



2016 – 2017 ANNUAL REPORT

STATE OF COLORADO DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL
MEDICAID FRAUD CONTROL UNIT



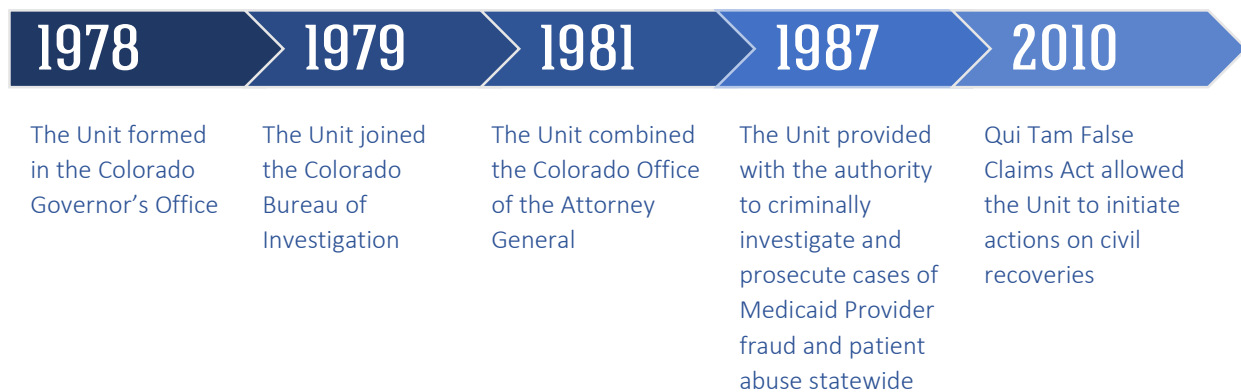
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“Diligence in the investigation and prosecution of Medicaid fraud and abuse in the State of Colorado.”

MEDICAID FRAUD CONTROL UNIT ESTABLISHMENT



Medicaid was created in 1965 to provide healthcare to those without the means to do so based upon their income, assets, or status such as, significant medical, physical, or mental disability. The costs for providing coverage to such individuals are borne equally by both the State of Colorado and the Federal government, which results in the State of Colorado spending approximately \$7.7 billion per year on Medicaid. This amount comprises almost 25 percent of the State's annual budget and permits coverage for approximately one out of every four residents of Colorado.

Since its inception in 1978, the Medicaid Fraud Control Unit ("MFCU" or "the Unit") has operated in accordance with Pub. L. 95-142. The goal of that act was to strengthen the capability of the government to detect, prosecute, and punish fraudulent activities under the Medicare and Medicaid programs. To accomplish this goal, federal funding was authorized for state MFCUs to support the investigation and prosecution of fraud in state Medicaid programs administered under Title XIX of the Social Security Act of 1965.

The Colorado Medicaid Fraud Control Unit was initially organized within the Governor's office, but in 1979 was transferred to the Colorado Bureau of Investigation (CBI). In 1981, funding changes terminated CBI's authority to investigate Medicaid Fraud matters and on the 1st of July of that same year, the MFCU moved to the Colorado Office of the Attorney General. Pursuant to Executive Order D1787 signed by the Governor in March of 1987 and 42 C.F.R. § 1007.1(a), the MFCU continues to be a part of the Office of the Attorney General and has authority to prosecute individuals for violations of criminal laws with respect to fraud in the provision or administration of medical assistance under the Colorado Medicaid program. Pursuant to the same authorizations, the MFCU investigates and prosecutes those that abuse, neglect, or financially exploit patients in any facility that accepts Medicaid funds. The Unit also investigates physical and financial exploitation in board and care facilities regardless of funding. However, the Medicaid Fraud Control Unit does not investigate fraud committed by recipients, abuse and neglect of patients who are not in long-term care/board and care facilities, or fraud committed exclusively against another health care system, such as Medicare or private insurance.

UNIT'S MISSION

“The Colorado Attorney General’s Medicaid Fraud Control Unit is dedicated to the investigation and prosecution of Medicaid provider fraud and to the investigation and prosecution of abuse and neglect of the most vulnerable Coloradans.”

The Medicaid Fraud Control Unit maintains a strong commitment to ensuring that Coloradans have access to the highest quality care from dedicated providers while continuing to take an aggressive approach to reducing Medicaid fraud and patient abuse across the state. The dual missions of the Medicaid Fraud Control Unit are:

1. To protect from fraudulent activity the state and federal funds designated to provide necessary medical services and health care to Medicaid beneficiaries.
2. To protect individuals in facilities that receive Medicaid funds and in board and care facilities from abuse, neglect, and financial exploitation.



Colorado Attorney General Cynthia H. Coffman

UNIT'S AUTHORITY

Colorado's Medicaid Fraud Control Unit is tasked with investigating, auditing, and prosecuting Medicaid provider fraud and patient abuse under 42 U.S.C. 1396b(q), the Social Security Act, and 42 C.F.R. §1007.1, et seq. To this end, the Unit pursues four categories of cases:

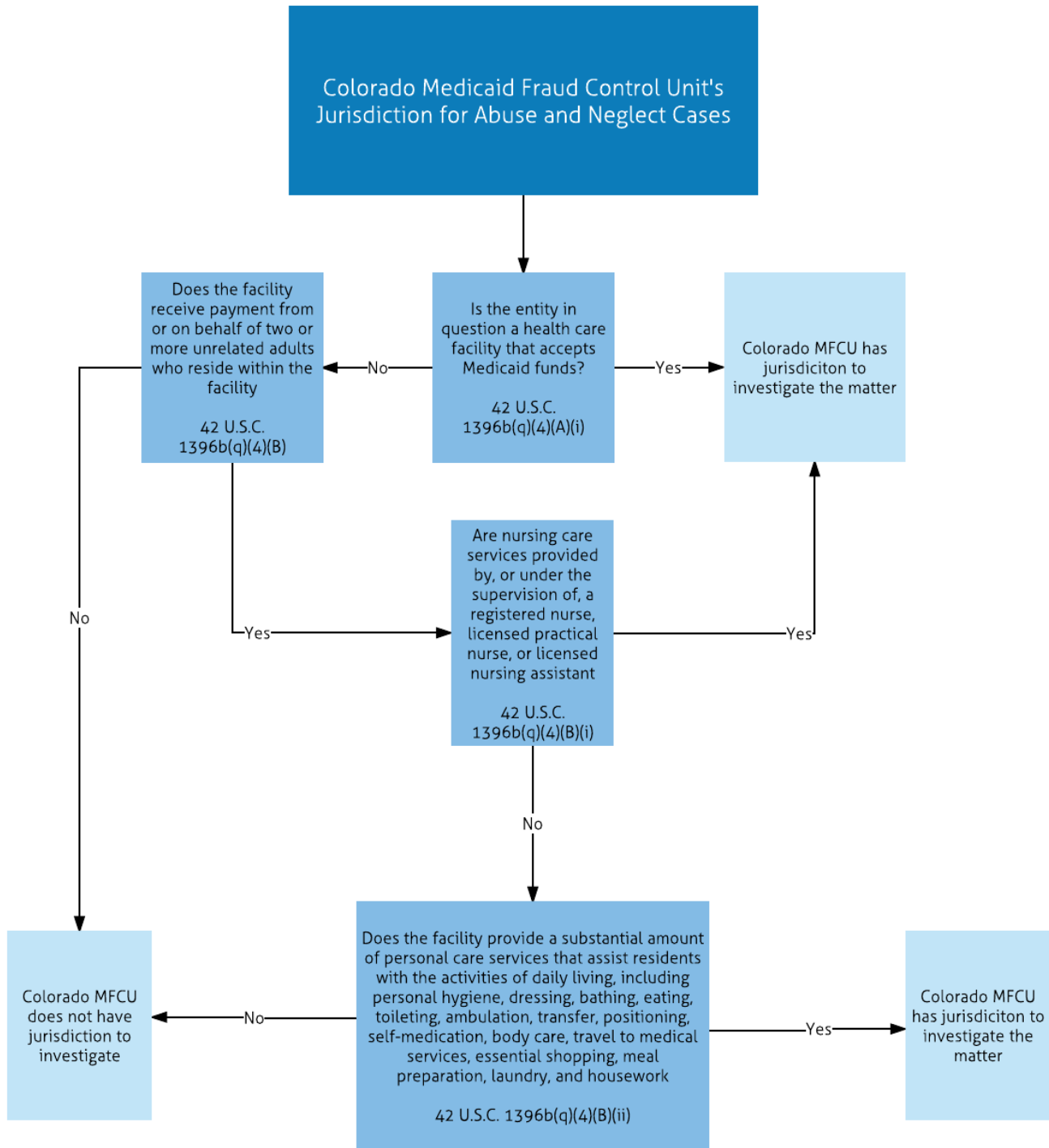
1. Fraudulent conduct by Medicaid providers and others involved with providing Medicaid services.
2. The neglect and abuse of patients in both federally funded health care facilities and board and care facilities.
3. Financial exploitation of residents in those facilities.
4. Recovery of Medicaid overpayments identified in our investigation of fraud, patient abuse and neglect, and financial exploitation of residents.

Pursuant to C.R.S. 24-31-101(a), the Colorado Attorney General “shall appear for the state and prosecute and defend all actions and proceedings, civil and criminal, in which the state is a party or is interested when required to do so by the governor.” In 1987, then Governor Roy Romer issued Executive Order D1787, which approved the continuation of the Medicaid Fraud Control Unit within the Office of the Attorney General. Additionally, Executive Order D1787 “require[s] the Attorney General to investigate and prosecute Medicaid Fraud and patient abuse cases” as either the Attorney General, or when so designated, as a special deputy district attorney. As a result, the jurisdiction covers all 22 judicial districts in the State of Colorado and it has used this jurisdictional grant to file and prosecute cases throughout the state. The MFCU attorneys have enjoyed an outstanding working relationship with District Attorneys throughout the state and they have fully supported the MFCU’s role. In many instances, District Attorneys participated in the criminal investigations and resulting prosecutions within their local jurisdictions.

In 2010, in addition to the jurisdictional grant contained within Executive Order D1787 and with the enactment of C.R.S. 25.5-4-303.5 et seq., the Medicaid Fraud Control Unit was vested with the authority to investigate and bring civil actions against parties believed to have filed false claims against Medicaid within the State of Colorado.

In instances when the MFCU determines that civil or criminal actions are not possible, it will refer the matters to other agencies such as Colorado Department of Health Care Policy and Financing (HCPF) or HHS/OIG. The MFCU has procedures in place for referrals and maintains a record of complaints received and actions taken. Various administrative actions and/or sanctions by other agencies may then take place against the provider or facility. Forfeiture actions to recover illicit proceeds of criminally fraudulent acts may be used to augment the criminal prosecution authority.

UNIT'S JURISDICTION FOR ABUSE & NEGLECT CASES



STAFFING

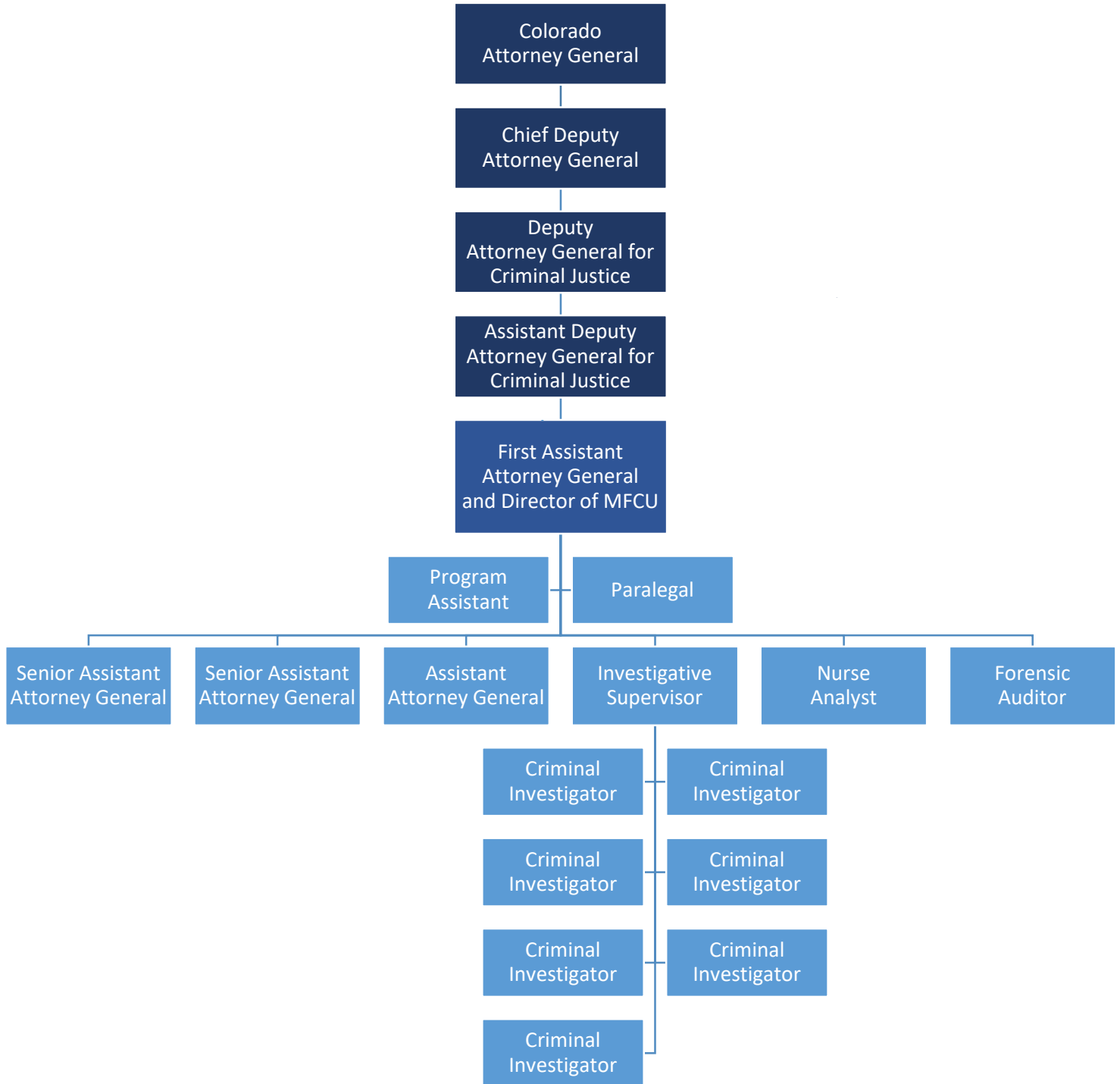
Housed within the Criminal Justice Section of the Colorado Department of Law and the Office of the Attorney General, the Medicaid Fraud Control Unit is staffed with a First Assistant Attorney General that serves as the Director, a Senior Assistant Attorney General that serves as the Civil Litigation and Qui Tam Coordinator, a Senior Assistant Attorney General that oversees all criminal prosecutions, and an Assistant Attorney General that assists with both civil matters and criminal prosecution. In addition to the attorneys, the Medicaid Fraud Control Unit employs an Investigative Supervisor, six Fraud Investigators, an Abuse Investigator, a Nurse Investigator, and a Forensic Auditor. The Unit is supported by a Paralegal and a Program Assistant.

The Director and Investigative Supervisor have the responsibility for the day-to-day operation of the Medicaid Fraud Control Unit. This includes oversight of all investigations, other agency contacts, civil and criminal filing decisions, the management of cases through trial, plea and/or sentencing, grand jury investigations and indictments, and fiscal management of the MFCU's budget and expenditures.

The Director is responsible for compliance with all state and federal laws attached to the Medicaid program, including the HHS/OIG Recertification Review, Medicaid Fraud Oversight and State Auditor's Reviews, and ensuring Medicaid Fraud Control Unit staff comply with the United States and Colorado Constitutions, the Colorado Criminal Code and Colorado Rules of Criminal Procedure, the Colorado Rules of Evidence, state and federal rules of search and seizure, and required training and educational programs.



ORGANIZATIONAL CHART



UNIT'S NOTABLE CASES

Uncertified Nurse Aides

Three separate investigations by the MFCU determined that three defendants used false documents to obtain employment as Certified Nurse Aides in facilities providing health care services to Medicaid patients even though they were not certified to provide such medical care. All three defendants pled guilty to one count of Criminal Possession of a Financial Device –Two or More, a class six felony, and one count of Nurse Aide- Unauthorized Practice, a class two misdemeanor. The Judge sentenced each of them to two years of probation, and as a condition of their probation, prohibited them from working in health care for two years, and required them to complete community service.

Global Pharmaceutical Fraud

An attorney from the MFCU litigated a major global case in the U.S. District Court for the District of Massachusetts along with an attorney from the State Services section of the Colorado Attorney General's Office. The lawsuit alleged that the pharmaceutical company hid from the Medicaid Program certain bundled discounts that it gave to hospitals on the proton pump inhibitor drugs, Protonix Oral and Protonix IV, in an effort to report and pay lower rebates to the states. The case was in litigation for many years in the U.S. District Court, with the Colorado Medicaid Fraud Control Unit playing an active role in discovery, document review, and motions practice. The case settled in April 2016 with Colorado receiving over \$5.7 million in recoveries for its Medicaid program.

Operation Sleep of Reason: Unauthorized Billing by Anesthesia Providers

Though previously reported, the matter expanded in scope and in the number of providers. As a result, the Medicaid Fraud Control Unit recovered an additional \$232,611.53 from anesthesiology providers for the State of Colorado. After a lengthy investigation, the MFCU found that additional anesthesia providers had billed two sets of codes for epidural procedures, when only one of the sets were appropriate. This resulted in the providers double billing Medicaid for hospital delivery services between 2009 and 2014.

Home Care Agency Billing Violations

An investigation against a home care agency determined that rather than tracking transit time between patient locations and billing Medicaid appropriately, the agency billed Medicaid for the maximum allowable amount, regardless of the actual amount of time spent traveling by their caregivers. This was in violation of the Colorado Medicaid Rules and Regulations, which state that travel times are to be specifically documented and charged only to the extent that they were actually incurred by the care provider. The matter was settled with the home care agency and resulted in a recovery of \$37,236.30 for the taxpayers of Colorado.

Personal Care Service Fraud

The defendant was employed by a Medicaid provider to provide in personal care services for a Medicaid patient. She submitted timesheets indicating that she was caring for the patient in the patient's home on days when she failed to appear and on days when the patient was staying in the hospital. The defendant pled guilty to two counts of Theft, one a class six felony and one a class one misdemeanor. The judge sentenced the defendant to two years of probation, ordered her to complete community service and to pay full restitution for the fraudulently submitted billing.

Civil Recoveries from Skilled Home Health Agencies

An investigation led to the opening of three cases involving Medicaid home health providers employing uncertified CNAs. The cases resulted in civil settlements with one provider paying \$22,686.79, the second provider paying \$49,256.78, and the third provider paying \$47,737.76. The total recovery resulted in a recovery of \$119,681.33 for the taxpayers of Colorado.



UNIT'S ACTIVITIES

Occurrence Reports

The Medicaid Fraud Control Unit receives Occurrence Reports from the Colorado Department of Public Health and Environment - Health Facilities Division (CDPHE-HFD) and reviews disciplinary actions from the Colorado Department of Regulatory Agencies (DORA) Division of Registrations (DOR) on a regular basis. During the 12 month reporting period, the CDPHE-HFD posted and MFCU staff reviewed 4,906 patient abuse, neglect, and related cases. These included alleged acts of physical abuse, sexual abuse, financial exploitation, threatened abuse, and criminal neglect (investigated and prosecuted under 42 U.S.C. § 1396b(q)(4) et seq. and Colorado state law, "Wrongs to At-Risk Adults," § 18-6.5-101). Of the Occurrence Reports, 37 cases were found appropriate to submit for exclusion consideration.

Further, the Medicaid Fraud Control Unit collaborates with officials of the Colorado Department of Public Health and Environment and the state's Long-Term Care Ombudsman Act program. The Ombudsmen assist patients and residents of nursing homes and other long-term care facilities in asserting their civil, legal, and human rights. With their wealth of information about patient care in these facilities, the MFCU encourages information-sharing and referral of allegations of patient abuse for possible criminal investigation. These collaborative efforts against health care fraud and patient abuse have been an unquestioned success and have had a significant impact on preserving the integrity of the Medicaid program in the State of Colorado.

Health Care Fraud Task Force

The Health Care Fraud Task Force had previously been an annual event, but had not been held in several years. On the 13th of March of 2017, the Medicaid Fraud Control Unit re-launched the Health Care Fraud Task Force and hosted the meeting at the Ralph L. Carr Colorado Judicial Center. One of the goals of the meeting was to provide a forum in which different governmental agencies could share their missions and inform attendees of the capabilities and expertise of their agencies. An additional goal was to create a collaborative environment to develop and foster relationships which would make it possible for individuals to reach out to their counterparts, share ideas, and cooperate on investigations. The event was successful with over 50 attendees from state and federal health care agencies with the common mission of identifying and fighting health care fraud in the State of Colorado.

Special Investigations Unit Working Group

The Colorado MFCU is a member of the Special Investigations Unit Working Group. The group brings together state and federal healthcare agencies as well as private health insurance entities to discuss health care fraud issues, coordinate investigations, and facilitate information sharing on health care fraud trends. In addition to the aforementioned efforts, the MFCU has many other strategies underway to reduce overpayments, fraud, and other abuses in the state health care program.

Partnerships

Efforts taken by the MFCU to coordinate with the parties-in-interest include regular meetings with the Department of Health Care Policy and Financing - Program Integrity Section, the U.S. Department of Health and Human Services – Office of the Inspector General, the Colorado Department of Public Health and Environment, the state's Long-Term Care Ombudsman Act Program members, local FBI and DEA offices, and the U.S. Attorney's Office.

Assistance to Other Medicaid Fraud Control Units

The Colorado Medicaid Fraud Control Unit responds to and complies with requests from other state MFCUs and NAMFCU teams concerning substantive or procedural business in the State of Colorado. All members of the MFCU place a high priority on immediately responding to and fulfilling all requests for assistance made around the country.

Legislation Tracking

The Unit continues to be involved in the monitoring and analysis of legislative activities that could significantly affect the Medicaid program and shares this information within the Office of the Attorney General as well as with outside partners that could be impacted by said activities. The MFCU staff continues to provide assistance to the Attorney General's staff, the Colorado Legislature, and the Colorado Department of Health Care Policy and Financing by recommending modifications, additions, or new bills for legislation, regulations or program changes that will help to control or prevent fraud and abuse of the Medicaid program.

INVESTIGATIVE STATISTICS

The Colorado Medicaid Fraud Control Unit opened 196 cases, investigated 238 cases, and closed 189 cases during this reporting period (April 1, 2016 to March 31, 2017).

| Number of Cases Prosecuted or Referred for Prosecution | Number of Cases Resolved in Settlement or Conviction | Number of Cases Investigated but Not Prosecuted Due to Insufficient Evidence |
|--|--|--|
| 9 | 61 | 125 |

| Number of Abuse and Neglect Complaints Received | Number of Abuse and Neglect Complaints Investigated | Number of Abuse and Neglect Complaints Referred |
|---|---|---|
| 10 | 15 | 0 |

| FRAUD: Facility Based – Inpatient and/or Residential | Opened | Closed | Currently Open |
|--|-----------|----------|----------------|
| 1.01 Assisted Living Facility | 3 | 2 | 2 |
| 1.02 Developmental Disability Residential Facility | 0 | 0 | 0 |
| 1.03 Hospice | 0 | 1 | 3 |
| 1.04 Hospital | 2 | 0 | 6 |
| 1.05 Inpatient Psychiatric Services for Individuals < 21 Age | 0 | 0 | 0 |
| 1.06 Nursing Facility | 6 | 4 | 9 |
| 1.07 Other Inpatient Mental Health Facility | 0 | 0 | 0 |
| 1.08 Other Long-Term Care Facility | 0 | 0 | 1 |
| TOTAL | 11 | 7 | 21 |

| FRAUD: Facility Based – Outpatient and/or Day Services | Opened | Closed | Currently Open |
|--|----------|----------|----------------|
| 2.01 Adult Day Center | 0 | 0 | 0 |
| 2.02 Ambulatory Surgical Center | 0 | 0 | 0 |
| 2.03 Developmental Disability Facility (Non-Residential) | 0 | 0 | 0 |
| 2.04 Dialysis Center | 4 | 1 | 5 |
| 2.05 Mental Health Facility (Non-Residential) | 0 | 0 | 0 |
| 2.06 Substance Abuse Treatment Center | 0 | 1 | 0 |
| 2.07 Other Facility (Non-Residential) | 1 | 0 | 3 |
| TOTAL | 5 | 2 | 8 |

| FRAUD: Physician (MD/DO) By Medical Specialty | Opened | Closed | Currently Open |
|--|---------------|---------------|-----------------------|
| 3.01 Allergist / Immunologist | 0 | 0 | 1 |
| 3.02 Cardiologist | 0 | 0 | 0 |
| 3.03 Emergency Medicine | 1 | 2 | 0 |
| 3.04 Family Practice | 0 | 2 | 0 |
| 3.05 Geriatrician | 0 | 0 | 0 |
| 3.06 Internal Medicine | 0 | 0 | 0 |
| 3.07 Neurologist | 0 | 0 | 0 |
| 3.08 Obstetrician/Gynecologist | 0 | 0 | 0 |
| 3.09 Ophthalmologist | 0 | 0 | 0 |
| 3.10 Pediatrician | 0 | 0 | 1 |
| 3.11 Physical Medicine and Rehabilitation | 0 | 0 | 0 |
| 3.12 Psychiatrist | 0 | 0 | 0 |
| 3.13 Radiologist | 0 | 0 | 0 |
| 3.14 Surgeon | 0 | 0 | 0 |
| 3.15 Urologist | 0 | 0 | 0 |
| 3.16 Other MD / DO | 10 | 11 | 4 |
| TOTAL | 11 | 15 | 6 |

| FRAUD: Licensed Practitioners | Opened | Closed | Currently Open |
|---|---------------|---------------|-----------------------|
| 4.01 Audiologist | 0 | 0 | 0 |
| 4.02 Chiropractor | 0 | 0 | 0 |
| 4.03 Clinical Social Worker | 0 | 0 | 0 |
| 4.04 Dental Hygienist | 0 | 0 | 0 |
| 4.05 Dentist | 4 | 2 | 2 |
| 4.06 Nurse (LPN, RN, or Other Licensed) | 3 | 3 | 3 |
| 4.07 Nurse Practitioner | 3 | 1 | 2 |
| 4.08 Optometrist | 0 | 0 | 0 |
| 4.09 Pharmacist | 1 | 1 | 1 |
| 4.10 Physician Assistant | 0 | 0 | 0 |
| 4.11 Podiatrist | 0 | 0 | 0 |
| 4.12 Psychologist | 1 | 1 | 0 |
| 4.13 Therapist (Non-Mental Health) PT, Speech, OT, RT | 27 | 30 | 3 |
| 4.14 Other Practitioner | 0 | 1 | 0 |
| TOTAL | 39 | 39 | 11 |

| FRAUD: Other Individual Providers | Opened | Closed | Currently Open |
|---|---------------|---------------|-----------------------|
| 5.01 EMT / Paramedic | 0 | 0 | 0 |
| 5.02 Nurse's Aide (CNA or Other) | 2 | 4 | 4 |
| 5.03 Optician | 0 | 0 | 0 |
| 5.04 Personal Care Services Attendant | 6 | 6 | 1 |
| 5.05 Pharmacy Technician | 0 | 0 | 0 |
| 5.06 Unlicensed Counselor (Mental Health) | 0 | 6 | 0 |
| 5.07 Unlicensed Therapist (Non-Mental Health) | 0 | 0 | 0 |
| 5.08 Other Individual Providers | 9 | 0 | 6 |
| TOTAL | 17 | 16 | 11 |

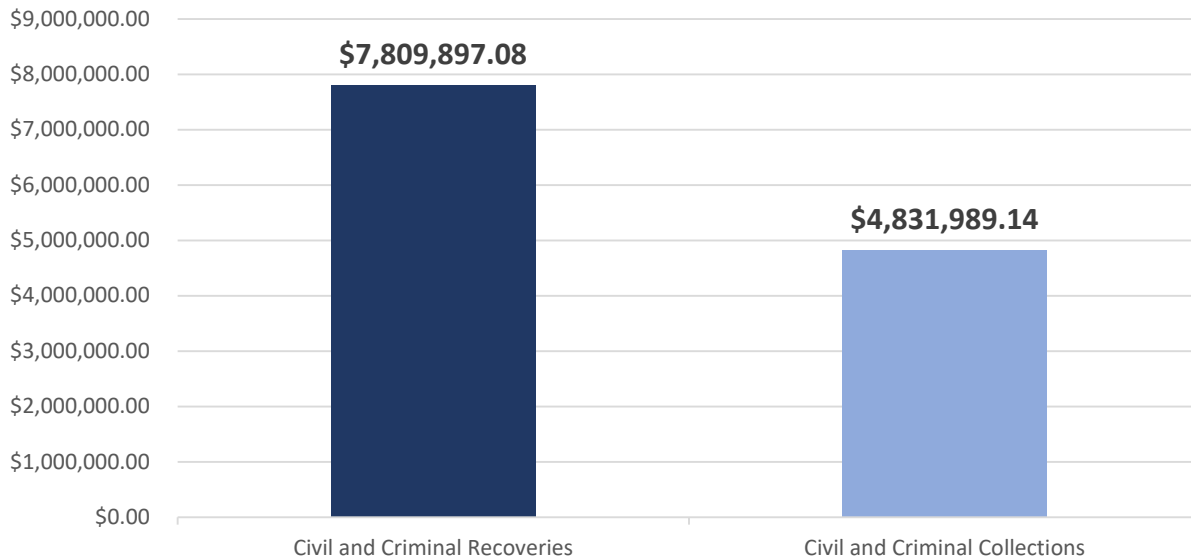
| FRAUD: Medical Services | Opened | Closed | Currently Open |
|---|---------------|---------------|-----------------------|
| 6.01 Ambulance | 1 | 1 | 0 |
| 6.02 Billing Services | 0 | 1 | 0 |
| 6.03 Durable Medical Equipment (DME) | 6 | 7 | 34 |
| 6.04 Home Health Agency | 3 | 10 | 8 |
| 6.05 Lab (Clinical) | 2 | 3 | 11 |
| 6.06 Lab (Radiology and Physiology) | 1 | 0 | 1 |
| 6.07 Lab (Other) | 0 | 1 | 0 |
| 6.08 Medical Device Manufacturer | 6 | 2 | 9 |
| 6.09 Pain Management Clinic | 0 | 0 | 0 |
| 6.10 Personal Care Services Agency | 44 | 48 | 4 |
| 6.11 Pharmaceutical Manufacturer | 23 | 22 | 69 |
| 6.12 Pharmacy (Hospital) | 0 | 0 | 0 |
| 6.13 Pharmacy (Institutional Wholesale) | 0 | 5 | 9 |
| 6.14 Pharmacy (Retail) | 10 | 2 | 21 |
| 6.15 Transportation (Non-Emergency) | 1 | 1 | 0 |
| 6.16 Other Medical Services | 1 | 0 | 4 |
| TOTAL | 98 | 103 | 170 |

| FRAUD: Program Related | Opened | Closed | Currently Open |
|--------------------------------------|---------------|---------------|-----------------------|
| 7.01 Managed Care Organization (MCO) | 0 | 2 | 1 |
| 7.02 Medicaid Program Administration | 0 | 0 | 0 |
| 7.03 Other Program Fraud | 0 | 0 | 0 |
| TOTAL | 0 | 2 | 1 |

| ABUSE AND NEGLECT (Including Patient Needs Funds) | Opened | Closed | Currently Open |
|--|-----------|----------|----------------|
| 8.01 Assisted Living Facility | 6 | 0 | 6 |
| 8.02 Developmental Disability Facility Setting (Residential) | 4 | 2 | 2 |
| 8.03 Hospice | 0 | 0 | 0 |
| 8.04 Non-Direct Care | 0 | 0 | 0 |
| 8.05 Nurse's Aide (CNA or Other) | 0 | 0 | 0 |
| 8.06 Nursing Facility | 5 | 3 | 2 |
| 8.07 Personal Care Aide or Other Home Care Aide | 0 | 0 | 0 |
| 8.08 Licensed Nurse (RN, LPN, PA, NP) | 0 | 0 | 0 |
| 8.09 Other Abuse and Neglect | 0 | 0 | 0 |
| TOTAL | 15 | 5 | 10 |

RECOVERIES

Recoveries from April 1, 2016 to March 31, 2017



| Number of Recovery Actions Initiated by Unit | Number of Recovery Actions Referred to Another Agency | Total Amount of Overpayments Identified | Total Amount of Overpayments Collected |
|--|---|---|--|
| 80 | 0 | \$7,809,897.08 | \$4,831,989.14 |

The Unit refers and re-refers actions to State Medicaid Agency but does not track recoveries or overpayments by the agency under the MOU agreement.

PROJECTIONS FOR APRIL 1, 2017 TO MARCH 31, 2018

| Projected Number of Cases Prosecuted or Referred for Prosecution | Projected Number of Cases Resolved in Settlement or Conviction | Projected Number of Cases Investigated but Not Prosecuted Due to Insufficient Evidence |
|--|--|--|
| 7 | 65 | 100 |

| Projected Number of Abuse and Neglect Complaints Received | Projected Number of Abuse and Neglect Complaints Investigated | Projected Number of Abuse and Neglect Complaints Referred |
|---|---|---|
| 10 | 20 | 0 |

| FRAUD: Facility Based – Inpatient and/or Residential | Projected Opened | Projected Closed | Projected End |
|--|------------------|------------------|---------------|
| 1.01 Assisted Living Facility | 1 | 2 | 1 |
| 1.02 Developmental Disability Residential Facility | 0 | 0 | 0 |
| 1.03 Hospice | 1 | 2 | 2 |
| 1.04 Hospital | 3 | 3 | 6 |
| 1.05 Inpatient Psychiatric Services for Individuals < 21 Age | 0 | 0 | 0 |
| 1.06 Nursing Facility | 4 | 3 | 10 |
| 1.07 Other Inpatient Mental Health Facility | 0 | 0 | 0 |
| 1.08 Other Long-Term Care Facility | 1 | 1 | 1 |
| TOTAL | 10 | 11 | 20 |

| FRAUD: Facility Based – Outpatient and/or Day Services | Projected Opened | Projected Closed | Projected End |
|--|------------------|------------------|---------------|
| 2.01 Adult Day Center | 2 | 0 | 2 |
| 2.02 Ambulatory Surgical Center | 0 | 0 | 0 |
| 2.03 Developmental Disability Facility (Non-Residential) | 1 | 0 | 1 |
| 2.04 Dialysis Center | 2 | 1 | 6 |
| 2.05 Mental Health Facility (Non-Residential) | 1 | 0 | 1 |
| 2.06 Substance Abuse Treatment Center | 0 | 0 | 0 |
| 2.07 Other Facility (Non-Residential) | 1 | 2 | 2 |
| TOTAL | 7 | 3 | 12 |

| FRAUD: Physician (MD/DO) By Medical Specialty | Projected Opened | Projected Closed | Projected End |
|--|-------------------------|-------------------------|----------------------|
| 3.01 Allergist / Immunologist | 0 | 1 | 0 |
| 3.02 Cardiologist | 0 | 0 | 0 |
| 3.03 Emergency Medicine | 0 | 0 | 0 |
| 3.04 Family Practice | 1 | 0 | 1 |
| 3.05 Geriatrician | 0 | 0 | 0 |
| 3.06 Internal Medicine | 0 | 0 | 0 |
| 3.07 Neurologist | 1 | 1 | 0 |
| 3.08 Obstetrician/Gynecologist | 0 | 0 | 0 |
| 3.09 Ophthalmologist | 0 | 0 | 0 |
| 3.10 Pediatrician | 0 | 1 | 0 |
| 3.11 Physical Medicine and Rehabilitation | 1 | 0 | 1 |
| 3.12 Psychiatrist | 0 | 0 | 0 |
| 3.13 Radiologist | 0 | 0 | 0 |
| 3.14 Surgeon | 0 | 0 | 0 |
| 3.15 Urologist | 0 | 0 | 0 |
| 3.16 Other MD / DO | 5 | 4 | 5 |
| TOTAL | 8 | 7 | 7 |

| FRAUD: Licensed Practitioners | Projected Opened | Projected Closed | Projected End |
|---|-------------------------|-------------------------|----------------------|
| 4.01 Audiologist | 0 | 0 | 0 |
| 4.02 Chiropractor | 0 | 0 | 0 |
| 4.03 Clinical Social Worker | 0 | 0 | 0 |
| 4.04 Dental Hygienist | 0 | 0 | 0 |
| 4.05 Dentist | 2 | 1 | 3 |
| 4.06 Nurse (LPN, RN, or Other Licensed) | 5 | 4 | 4 |
| 4.07 Nurse Practitioner | 1 | 1 | 2 |
| 4.08 Optometrist | 0 | 0 | 0 |
| 4.09 Pharmacist | 1 | 1 | 1 |
| 4.10 Physician Assistant | 0 | 0 | 0 |
| 4.11 Podiatrist | 0 | 0 | 0 |
| 4.12 Psychologist | 0 | 0 | 0 |
| 4.13 Therapist (Non-Mental Health) PT, Speech, OT, RT | 3 | 4 | 2 |
| 4.14 Other Practitioner | 1 | 0 | 1 |
| TOTAL | 13 | 11 | 13 |

| FRAUD: Other Individual Providers | Projected Opened | Projected Closed | Projected End |
|---|-------------------------|-------------------------|----------------------|
| 5.01 EMT / Paramedic | 0 | 0 | 0 |
| 5.02 Nurse's Aide (CNA or Other) | 4 | 2 | 6 |
| 5.03 Optician | 0 | 0 | 0 |
| 5.04 Personal Care Services Attendant | 3 | 1 | 3 |
| 5.05 Pharmacy Technician | 0 | 0 | 0 |
| 5.06 Unlicensed Counselor (Mental Health) | 0 | 0 | 0 |
| 5.07 Unlicensed Therapist (Non-Mental Health) | 0 | 0 | 0 |
| 5.08 Other Individual Providers | 7 | 6 | 7 |
| TOTAL | 14 | 9 | 16 |

| FRAUD: Medical Services | Projected Opened | Projected Closed | Projected End |
|---|-------------------------|-------------------------|----------------------|
| 6.01 Ambulance | 0 | 0 | 0 |
| 6.02 Billing Services | 1 | 0 | 1 |
| 6.03 Durable Medical Equipment (DME) | 8 | 6 | 36 |
| 6.04 Home Health Agency | 8 | 6 | 10 |
| 6.05 Lab (Clinical) | 2 | 4 | 9 |
| 6.06 Lab (Radiology and Physiology) | 0 | 1 | 0 |
| 6.07 Lab (Other) | 1 | 0 | 1 |
| 6.08 Medical Device Manufacturer | 8 | 3 | 14 |
| 6.09 Pain Management Clinic | 0 | 0 | 0 |
| 6.10 Personal Care Services Agency | 6 | 2 | 4 |
| 6.11 Pharmaceutical Manufacturer | 20 | 16 | 73 |
| 6.12 Pharmacy (Hospital) | 0 | 0 | 0 |
| 6.13 Pharmacy (Institutional Wholesale) | 4 | 2 | 11 |
| 6.14 Pharmacy (Retail) | 5 | 6 | 20 |
| 6.15 Transportation (Non-Emergency) | 4 | 2 | 2 |
| 6.16 Other Medical Services | 1 | 1 | 4 |
| TOTAL | 68 | 49 | 185 |

| FRAUD: Program Related | Projected Opened | Projected Closed | Projected End |
|--------------------------------------|-------------------------|-------------------------|----------------------|
| 7.01 Managed Care Organization (MCO) | 1 | 1 | 1 |
| 7.02 Medicaid Program Administration | 0 | 0 | 0 |
| 7.03 Other Program Fraud | 0 | 0 | 0 |
| TOTAL | 1 | 1 | 1 |

| ABUSE AND NEGLECT (Including Patient Needs Funds) | Projected Opened | Projected Closed | Projected End |
|--|------------------|------------------|---------------|
| 8.01 Assisted Living Facility | 6 | 3 | 9 |
| 8.02 Developmental Disability Facility Setting (Residential) | 2 | 1 | 3 |
| 8.03 Hospice | 0 | 0 | 0 |
| 8.04 Non-Direct Care | 0 | 0 | 0 |
| 8.05 Nurse's Aide (CNA or Other) | 1 | 0 | 1 |
| 8.06 Nursing Facility | 7 | 5 | 4 |
| 8.07 Personal Care Aide or Other Home Care Aide | 1 | 0 | 1 |
| 8.08 Licensed Nurse (RN, LPN, PA, NP) | 0 | 0 | 0 |
| 8.09 Other Abuse and Neglect | 0 | 0 | 0 |
| TOTAL | 17 | 9 | 18 |

PROJECTED RECOVERIES (APRIL 1, 2017 TO MARCH 31, 2018)

| Projected Number of Recovery Actions Initiated by Unit | Projected Number of Recovery Actions Referred to Another Agency | Projected Total Amount of Overpayments Identified | Projected Total Amount of Overpayments Collected |
|--|---|---|--|
| 84 | 0 | \$1,000,000 | \$650,000 |



TRAININGS

Individual staff of the Medicaid Fraud Control Unit pursue training opportunities within Colorado and outside of the state to enhance the ability to detect and investigate fraudulent schemes, as well as the abuse, neglect, and exploitation of vulnerable individuals. The trainings attended by members of the MFCU cover subject areas such as financial crime, computer crime, white-collar fraud, enhanced criminal investigative techniques, conducting audits for the purpose of detecting fraudulent activity, and training on software used by the Colorado Department of Health Care Policy and Financing.

Additionally, members of the MFCU attend continuing education courses that are mandated in order to maintain their professional credentials.

| Date(s) | Personnel | Training |
|-----------|--|---|
| 4/5/2016 | Investigator | 7 Habits of Highly Effective People |
| 4/11/2016 | Senior Assistant Attorney General | Administrative Rulemaking and Rule Reviews |
| 4/18/2016 | Assistant Attorney General | Defending Depositions |
| 4/26/2016 | Investigative Supervisor | 7 Habits of Highly Effective Managers |
| 4/27/2016 | Senior Assistant Attorney General | E-Discovery in Government Criminal Investigations & Litigation |
| 5/6/2016 | Senior Assistant Attorney General | Immigration: Asylum |
| 5/10/2016 | Investigative Supervisor | Cyber Security Training |
| 5/13/2016 | 4 Investigators | Defensive Tactics |
| 5/17/2016 | Senior Assistant Attorney General | Criminal Law Practice Basics |
| 5/22/2016 | Senior Assistant Attorney General | Immigration: Fundamentals |
| 6/7/2016 | 2 Investigators | National Association of Drug Diversion Investigators Colorado Conference Training |
| 6/7/2016 | Senior Assistant Attorney General | The Four Disciplines of Execution |
| 6/20/2016 | Assistant Attorney General Investigative Supervisor Investigator Forensic Auditor | Cyber Security Awareness Training |
| 6/28/2016 | Investigator | CLEAR Training (by Thomson Reuters) |

| Date(s) | Personnel | Training |
|--------------------------|--|---|
| 6/28/2016 | Assistant Attorney General | NAMFCU False Claims Act Boot Camp |
| 7/8/2016 | 3 Investigators | 4th Amendment Training and How to Testify Training |
| 7/19/2016 | Investigator | Medicaid Billing Training |
| 7/24/2016 | Senior Assistant Attorney General | NAMFCU Training Committee Meeting |
| 7/26/2016 | Investigator | Civil Procedure Training |
| 8/1/2016 | 2 Investigators | IAPE Managing Property and Evidence in Law Enforcement |
| 8/8/2016 | 2 Investigators | 2016 Case Law Training |
| 8/23/2016 | 2 Investigators | Medicaid Billing Training |
| 8/23/2016 | Investigator | MFCU Opioid Symposium |
| 9/11/2016 | Senior Assistant Attorney General | CDAC 2016 Annual Conference |
| 9/13/2016 | 3 Investigators | Covert Operations Training |
| 10/6/2016 | Investigator | Successful Interviewing Techniques Training |
| 10/18 through 10/20/2016 | 2 Investigators | 101 Medicaid Fraud Training Program |
| 10/18/2016 | Investigator | Colorado State Investigators Association Conference |
| 10/27 through 10/28/2016 | Forensic Auditor | COCFE Conference |
| 11/10/2016 | Investigator | Nationalist/ Separatist AND Open Source Investigations Training |
| 11/10/2016 | Investigator | Sovereign Citizens Training |
| 11/15 through 11/17/2016 | 2 Investigators | Medicaid 102 Training Program |
| 11/15/2016 | Investigator | Time Management: 360 Degrees of Productivity |
| 12/1/2016 | Forensic Auditor | Analyzing Bank Records (ACFE -Workbook) |
| 1/29/2017 | Forensic Auditor | COCFE-Auto Theft and Financial Crimes |
| 2/9/2017 | 2 Investigators | Anti-Bias Training for Law Enforcement |
| 2/13/2017 | 3 Investigators | Anti-Bias Training for Law Enforcement |
| 2/17/2017 | Investigative Supervisor | Anti-Bias Training for Law Enforcement |
| 2/17/2017 | Investigative Supervisor 7 Investigators Forensic Auditor Program Assistant | Medicaid Billing Data Run Training |
| 3/16/2017 | Investigative Supervisor 7 Investigators Forensic Auditor Program Assistant | New Medicaid Billing Training |

| Date(s) | Personnel | Training |
|------------------------|--|--|
| 3/22 through 3/23/2017 | Director | NAMFCU Directors' Symposium |
| 3/28/2017 | Investigative Supervisor 7 Investigators Forensic Auditor Program Assistant | New Pharmacy (Medicaid) Billing Training |
| 3/29/2017 | Investigative Supervisor 7 Investigators Forensic Auditor Program Assistant | New Pharmacy (Medicaid) Billing Analyst Training |



COMMUNITY OUTREACH

Members of the Medicaid Fraud Control Unit have been invited to present to government agencies, local law enforcement agencies, banking groups, and community groups regarding the scope of the mission of MFCU. The Unit also provides law enforcement and civilians with the tools to assist them in identifying possible incidents of Medicaid fraud and incidents of abuse, neglect, and exploitation.

- A MFCU attorney presented on Medicaid enforcement to the Health Care Compliance Association’s National Conference in Washington, DC.
- MFCU Attorneys presented on several occasions during the past year for the Colorado District Attorneys Association.
- A MFCU attorney has been appointed to the Training Committee of the National Association of Medicaid Fraud Control Units.
- A MFCU attorney was appointed as a Special Assistant United States Attorney for the District of Colorado to work with Assistant United States Attorneys in the investigation and prosecution of health care fraud.

The Medicaid Fraud Control Unit continues to engage in substantial efforts to provide public and provider education about the Colorado Medicaid program, elder abuse issues, national health care fraud issues and specific provider-oriented education efforts. The chart below reflects some of the outreach activities in which the MFCU’s attorneys, auditor, and investigators participate:

| Date(s) | Trainer(s) | Topic |
|------------|---|---|
| 7/8/2016 | Senior Assistant Attorney General | 4th Amendment Training and How to Testify Training |
| 10/25/2016 | Abuse Investigator | Abuse & Neglect Presentation to Boulder County Elder Justice Coalition |
| 12/15/2016 | Abuse Investigator | Elder Abuse and DV Investigation to Boulder County Sheriff's Citizen Academy |
| 7/9/2017 | Director Nurse Analyst Abuse Investigator | Jurisdiction of the MFCU and the Investigation and Prosecution of abuse, neglect and exploitation cases |

EXPENDITURES FROM APRIL 1, 2016 TO MARCH 31, 2017

| Personnel Expenses | |
|---------------------------------|---------------------|
| Salaries | \$ 1,285,852 |
| Benefits | \$ 418,445 |
| Total Personnel Expenses | \$ 1,704,297 |

| Indirect Costs | |
|--|-------------------|
| \$ 1,704,297 (Personnel Expenses) x .105 | \$ 178,951 |
| Total Indirect Costs | \$ 178,951 |

| Operational Expenses | |
|--|-------------------|
| Litigation, Professional and Consulting Fees | \$ 1,999 |
| Information Technology Support Services | \$ 36,341 |
| Automobile Expenses | \$ 9,916 |
| Building Rent | \$ 147,550 |
| Telephone | \$ 8,416 |
| Membership Dues | \$ 16,570 |
| Book Subscription | \$ 10,992 |
| Registration Fees | \$ 8,747 |
| Non-Capital Furniture and Equipment | \$ 2,569 |
| Travel | \$ 14,783 |
| Miscellaneous Other | \$ 22,219 |
| Total Operational Expenses | \$ 280,102 |

| | |
|--|---------------------|
| Grand Total of Expenditures for Colorado MFCU | \$ 2,163,350 |
|--|---------------------|

| Indirect Costs | Total | Direct Costs | Total |
|---------------------|-------------------|---------------------|---------------------|
| State Share (25%) | \$ 44,738 | State Share (25%) | \$ 496,100 |
| Federal Share (75%) | \$ 134,213 | Federal Share (75%) | \$ 1,488,299 |
| Total | \$ 178,951 | Total | \$ 1,984,399 |

Note: Expenses were not available for the month of March 2017 due to a problem with the state financial system. The period of March 2016 through February 2017 is reflected.

CONCLUSION

Dedicated to the investigation and prosecution of Medicaid provider fraud, the Colorado Attorney General's Medicaid Fraud Control Unit will continue to protect the integrity of the system that provides healthcare to those with the greatest needs within the state.

To this end, the MFCU will use both its civil and criminal authority to recover funds that have been fraudulently obtained from the State of Colorado's Medicaid system. The Medicaid Fraud Control Unit will continue to hold the entities responsible for such fraudulent transactions accountable through criminal prosecution, civil sanctions, or a combination of the two, while continuing to work with the Colorado Department of Health Care Policy and Financing (HCPF) to create safeguards that detect, reduce, and in some instances, eliminate the flow of fraudulent funds from the Medicaid system.

The Medicaid Fraud Control Unit will continue to investigate and prosecute those who abuse and neglect the most vulnerable citizens of the state. The providers investigated and prosecuted by the Unit form only a small percentage of the total number of providers registered to deliver valuable medical products and services to the state's beneficiaries. However, fraud and abuse by the few unscrupulous providers continue to take their toll on the integrity of the program and the Medicaid Fraud Control Unit will continue to partner with other agencies, providers, and the public to prevent, deter, and respond to fraud and abuse throughout the state of Colorado.



CONTACT



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Copies of the State of Colorado Medicaid Fraud Control Unit's Federal Annual Report are available. Please contact Stephanie Lim, Program Assistant for Medicaid Fraud Control Unit at:

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