



State of North Carolina

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ATTORNEY GENERAL

October 14, 2008

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

Senator John Snow
Senator Ellie Kinnaird
Representative Alice Bordsen
Representative Jimmy Love
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: Asset Forfeiture Request

Dear Members:

As you may know, the North Carolina Medicaid Investigations Unit ("MIU") of the North Carolina Department of Justice ("DOJ") participates in the Equitable Sharing of Federally Forfeited Property Program with the U.S. Department of Justice and the U.S. Department of Treasury. The MIU is grateful for the availability of federal forfeiture funds to enhance our health care fraud and patient abuse enforcement capabilities. With your support, for its federal fiscal reporting year of 9/30/07 – 10/1/08, our MIU recovered over \$52 million in restitution, penalties, and interest. Your support of these important efforts is greatly appreciated.

Pursuant to applicable law, the MIU reports its intent to use federal forfeiture funds for the following purposes:

MIU Federal Asset Forfeiture Request

(Further Explanation Provided in Attachment A)

<u>Item</u>	<u>Amount</u>
EQUIPMENT	
Laptops and accessories	\$32,000.07
Cameras and surveillance equipment	\$11,000.00
Digital dictating equipment	\$10,000.00
Office security/renovation	\$7,000.00
TRAINING	
Investigator and attorney training	\$10,000.00
GRAND TOTAL	\$70,000.07

As of October 13, 2008, the MIU Federal Forfeiture Fund had an unencumbered balance of \$177,487.93. If these expenditures are made, there will be a new balance in this fund of \$107,487.93.

We will be happy to respond to any questions you may have regarding this request.

Very truly yours,



Kristi Hyman
Chief of Staff

KH:kds

cc: Jean Sandaire, NCGA Fiscal Research Division
Nels Roseland, NCDOJ, Deputy Chief of Staff

ATTACHMENT A

MIU FEDERAL ASSET FORFEITURE REQUEST

EQUIPMENT:

1. Laptops and accessories

The Medicaid Investigations Unit ("MIU") intends to purchase twenty laptop computers and computer accessories for use by investigators and attorneys to replace older laptops. The older laptops go out of warranty in March, 2009. Some of the older laptops are no longer functioning and replacement parts for the older laptops are no longer available. The new laptops would have more memory than the older laptops and be able to handle a greater volume of data at a higher speed. The N.C. Medicaid Program has been growing in costs to in excess of \$12 billion per year. The data being reviewed by MIU investigators and attorneys has increased significantly, and they need equipment that is able to gather and store more data. A breakdown of the estimated costs is as follows:

ESTIMATE OF COSTS OF LAPTOPS AND ACCESSORIES			
Item	Unit Cost	Quantity	Estimated Cost
Staff laptops	\$1,367.53	19	\$25,983.07
Data Administrator's Laptop	\$2,600.00	1	\$2,600.00
Staff Docking Stations	\$143.00	19	\$2,717.00
Data Adm's Docking Station	\$100.00	1	\$100.00
Carrying Cases	\$30.00	20	\$600.00
Total			\$32,000.07

2. Cameras and surveillance equipment

The MIU intends to purchase video and digital cameras and related surveillance equipment for use by the MIU's investigators in conducting surveillance in Medicaid fraud and patient abuse investigations. The MIU already has two video cameras that it has used with success to prove instances in which bills were submitted to the Medicaid program for services not rendered and to recover money for the State. Use of the new equipment will enhance existing equipment and provide more flexibility in investigations and enable the Unit to make more efficient use of investigator time and resources in conducting investigations.

3. Digital dictating equipment

The MIU intends to purchase twenty-four digital dictating equipment units and four digital transcription units for use by Unit investigators, attorneys, and program assistants. The digital dictating equipment will replace tape dictation equipment and allow investigators, attorneys, and program assistants to prepare digital reports more efficiently and faster and to incorporate the reports into the Unit's existing computer document management system.

4. Office security/improvements

The MIU expanded and created a branch office in the greater Charlotte area. The MIU leased additional office space to accommodate the Charlotte branch office. The MIU intends to upgrade office security in the Charlotte office by installing security devices and a more secure evidence storage area. The MIU also intends to purchase shelves, locks, security devices, hardware, desks, chairs, tables, cabinets, and materials for the Raleigh office.

TRAINING:

The MIU will use the designated funds to enable the Medicaid Fraud Unit's financial investigators, sworn agents, auditors, and attorneys to attend training opportunities. This will include training offered by the North Carolina Justice Academy, National Association of Medicaid Fraud Control Units, National Health Care Antifraud Association, U.S. Department of Justice, Association of Certified Fraud Examiners, community colleges offering law enforcement training courses, N.C. Bar Association, and other entities offering specialized training in health care fraud investigations and prosecutions. The complexity and constant changes in health care fraud and abuse schemes, investigations, and prosecutions require constant training to ensure that the Unit's investigators and attorneys are able to respond effectively to the latest fraud schemes using the most current fraud detection and investigative techniques and the most current legal policies and procedures.