	0	0	0	0
Rio Grande	0	0	0	0	0
Routt	0	0	0	0	0
Saguache	0	0	0	0	0
San Juan	0	0	0	0	0
San Miguel	0	0	0	0	0
Sedgwick	0	0	0	0	0
Summit	0	0	0	0	0
Teller	0	0	0	0	0
Washington	0	0	0	0	0
Weld	58	\$225,865.87	0	\$121,866.55	\$45,809.43
Yuma	0	0	0	0	0
<b>Grand Total</b>	<b>150</b>	<b>\$850,773.83</b>	<b>\$328.50</b>	<b>\$249,292.34</b>	<b>\$117,281.43</b>

The above totals are self-reported by the counties. Some counties state they do not have resources to pursue suspected fraud cases and others state they have difficulty bringing cases to prosecution.

The \$850,773.83 in fraud Claims for Recoveries represents total fraud uncovered; actual collections returned to the Department was \$141,515.20. This disparity may be due to payment plans or unrecoverable claims.