



## COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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

January 15, 2014

The Honorable Irene Aguilar, Chair  
Health and Human Services Committee  
200 E. Colfax Avenue, Room 346  
Denver, CO 80203

Dear Senator Aguilar:

Enclosed please find a legislative report to the Health and Human Services Committee from the Department of Health Care Policy and Financing (Department) on Improving Medicaid Fraud Prosecution.

Colorado Revised Statute 25.5-1-115.5 requires the Department to report on fraud investigations by the County Departments of Social Services by January 15<sup>th</sup> annually.

The statute requires counties to report the number of client fraud investigations per calendar year, District Attorney actions and recovery information including fines, penalties and restitution.

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 black ink, appearing to read 'Susan E. Birch', with a stylized flourish at the end.

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

**SEB/re**

Enclosure(s): Improving Medicaid Fraud Prosecution

Cc: Senator Linda Newell, Vice-Chair, Health and Human Services Committee  
Senator Jeanne Nicholson, Health and Human Services Committee  
Senator John Kefalas, Health and Human Services Committee  
Senator Owen Hill, Health and Human Services Committee  
Senator Kevin Lundberg, Health and Human Services Committee  
Senator Larry Crowder, Health and Human Services Committee  
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 Services Eligibility & Enrollment 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 FY 2012-13 Report In Compliance with C.R.S Section 25.5-1-115.5**

**January 15, 2014**

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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 statute and was compiled by the Department from the 64 counties. Each county's self-reported information is in Appendix A. Overall totals include:

- 1,820 investigations of client fraud during the fiscal year
- 480 terminations of client Medicaid benefits due to fraud
- Number of District Attorney actions:
  - 38 criminal complaints requested
  - No cases dismissed
  - No cases acquitted
  - 25 convictions
  - 22 confessions of judgment
- \$1,405,276.42 dollar amount of fraud identified as reported by the counties, which is a 65% increase from the previous fiscal year.
- \$278,040.40 fines and penalties recovered and retained by Counties
- Amount of Restitution
  - \$506,909.55 ordered
  - \$368,303.00 collected
- Of the restitution collected, the Department received \$466,991.96 in FY 2012-13. This amount includes the \$368,303.00 for restitution collected and \$98,688.96 in recovered unintentional client error funds. The Department received less than the total of \$506,909.55 ordered as restitution due to payment plans or unrecoverable claims.

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

- 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.

## Appendix A

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

County	Total Client Count (All Ages)	Cases Investigated by County	Refer to Atty	Dismissed	Acquitted	Convictions	Confession of Judgment	Claims for	Fines/ Penalties Recovered	Restitution Ordered	Restitution Collected	Clients Terminated due to Fraud
Adams	87,132	5	3	0	0	3	0	50,078.00	0	0	0	0
Alamosa	4,613	0	0	0	0	0	0	0	0	0	0	0
Arapahoe	80,463	42	1	0	0	0	0	36,106.16	0	25,039.15	25,039.15	2
Archuleta	1,800	0	0	0	0	0	0	0	0	0	0	0
Baca	707	9	0	0	0	0	0	0	0	0	0	1
Bent	1,209	0	0	0	0	0	0	0	0	0	0	0
Boulder	26,888	179	1	0	0	0	0	14,860.18	0	0	0	1
Broomfield	3,696	13	0	0	0	0	0	16,184.16	0	0	0	6
Chaffee	2,120	0	0	0	0	0	0	0	0	0	0	0
Cheyenne	291	0	0	0	0	0	0	0	0	0	0	0
Clear Creek	747	0	0	0	0	0	0	0	0	0	0	0
Conejos	2,454	0	0	0	0	0	0	0	0	0	0	0
Costilla	1,161	0	0	0	0	0	0	0	0	0	0	0
Crowley	961	0	0	0	0	0	0	0	0	0	0	0
Custer	470	0	0	0	0	0	0	0	0	0	0	0
Delta	5,351	0	0	0	0	0	0	0	0	0	0	0
Denver	121,978	189	0	0	0	0	0	249,913.91	0	249,913.91	249,913.91	14
Dolores	276	0	0	0	0	0	0	0	0	0	0	0
Douglas	11,542	54	2	0	0	2	2	10,704.71	0	10,704.71	0	10
Eagle	3,735	0	0	0	0	0	0	0	0	0	0	0
El Paso	90,403	8	0	0	0	0	0	210,941.88	236,254.90	70,135.64	12,050.82	3

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Elbert	1,540	0	0	0	0	0	0	0	0	0	0	0
Premont	7,964	0	0	0	0	0	0	0	0	0	0	0
Garfield	8,101	1	0	0	0	0	0	284,723.48	0	0	0	3
Gilpin	490	0	0	0	0	0	0	0	0	0	0	0
Grand	1,007	0	0	0	0	0	0	0	0	0	0	0
Gunnison	1,348	0	0	0	0	0	0	0	0	0	0	0
Hinsdale	0	0	0	0	0	0	0	0	0	0	0	0
Huerfano	1,735	0	0	0	0	0	0	0	0	0	0	0
Jackson	183	0	0	0	0	0	0	0	0	0	0	0
Jefferson	53,162	175	1	0	0	0	3	2,557.96	828.5	6,704.64	10,231.79	8
Kiowa	230	0	0	0	0	0	0	0	0	0	0	0
Kit Carson	1,201	0	0	0	0	0	0	0	0	0	0	0
Lake	1,088	3	0	0	0	0	0	0	0	0	0	0
La Plata	5,593	0	0	0	0	0	0	0	0	0	0	0
Larimer	33,818	421	1	0	0	1	0	30,449.65	5,725.00	9,796.24	599	77
Las Animas	3,256	0	0	0	0	0	0	0	0	0	0	0
Lincoln	812	7	0	0	0	0	0	0	0	0	0	0
Logan	3,187	51	2	0	0	1	0	46,763.76	0	40,861.45	0	1
Mesa	25,006	8	2	0	0	1	0	40,237.75	0	1,321.74	0	2
Mineral	0	0	0	0	0	0	0	0	0	0	0	0
Moffat	2,247	5	4	0	0	1	1	0	268.5	4,815.01	969	0
Montezuma	5,109	27	0	0	0	0	0	47,936.00	0	0	0	0
Montrose	7,955	0	0	0	0	0	0	0	0	0	0	0
Morgan	5,556	80	0	0	0	0	0	60,104.58	0	0	0	5
Otero	5,494	0	0	0	0	0	0	0	0	0	0	0
Ouray	416	0	0	0	0	0	0	0	0	0	0	0
Park	1,385	0	0	0	0	0	0	0	0	0	0	0
Phillips	680	0	0	0	0	0	0	0	0	0	0	0

County	Total Client Count (All Ages)	Cases Investigated by County	Refer to Atty	Dismissed	Acquitted	Convictions	Confession of Judgment	Claims for	Fines/ Penalties Recovered	Restitution Ordered	Restitution Collected	Clients Terminated due to Fraud
Pitkin	432	0	0	0	0	0	0	0	0	0	0	0
Provers	3,395	0	0	0	0	0	0	0	0	0	0	0
Pueblo	40,627	95	0	0	0	0	0	300.00	0	0	0	207
Rio Blanco	831	0	0	0	0	0	0	0	0	0	0	0
Rio Grande	3,146	0	0	0	0	0	0	0	0	0	0	0
Routt	1,679	0	0	0	0	0	0	0	0	0	0	0
Saguache	1,652	0	0	0	0	0	0	0	0	0	0	0
San Juan	0	0	0	0	0	0	0	0	0	0	0	0
San Miguel	668	1	0	0	0	0	0	0	0	0	0	0
Sedgwick	457	0	0	0	0	0	0	0	0	0	0	0
Summit	1,798	0	0	0	0	0	0	0	0	0	0	0
Teller	2,777	1	0	0	0	0	0	34,754.20	0	0	0	1
Washington	619	0	0	0	0	0	0	0	0	0	0	0
Weld	42,432	446	21	0	0	16	16	268,660.04	34,963.50	112,656.21	69,499.33	139
Yuma	1,753	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>728,826</b>	<b>1820</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>22</b>	<b>\$1,405,276.42</b>	<b>\$278,040.40</b>	<b>\$506,909.55</b>	<b>\$ 368,303.00</b>	<b>480</b>

\* Caseload data taken from the Medicaid Client Caseload by County for Reporting Month Ending 6/30/2013

The above totals except Medicaid caseload 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 \$1,405,276.42 in fraud Claims for Recoveries represents total fraud uncovered; actual collections returned to the Department was \$466,991.96. This disparity may be due to payment plans or unrecoverable claims.

