



## State of North Carolina

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October 23, 2006

North Carolina Senate President Pro Tempore Marc Basnight  
North Carolina House of Representatives Speaker James Black  
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator John Snow  
Senator Ellie Kinnaird  
Representative R. Phillip Haire  
Representative Joe L. Kiser  
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly  
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreement for Morcom Medical  
Consultants, PLLC et al.

Dear Members:

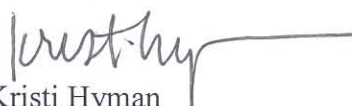
As you may know, G.S. §114-2.5 requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for Medicaid reimbursement to the State and Federal governments in the above-referenced matter. Pursuant to federal law (42 CFR 433.320) recoveries in these cases are shared on a pro-rata basis by the State and Federal governments.

On September 1, 2006 a Settlement Agreement was executed between Morcom Medical Consultants, PLLC ("Morcom"), and its principals, William B. Cromer, MD, John T. Moore, PA, and Sandra H. Cromer, RN, and the North Carolina Department of Justice. Morcom provided medical services to Medicaid recipients in Intermediate Care Facilities (ICF-MR) in eastern North Carolina. The Medicaid Investigations Unit alleged that from January 1, 1995 through December 31, 2000 Morcom billed the Medicaid program for services that were not supported by adequate documentation, upcoded, unbundled, and of questionable medical necessity. Morcom denied these allegations. In order to avoid the delay, uncertainty, and

expense of protracted litigation, the parties agreed to a settlement in which Morcom agreed to pay \$544,133.33 to the North Carolina Medicaid Program. Morcom will pay \$44,133.33 on or before January 1, 2007, and beginning January 1, 2007, the Medicaid Program is authorized to withhold \$12,500 per month in payment of the remainder from reimbursements for future claims submitted by Morcom with the final payment on April 1, 2010. Morcom and its principals signed a Promissory Note guaranteeing payment of the settlement amount. The settlement does not involve the imposition of civil monetary penalties.

Thank you for the opportunity to provide this information. We would be happy to respond to any questions you may have regarding this report.

Very truly yours,

  
Kristi Hyman  
Chief of Staff

KH:kds

cc: Denise Thomas, NCGA Fiscal Research Division  
Nels Roseland, NCDOJ, Deputy Chief of Staff  
Greg McLeod, NCDOJ, Legislative Counsel