



## **The Bad Apples of Behavioral Health**

Identifying, Referring, Investigating and  
Prosecuting Fraudulent Medicaid Providers

November 17, 2011



## **Agenda**

Introduction

Identifying Potential Fraud in  
Medical Records

Case Studies

MFCU Case Selection,  
Investigation and Prosecution of  
Provider Fraud

Lessons Learned/Outcomes

Questions/Discussion



# INTRODUCTION

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## Problem Definition and Solutions Sought

Problems	Solutions
Rampant Medicaid billing growth	Began provider audits of Community Mental Health Medicaid Providers
Significant overpayments suspected	Developed structured audit process for service types never systematically audited on a large scale
Several complaints regarding Providers	5 Community Service Types Audited <ul style="list-style-type: none"> <li>• Intensive In-home Services (IIH) – focus of this presentation</li> <li>• Therapeutic Day Treatment (TDT)</li> <li>• Mental Health Support Services (MHSS)</li> <li>• Out Patient (OP)</li> <li>• Out Patient Substance Abuse (OPSA)</li> </ul>

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## History of Intensive In Home Services (IIH)

236%

Increase in the number of IIH providers in the Metro-Richmond area between 2006 and 2010 (148% increase statewide)

215%

Rise in IIH costs in Metro-Richmond for the same time frame (160% rise statewide)

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## History of Intensive In Home Services (IIH)

\$607,491,771

**Total State IIH expenditure** from 2006 – 2010

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## History of Intensive In Home Services (IIH)

# WHY?

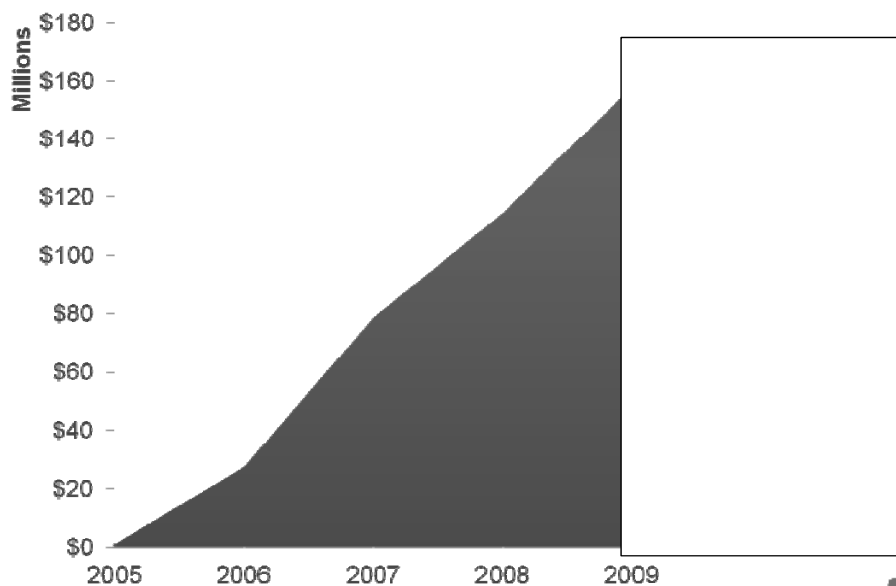
2007 “Virginia Children’s Services System Transformation” initiative allowed any provider to bill for IIH

Resulting “Free-for-All” resulted in:

- Recruiting of recipients – Providers held “Carnivals,” solicited door-to-door
- Providers promoting IIH service as mentoring service

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## Medicaid IIH Expenditures



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## IDENTIFYING POTENTIAL FRAUD IN THE AUDIT PROCESS

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### Provider Target Criteria

Targeting of Provider data  
based on Virginia regulations

Targeting of provider data  
based on risk factors:

- Excessive billing
- High per recipient billing
- Rapid growth

Complaints against providers



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## Provider Score Card Created



## Additional Potential Fraud Indicators



Patterns of higher hourly billings than medical records supported

Unqualified staff signing medical records

Billing for unallowable activities

Servicing recipients who do not meet eligibility requirements

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## **MFCU CASE SELECTION, INVESTIGATION, AND PROSECUTION**

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### **MFCU: Selection and Investigation**

► How a referral becomes a selected case

- Review of referral
- Evaluation of potential case
- Staffing
- Location
- Resources

► Investigation fundamentals for Provider Fraud



**FRAUD**

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## Common Fraud Schemes



- ▶ Servicing recipients that do not meet eligibility requirements
- ▶ Unqualified staff signing medical records
- ▶ Duplicated medical records
- ▶ Patterns of higher hourly billings than medical records support
- ▶ Billing for unallowable activities

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## What the MFCU Found in our Investigations

- ▶ The “service” being provided is not IIH or therapeutic, but more akin to a Big Brother/Big Sister program
- ▶ Providers recruiting Medicaid recipients and paying for patient referrals
- ▶ Fabricating initial patient assessments in an effort to have the children approved for the service
- ▶ “Revising” patient (and employee) files in anticipation of, or in response to, a Medicaid audit
- ▶ Providing IIH to the children in a home and then also “providing” Mental Health Support Services to the adults/parents in the same home



## CASE STUDIES

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### Case Open / No Open Decisions

CASE OPENED

Provider 1

Provider 2

NOT OPENED

Provider 3

Provider 4

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## Potential Fraud Indicators: Holiday Work

Date: 1 / 1 / 08

## Potential Fraud Indicators: Holiday Work

Date: 07/04/08

## Case Studies–Provider #1 MFCU Update

Referred to MFCU in March 2010

Opened because:

- Staff not qualified
- Duplicate assessments
- Duplicate notes
- Extensive utilization of hours
- Amount of billing (over \$9.5 million from 2006 – 2009)
- Amount of overpayment – 35 recipients, \$731,955 overpayment



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## Case Studies–Provider #2

- ▶ New provider with immediate high Medicaid paid Amount in first year of providing service, compared to other new providers
- ▶ High Growth - 203.56% growth from year 1 of providing services, to year 2
- ▶ Number of consecutive months of services provided per recipient, high compared to peers

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## Case Studies–Provider #2



Time billed without documentation —  
—significant issue



Incorrect Billing – a 5 hour “initial  
assessment” in the middle of a six  
month treatment

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## Case Studies–Provider #2 MFCU Update Referred to MFCU in March 2010

OPENED because:

Recipients not qualified

Staff not qualified

Extensive utilization of hours

Amount of billing (over \$2.5 million from  
2006 – 2009)

Amount of overpayment – 12 recipients,  
\$128,415 overpayment



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## **Not Opened: Provider #3 and Provider #4**

- ▶ **Provider #3:** Referred to MFCU in April 2010
  - Not Opened: Only one recipient out of 33 did not qualify, missing notes, dates of service were 7/1/07 – 6/30/08, manpower
  
- ▶ **Provider #4:** Referred to MFCU in April 2010
  - Not Opened: Only \$5,127 administrative overpayment, dates of service were 7/1/07 – 6/30/08, manpower

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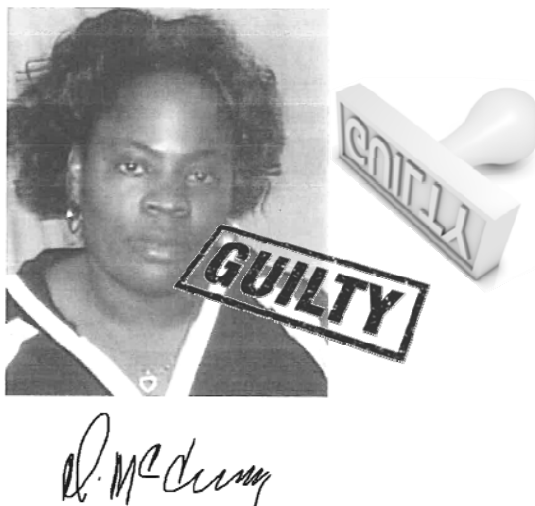
## **PROSECUTION OF IIH PROVIDER**

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## MFCU: Prosecution

### United States vs. Denise McCreary

Owner/Operator  
Camp Hope Youth Services  
Medicaid IIH Provider  
Chesterfield, VA



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## United States vs. Denise C. McCreary

*McCreary Defrauded Medicaid*

### Caused the submission of false claims

Services were not provided at all

Even when they were provided, Counselors were not qualified

Even when they were provided, the children didn't need them

The "service" provided wasn't IIH at all

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## Proving Control

McCreary controlled the hiring

McCreary controlled assessment process

McCreary controlled the billing



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## Tools for Conviction

Overpayment summary chart

DMAS file review and  
“summary chart” and other  
audit findings

Recipient and parent  
testimony re: “at-risk”

McCreary’s knowledge and  
control at Camp Hope



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## False Assessments

Assessor Name: D. McCreary Client Name: [REDACTED]

**CAMP HOPE HOME SERVICES**  
Empowering Children One Day At A Time  
**ADMISSION FACE SHEET AND ASSESSMENT**

Client Full Name: [REDACTED]	Case End Date: [REDACTED]	Client DOB: 07/30/ [REDACTED]
Case Start Date: April 12, 2009	Age: 9	Race: African - American
Client #: [REDACTED]	Gender: Male	
SSN#: [REDACTED]	Address: 507 North 1 <sup>st</sup> Richmond VA 23213	Grade: 4 <sup>th</sup>
Client Current Residence: 507 North 1 <sup>st</sup> Richmond VA 23213	Elementary	Marital Status: Single
School/ Work: [REDACTED]		
Parent/ Legal Guardian Name: [REDACTED]		
Relationship to Client: Mother		
Address: 507 North [REDACTED]		
Phone Number: [REDACTED]		
Does family have financial resources for services? yes <input checked="" type="checkbox"/> no <input type="checkbox"/>		
Benefits? Xyes <input type="checkbox"/> no <input type="checkbox"/> If yes, name the carrier [REDACTED]		

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Assessor Name: D. McCreary Client Name: A. Merritt

Axis I: V71.09 No Diagnosis on Axis II	
Axis II: None Reported or Discovered	
Axis III: Problems at home and school	
Axis IV: 50	

Gov. Ex.

Assessor Name: D. McCreary Client Name: A. Merritt

Signature of [REDACTED]

Signature of [REDACTED]

Medicaid ID: [REDACTED]

Signature of [REDACTED]

II: V71.09 No Diagnosis on Axis II

III: None Reported or Discovered

IV: Problems at home and school

V: 50

1. Little

2. Feel

3. Trou

4. Feel

5. Poor

6. Feel

7. Trou

8. Psych

flat at

Signature of Supervisor: \_\_\_\_\_

Signature of Staff Completing Assessment: Douglas McCreary ZMAP

Medicaid Eligibility: Xyes ☐ no ☐

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## MFCU: Prosecution

### United States vs. Denise McCreary

Convicted of 9 counts of  
health care fraud

\$601,000 in restitution

55 months incarceration



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## LESSONS LEARNED

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## Lessons Learned

Both confirmed facts and unconfirmed suspicions can be useful

Quantity and quality of issues are both important

Timing is crucial – the clock is ticking



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## Outcomes

Successful collaboration with DMAS and MFCU

Prior auth fueled by initial audit results

New and clarified regulations

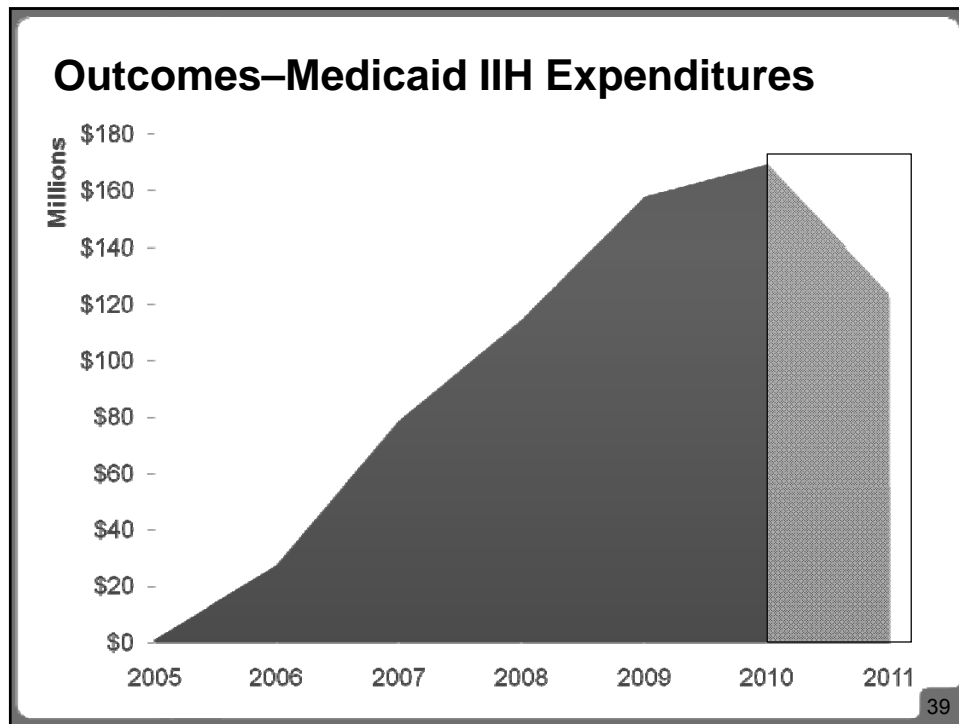
Bad apples taken out of system

Successful Prosecution

Drop in IIH Medicaid billings



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## QUESTIONS AND DISCUSSION

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