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ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE

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September 1, 2022

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North Carolina General Assembly
Raleigh, North Carolina 27601-1096

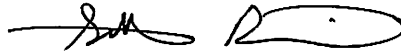
RE: G.S. §114-2.5A; Report on Activities of Medicaid Fraud Control Unit

Dear Members:

G.S. §114-2.5A requires the Attorney General to report by September 1 on the activities of the Medicaid Fraud Control Unit of the Department of Justice, which is the Medicaid Investigations Division, during the previous fiscal year to the Chairs of the Appropriations Subcommittees on Justice and Public Safety and Health and Human Services of the Senate and House of Representatives and the Fiscal Research Division of the Legislative Services Office. Pursuant to that statute, I have enclosed the Medicaid Investigations Division's Activities Report for July 1, 2021, through June 30, 2022.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Seth Dearmin', followed by a large, stylized flourish or scribble.

Seth Dearmin
Chief of Staff

cc: Mark White, NCGA Fiscal Research Division

REPORT TO THE
NORTH CAROLINA GENERAL ASSEMBLY

BY THE
MEDICAID INVESTIGATIONS DIVISION
OF THE
NORTH CAROLINA DEPARTMENT OF JUSTICE

State Fiscal Year July 1, 2021, through June 30, 2022

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I. INTRODUCTION

Pursuant to N.C.G.S. § 114-2.5A “each year the Medicaid Fraud Control Unit of the Department of Justice,” which is the Medicaid Investigations Division (MID), “shall file a written report about its annual activities” with the General Assembly. This report covers the activities of the MID for the State Fiscal Year 2021-2022 (FY 21/22), covering the period of July 1, 2021, through June 30, 2022.

G.S. § 114-2.5A requires the report on the MID’s activities during the previous state fiscal year to include specific information as follows:

- (1) The number of matters reported to the MID.
- (2) The number of cases investigated.
- (3) The number of criminal convictions and civil settlements.
- (4) The total amount of funds recovered in each case.
- (5) The allocation of recovered funds in each case to (i) the federal government; (ii) the State Medical Assistance Program; (iii) the Civil Penalty and Forfeiture Fund; (iv) the N.C. Department of Justice; and (v) other victims.

Because the MID receives 75% of its funds from a Federal source, the MID is required by its Federal funding source to maintain statistics and report its activities based on the Federal fiscal year, which is October 1 through September 30. The General Assembly requires that this report present statistics based on the state fiscal year of July 1 through June 30. Pursuant to G.S. § 1-617, the General Assembly also requires a report on *qui tam* cases for the calendar year of January 1 through December 31. While these three reports overlap, the statistics presented in these three reports will vary because they each cover different time periods.

II. OVERVIEW

The MID has worked hard to combat Medicaid provider fraud, the physical abuse of patients in Medicaid funded facilities, the misappropriation of patient funds, and fraud in the administration of the Medicaid program during its 43-year history. In that time, over 670 providers have been convicted of crimes relating to Medicaid provider fraud, the physical abuse of patients in Medicaid-funded facilities, the misappropriation of patient personal funds, and fraud in the administration of the Medicaid program, and the MID has recovered over \$1 billion in fines, restitution, interest, penalties, and costs.

The MID continues to maintain strong relationships with the North Carolina Department of Health and Human Services (NC DHHS), the state agency that administers the North Carolina Medicaid Program, and with other law enforcement and prosecutorial agencies. Throughout FY 21/22, the MID continued joint investigations of fraud and patient abuse cases with a number of law enforcement and investigatory agencies, including the United States Department of Health and Human Services Office of Inspector General (HHS-OIG), Office of Investigations District Office in Greensboro, N.C.; the Federal Bureau of Investigation (FBI); the Internal Revenue Service; the

United States Department of Justice; N.C. State Bureau of Investigation; and local law enforcement agencies, along with integrity Special Investigations Units (SIUs) within private insurance companies and managed care companies. These relationships serve as a valuable resource for future case referrals.

Medicaid Fraud Control Units from other states seek advice and guidance in the areas of administration, investigation, and prosecution from the MID. The MID strives to maintain and build on this reputation and to assist other units directly and through participation with the National Association of Medicaid Fraud Control Units (NAMFCU). During FY 21/22, MID Director Eddie Kirby served as an instructor at the NAMFCU *Managing a MFCU* training program. MID Civil Chief Steve McCallister served on the NAMFCU Global Case Committee, Qui Tam Subcommittee, Training Committee, and several NAMFCU working groups. Special Deputy Attorney General Lareena Phillips served on both the Global Case Committee and the NAMFCU Training Committee, and as a co-chair of the NAMFCU Qui Tam Subcommittee. MID Nurse Investigator Laura Schlabach served on the NAMFCU Nurse Subcommittee. The MID continues to be actively involved in national global cases being coordinated through NAMFCU with the United States Department of Justice and other federal and state agencies. Civil Chief Steve McCallister, Special Deputy Attorneys General Michael Berger, Lareena Phillips, Matt Petracca, Assistant Attorney General Madeline Lea, and Financial Investigator Jennifer Brock served on NAMFCU global teams appointed by NAMFCU's Global Case Committee. MID also is a national leader with respect to data mining, and has assisted other MFCUs in developing their data mining capabilities.

The United States Attorney's Offices for the Eastern, Middle, and Western Districts have appointed a number of MID attorneys as Special Assistant United States Attorneys (SAUSAs) to pursue criminal and civil Medicaid fraud matters. MID attorneys receive many benefits from this appointment. MID attorneys are collaborating with attorneys in the United States Attorney's Offices for the Western, Middle and Eastern Districts of North Carolina on substantial criminal and civil fraud cases against a variety of Medicaid providers.

The MID has a strong relationship with the North Carolina Department of Health and Human Services, and particularly with its Office of Compliance and Program Integrity (OCPI) and the NCDHHS Information Technology Division. The MID also has a strong relationship with the North Carolina Division of Health Service Regulation (NC DHSR), the primary agency designated to receive patient physical abuse complaints from or involving long-term care providers in North Carolina.

During FY 21-22 the MID continued to provide an extensive training program for its staff through NAMFCU courses. Classes range from multi-level fraud investigation techniques to technical skills training. Also during FY 21/22 MID developed an in-house training program for its staff members.

The North Carolina General Assembly enacted the North Carolina False Claims Act, G.S. §§ 1-605 through 1-618, effective January 1, 2010. This act established a state *qui tam* law that has improved the MID's ability to prosecute and investigate Medicaid provider fraud and abuse.

Since the North Carolina False Claims Act became effective, the MID has received information from and filings by whistleblowers alleging approximately 863 cases of Medicaid fraud and abuse.

In summary, the MID's activities over the past year in both the criminal and non-criminal areas have proven productive. Our successful investigation and prosecution of a variety of Medicaid providers during FY 21/22 enhanced our reputation as an effective and professional Medicaid Fraud Control Unit that vigorously, but fairly, pursues and prosecutes fraud and abuse.

III. INFORMATION REQUIRED ON MID ACTIVITIES

1. The number of matters referred to the MID.

There were 270 referrals made to the MID during the State FY 21/22: a slight decrease from FY 20/21. The referrals came from varied sources. Referral sources include private citizens, *qui tam* relators, the Office of Compliance and Program Integrity (OCPI) of the Division of Health Benefits, Managed Care Organizations (MCO) in connection with behavioral health services, the Division of Health Service Regulation, local departments of Social Services, former employees, State Survey and Certification agencies, Licensing Boards, the National Association of Medicaid Fraud Control Units, United States Attorney's Offices, and other law enforcement agencies such as Office of Inspector General. The distribution of MID's referrals in State FY 21/22 were as follows: Anonymous (2), HHS-OIG (4), Licensing Board (1), Long Term Care Ombudsman (1), Managed Care Organization (1), Medicaid Agency Other (1), Medicaid Agency SURS or Program Integrity Unit (41), Other (13), Other Law Enforcement (1), Private Citizens (145), Provider (1), State Agency Other (40), and State Survey and Certification (19).

Of those 270 new referrals, the MID opened new case files on 93 matters. The remaining 177 were referred to another agency for review, rolled into existing MID investigations, or declined for various reasons. In many instances, it is appropriate to refer a matter to the North Carolina Division of Health Benefits for further review or administrative action. DHB can compare the allegation to its history of the provider and conduct billing analysis and reviews to determine whether further investigation is appropriate. DHB may then refer the matter back to the MID with the additional data and analysis. In that case, the MID can reconsider whether to open an investigation. Alternatively, DHB may decide to apply one of the administrative remedies or sanctions it has at its disposal. It is also possible that the matter could be referred to another appropriate investigatory agency for action.

A number of referrals were declined on the grounds that the referrals did not sufficiently allege Medicaid provider fraud, were not substantiated by a preliminary review, or the potential for successful criminal prosecution was low. Some of the allegations pertained to Medicaid recipient fraud, but the MID's federal grant does not allow the MID to use funding to investigate Medicaid recipient fraud. Therefore, the MID refers recipient fraud allegations to the Division of Health Benefits and the county Departments of Social Services. Please note that allegations of

Medicaid recipient fraud should be referred to the Recipient Services Section of the Division of Health Benefits, 919-527-7749, or the Fraud Section of the local county Department of Social Services.

Medicaid fraud investigations are complex and labor intensive. The consequences of a fraud conviction on a provider can be severe. Therefore, the MID takes great care to ensure that allegations are substantiated before proceeding with criminal charges or civil actions.

2. The number of cases investigated.

During FY 21/22 the MID staff investigated 451 cases. Due to the length of time required to properly investigate a case, a number of these cases were referred and/or opened prior to FY 21/22. The subjects of investigations included ambulance transportation providers, assisted living facilities, clinical labs, dentists, durable medical equipment providers, home care providers, laboratories, home health agencies, hospitals, medical doctors, mental health providers, pain management centers, pharmaceutical manufacturers, pharmacies, psychiatrists and substance abuse treatment centers. The MID also investigated caregivers accused of patient physical abuse at Medicaid funded facilities, and the misappropriation of patient personal funds.

3. The number of Criminal Convictions and Civil Settlements.

a. Criminal Convictions

During FY 21/22, the MID successfully convicted 17 providers. These criminal convictions resulted in more than 395 months of incarceration and in the recovery of \$12,487,103.08 in restitution, fines, and fees. Details of these convictions are set forth in Section IV of this report.

One case that highlights several strengths of the MID was US v Jennifer Manley. It reflects the MID's continuing productive relationship with its federal partners. Many of the MID attorneys are cross designated as Special Assistant United States Attorneys. MID's attorneys and other staff members work with all three United States Attorneys' Offices in North Carolina. This case was prosecuted in federal court in the Middle District of North Carolina.

This case started with a referral from the Office of Compliance and Program Integrity of the Division of Health benefits within the North Carolina Department of Health and Human services, which itself received a referral from Alliance Health ("Alliance"), a Local Management Entity/Managed Care Organization. During an audit of the North Carolina Children's Victim Center ("NCCVC")(later the name was changed to North Carolina Children's Voice Center), which was owned and operated by Jennifer Manley, Alliance noticed irregularities in service notes and possible forgery of notes.

During the course of the investigation, investigators discovered that Manley was operating a service for court-ordered supervision visits for families and billing Medicaid for behavioral and mental health services which neither she nor her company were providing.

Manley used the NPI number for two counselors who stated they never performed mental health or behavioral health services for the company. One counselor stated she worked at NCCVC for a very short time, but never provided any Medicaid billable services. Another provider told investigators she applied for a job at NCCVC and Manley requested her NPI number as part of her “application process.” The provider was never hired, and Manley used her NPI number to bill for Medicaid services. Manley used these providers’ NPI numbers and fabricated notes, and signatures allegedly created by these providers in an attempt to pass the audit by Alliance.

Manley also billed for other mental health services under the company’s NPI number for alleged services for other children. When investigators interviewed the guardians of these children, it was discovered that some had never even heard of the company, while others had gone there for supervised visitation, but never received any type of mental health or behavioral health services.

Manley pled guilty to Health Care Fraud in the U.S. District Court for the Middle District of North Carolina. On June 21, 2022, Manley was sentenced to 18 months' imprisonment, three years supervised release, and ordered to pay \$68,217.80 in restitution.

The investigation and prosecution was a joint operation conducted with the USAO-MDNC, HHS-OIG, and the MID.

b. Civil Settlements

During FY 21/22, the MID successfully obtained 17 civil settlements/judgments and recovered \$61,893,569.36 in damages, interest, civil penalties, and costs.

Of significance was a civil settlement with A Perfect Fit For You. A Perfect Fit For You dispensed durable medical equipment supplies and services in Eastern North Carolina. Margaret Gibson acted as owner or co-owner of A Perfect Fit For You. It was alleged that from March 1, 2015, through June 30, 2016, A Perfect Fit For You and Margaret Gibson submitted claims to the Medicaid program for durable medical equipment that was not medically necessary, was never purchased and was never delivered to any recipients. Under the terms of North Carolina’s settlement, the State of North Carolina will recover \$20,138,722.70; Margaret Gibson is jointly and severally liable for \$4,000,000.00 of that settlement amount. Further, in March 2021, A Perfect Fit For You was ordered to pay \$10,069,361.35 in criminal restitution.

Additionally, during this same time frame, Shelly Bandy worked for A Perfect Fit For You and billed for DME supplies that were never provided and had no supporting clinical documentation. On November 14, 2019, a default Judgment was entered against Shelley Bandy, and civil judgment was thereafter entered in the amount of \$34,708,945.42. On November 20, 2020, a criminal information was filed against Bandy in the U.S. District Court for the Eastern District of North Carolina. On December 29, 2020, Bandy pled guilty to making false

statements related to health care matters. On August 27, 2021, Bandy was sentenced in the Eastern District and ordered to pay \$374,809.92 in Medicaid restitution and \$10,069,361.65 in restitution, jointly and severally, with A Perfect Fit For You.

4. The total amount of funds recovered in each case; Allocations.

Together, these 17 criminal convictions and 17 civil recoveries represent a total of \$74,380,672.44 recovered for the State of North Carolina. Consistent with federal reporting instructions, recoveries are amounts individual and organizational defendants are ordered to pay in criminal cases and must pay in civil judgments and settlements and may not reflect actual collections. A case by case breakdown of the amounts recovered in each case and allocation of recovered funds is shown below in Table A.

Table A Funds Recovered
07/01/2021 - 06/30/2022

Name	Federal Government	NC Medicaid	Civil Penalty & Forfeiture Fund	NC DOJ Costs	Other	Total
US v. Timothy Harron	2,874,289.77	1,447,300.62			300.00	4,321,890.39 *
US v. Sharita Richardson	1,318,395.97	687,135.03			100.00	2,005,631.00 *
US v. Ruben Samuel Matos	1,322,498.65	675,384.35			100.00	1,997,983.00 *
US v. Luis Lozada	771,024.67	359,112.33			100.00	1,130,237.00 *
US v. Shawn Franklin					1,069,962.14	1,069,962.14 *
US v. Malik Muhammad	48,310.22	25,076.11			544,267.69	617,654.02
US v. Humberto Mercado	326,139.55	168,548.45			100.00	494,788.00
US v. Shelly Bandy	248,274.09	126,535.83			100.00	374,909.92 *
US v. Andrea Boatman Hall	223,484.53	114,130.89			100.00	337,715.42
US v. Jennifer Manley	45,001.01	23,216.79			100.00	68,317.80
NC v. Julie Ridgill	23,542.81	11,700.92			0.00	35,243.73
NC v. Brittany White					23,401.05	23,401.05
NC v. Cynthia Stewart					3,058.36	3,058.36
NC v. Gwendolyn Perry					2,675.75	2,675.75
NC v. Latoya Everett					1,354.50	1,354.50
NC v. James Lawson					1,223.00	1,223.00
NC v. Tanisha Darden					1,058.00	1,058.00
Total Criminal Recoveries	\$ 7,200,961.27	\$ 3,638,141.32	\$ -	\$ -	\$ 1,648,000.49	\$12,487,103.08
Shelly Bandy	19,457,834.80	15,251,110.62				34,708,945.42
A Perfect Fit/Margaret Gibson	5,644,883.97	1,648,101.52	2,560,202.28	216,173.58	10,069,361.35	20,138,722.70
Bristol-Myers Squibb	1,445,981.23	352,036.36	356,110.33	37,948.01	303,028.16	2,495,104.09
Knowles Smith & Associates	656,075.00	231,576.74	237,084.00	25,264.26		1,150,000.00
Astellas Pharma, U.S., Inc.	462,496.63	110,694.70	113,327.19	12,076.43	89,554.54	788,149.49
Dr. Kwadwo Gyarteng-Dakwa/HEAG Pain Management Center	349,060.64	168,237.39		10,550.85		527,848.88
Pharmerica, Inc.	256,609.94	87,244.18	62,532.40	8,401.95	64,608.13	479,396.60
Center for Women's Health/Stacy Lewis, MD	194,548.00	68,195.17	69,816.96	7,439.87		340,000.00
Palladium Primary Care/George Osei-Bonsu, MD	244,349.15	42,686.61	42,576.39	4,537.05		334,149.20
Hanora Medical Center/Benjamin Udoh, MD	210,182.93	95,417.98		6,086.61		311,687.52
MD Spine Solutions, LLC D/B/A MD Labs, Inc.	154,537.14	66,419.61	30,550.35	5,685.79	18,115.72	275,308.61
Randy's Mom	100,655.70	70,506.79	3,819.43	407.00		175,388.92
Extended Reach Day Treatment for Children & Adolescents, LLC					67,523.08	67,523.08
RiverValley & Associates D/B/A North Carolina Solutions		40,186.07	18,878.07	5,219.86		64,284.00
Henry Davis, Jr., DDS, PLLC III	14,702.13	5,599.04	5,240.40	558.43		26,100.00
Health Diagnostic Laboratory, Inc.		10,277.99		682.86		10,960.85
Christian Ekberg						0.00
Total Civil Recoveries	\$ 29,191,917.26	\$18,248,290.77	\$ 3,500,137.80	\$341,032.55	\$10,612,190.98	\$61,893,569.36
Total Recoveries	\$ 36,392,878.53	\$21,886,432.09	\$ 3,500,137.80	\$341,032.55	\$12,260,191.47	\$74,380,672.44

* Criminal cases identified as joint and several during this reporting period.

IV. CRIMINAL CONVICTIONS

The MID reports all criminal convictions to the United States Department of Health and Human Services Exclusion Program which, in turn, will take administrative action to exclude these providers from future participation as providers in Medicaid and any other federally funded health care program for a period of years.

US v. Timothy Harron

Timothy Harron owned and operated Agape Healthcare Services, Inc., an alleged Medicaid home health provider in Roanoke Rapids. This matter was referred to MID from the IRS Financial Crimes Task Force.

The investigation revealed that Harron conspired with his wife, Latisha Harron, to bill the North Carolina Medicaid program for home health services that were never provided. Between 2017 and 2019, the Harron's fraudulently billed for more than \$10 million by searching obituary postings and other sources to get information about recently deceased North Carolinians, and then would determine whether the deceased persons were Medicaid recipients by using an online eligibility look-up tool that was entrusted to Medicaid providers. They would then use the deceased Medicaid recipients' Medicaid Identification Numbers to fraudulently back-bill Medicaid for up to one year of home health services.

Timothy Harron pled guilty to one count of Conspiracy to Commit Health Care Fraud and Wire Fraud, one count of Aggravated Identity Theft, and one count of Conspiracy to Commit Money Laundering. On September 3, 2021, Harron was sentenced to 3 years in prison and ordered to pay \$4,321,590.39 in restitution to the North Carolina Medicaid program as well as \$300 in special assessments.

US v. Sharita Richardson

During the investigation into allegations that Group Services, Inc. Billed the Medicaid program for services not rendered, Sharita Richardson was identified as the chief operating officer of the business. This matter was referred to MID from the North Carolina Department of Health & Human Services – Division of Health Benefits.

The investigation revealed that between 2012 and 2016, Richardson conspired with Antonio Fozard, the owner and operator of Group Services, and others to submit fraudulent claims for behavioral health services not rendered. Group Services employed Reginald Van Reese, Jr., and Ruben Samuel Matos to canvas low-income neighborhoods to identify eligible Medicaid recipients and collected their personal identifying information. The harvested personal identifying information was then incorporated into false and fraudulent claims that Group

Services submitted to Medicaid for reimbursements. Richardson, as the chief operating officer of Group Services, assisted Fozard in the day-to-day operations of the criminal enterprise.

On March 25, 2021, Richardson pled guilty to one count of Conspiracy to Commit Health care Fraud. On May 25, 2022, Richardson was sentenced to 22 months in prison followed by 3 years of supervised release. Richardson was ordered to pay a \$100.00 assessment and \$2,005,531.00 in restitution to the North Carolina Medicaid Program to be held jointly and severally liable with other co-conspirators.

US v. Ruben Samuel Matos

During the course of another MID investigation, it was determined that Ruben “Sammy” Matos was selling MID/Health Choice numbers to Medicaid Providers.

The investigation revealed that from January 2014, through January 2017, Matos conspired to defraud the Medicaid program by unlawfully exchanging stolen Medicaid beneficiary information and using such information to prepare and file false and fraudulent claims for reimbursement of services that were not rendered by the billing providers.

On September 18, 2020, Matos pled guilty to one count of Conspiracy to Commit Health Care Fraud. On August 18, 2021, Matos was sentenced to 42 months in prison followed by three years of supervised release and was ordered to pay \$100 in special assessments and \$1,997,883.00 in restitution to the North Carolina Medicaid program to be jointly and severally liable with other defendants up to \$301,673.00.

US v. Luis Lozada

Luis Lozada was the owner of Cornerstone Family Service Group. During the investigation of another MID case, it was discovered that Cornerstone Family Service Group billed the Medicaid program for services not rendered.

The investigation revealed that between 2016 and 2020, Lozada conspired with multiple people to submit more than \$1 million in false and fraudulent reimbursement claims for behavioral health services from Cornerstone, but these services were never provided. The false claims relied on and incorporated stolen beneficiary and clinician information.

On September 18, 2020, Lozada pled guilty to one count of Conspiracy to Commit Health Care Fraud. On December 15, 2021, Lozada was sentenced to 70 months in prison followed by three years of supervised release and was ordered to pay \$100 in special assessments and \$1,130,137.00 in restitution to the North Carolina Medicaid Program.

US v. Shawn Franklin

Shawn Franklin owned and operated Wayne County Day Treatment which provided substance abuse treatment and services. This matter was referred to MID from Assistant US Attorney Susan Menzer in the Eastern District of North Carolina.

The investigation revealed that between January 2016 and July 2018 Shawn Franklin used the real names and social security numbers of 10 North Carolina Medicaid recipients to obtain credit cards, consumer loans, vehicle financing and to rent an apartment using the name of one of the Medicaid recipients. Franklin obtained the Medicaid recipient information when he operated Wayne County Day Treatment Center.

On August 5, 2021, Franklin pled guilty to one count of Conspiracy to Commit Financial Institution and Wire Fraud and one count of Aggravated identity Theft. On February 28, 2022, Franklin was sentenced to 126 months of imprisonment and was ordered to pay a \$200.00 assessment fee and \$1,069,762.14 in restitution to multiple payees, none of which were the Medicaid Program.

US v. Malik Muhammad

Malik Muhammad was a licensed clinical psychologist who owned and operated Elite Biobehavioral, LLC. This matter was referred to MID from the North Carolina Department of Health & Human Services – Division of Health Benefits.

The investigation revealed that between 2013 and 2015 Muhammad obtained identifying information of Medicaid recipients from a con-conspirator and used that information to bill Medicaid for outpatient psychotherapy services that were not rendered. Muhammad hired a co-conspirator to write patient medical records as if Muhammad had performed actual therapy.

On October 11, 2021, Muhammad pled guilty to one count of Conspiracy to Commit Health Care Fraud and one count of Aggravated Identify Theft. On February 1, 2022, Muhammad was sentenced to 28 months in prison for Count 1, and 24 months in prison for Count 2, to be served consecutively followed by 3 years of supervised release. Muhammad was ordered to pay a \$200.00 assessment and restitution of \$617,454.02 with \$544,067.69 to be paid to the Virginia Department of Medical Assistance and \$73,386.33 to be paid to the North Carolina Medicaid Program.

US v. Humberto Mercado

During the course of another MID investigation, it was determined that Humberto Mercado was fabricating Clinical Assessments, Person Centered Plans, and Service Notes to support fraudulent claims for reimbursement to the Medicaid Program.

The investigation revealed that between 2016 and 2017, Mercado was recruited by co-conspirators to fabricate treatment records and began to do so before the first billings were submitted to Medicaid.

On September 2, 2020, Mercado pled guilty to one count of Conspiracy to Commit Health Care fraud. On December 15, 2021, Mercado was sentenced to 15 months in prison followed by 3 years of supervised release and was ordered to pay \$100.00 in special assessments and \$494,688.00 in restitution to the North Carolina Medicaid Program.

US v. Shelley Phillips Bandy

Shelley Bandy operated A Perfect Fit for You, Inc., a durable medical equipment provider that sold items including powered wheelchairs, orthotic braces, diabetic shoes, powered air floatation beds, osteogenesis stimulators, and pneumatic compressors, etc. This matter was referred to MID by a private citizen.

The investigation revealed that between March 2015 and November 2016, one or more A Perfect Fit for You employees submitted fraudulent billing claims to Medicaid for providing durable medical equipment to Medicaid recipients. These claims contained the personal identifying information of Medicaid recipients who had never ordered or received any durable medical equipment from the company and who, in some cases, were already deceased. On January 1, 2016, the defendant submitted fraudulent billing claims to Medicaid resulting in a loss of \$374,809.92.

On December 29, 2020, Bandy pled guilty to one count of making False Statements Relating to Health Care Matters. On August 27, 2021, Bandy was sentenced to 30 months in prison followed by three years of supervised release and was ordered to pay \$100.00 in special assessments as well as \$374,809.92 in restitution to be paid jointly with her company, A Perfect Fit for You, Inc. Which had previously been ordered to pay \$10,069,361.35.

US v. Andrea Boatman Hall

Andrea Monique Purnell, formally known as Andrea Boatman Hall, was the owner, operator, manager, and/or CEO of Extended Reach Day Treatment for Children and Adolescents located in Fayetteville, NC. This matter was referred to MID from a former employee at Extended Reach.

The investigation revealed that from 2013-2016, Hall added extra day treatment services that she never provided to actual treatment services in her claim submissions for Medicaid recipients. She added extra services on to dates that Medicaid recipients were receiving services and added services on dates where no services were provided to Medicaid recipients. Hall also

billed Medicaid for psychotherapy services from a licensed medical doctor that were not provided by a doctor.

Hall pled guilty to one count of Health care Fraud. On June 25, 2021, she was sentenced to 24 months in prison followed by 3 years of supervised release and was ordered to pay \$100 in special assessments and \$337,615.42 in restitution to the North Carolina Medicaid Program.

US v. Jennifer Manley

Jennifer Manley was the executive director of North Carolina Children's Victim Center (NCCVC), a non-profit corporation located in Durham, North Carolina. This matter was referred to MID from the North Carolina Department of Health & Human Services – Division of Health Benefits.

The investigation revealed that between June 2013 and June 2016 that Manley was operating a service for court-ordered supervision visits for families and billing Medicaid for behavioral and mental health services which neither she nor her company were providing. Manley used the NPI numbers of two counselors who stated they never performed mental health or Behavioral health services for the company. One counselor stated she worked at NCCVC for a very short time, but never provided any Medicaid billable services. Another provider told investigators she applied for a job at NCCVC and Manley requested her NPI number as part of her "application process." The provider was never hired, and Manley used her NPI number to bill for Medicaid services. Manley used these providers' NPI numbers and fabricated notes, and signatures allegedly created by these providers in an attempt to pass the audit by Alliance.

On March 7, 2022, Manley pled guilty to one count of Health Care Fraud. On June 23, 2022, Manley was sentenced to 18 months in prison followed by 3 years of supervised release, she was ordered to pay a \$100.00 assessment and \$68,217.80 in restitution to the North Carolina Medicaid program.

NC v. Julie Ridgill

Julie Ridgill was approved by the Brunswick County Division of Social Services to receive transportation assistance through the North Carolina Medicaid Program as a self-driver. This matter was referred to MID from the Brunswick County Sheriff's Office.

The investigation revealed that between November 2014 and November 2019 Ridgill designated her fiancé Terry Sayre as a non-financially responsible self-driver. Ridgill and Sayre submitted fraudulent transportation invoices to the Medicaid program.

On February 8, 2022, Ridgill pled guilty to one count of Obtaining Property by False Pretense and was sentenced to 6-17 months in prison, with credit for 1 day spent in confinement,

suspended for 24 months of supervised probation. Ridgill was ordered to pay \$35,243.73 in restitution to the North Carolina Medicaid Program.

NC v. Brittany White

Brittany White was a Licensed Practical Nurse working at Continuum Pediatric Nursing, Inc. This matter was referred to MID from Detective Becca Garber at the Charlotte-Mecklenburg Police Department.

The investigation revealed that from May 4, 2018, to February 8, 2019, White cared for three pediatric patients at Continuum Pediatric Nursing, Inc (CPN). Despite not being licensed and was paid \$23,401.05 for these services. CPN submitted claims to Medicaid for reimbursement for White's nursing services. CPN has already reimbursed Medicaid, and the court ordered White to pay restitution to CPN.

On September 27, 2021, White pled guilty to one count of Medical Assistance Provider Fraud and was sentenced to 4 to 14 months in prison and ordered to pay \$23,401.05 in restitution to Continuum Pediatric Nursing, Inc. The active sentence was suspended, and she was placed on 36 months of unsupervised probation.

NC v. Cynthia Stewart

Cynthia Stewart was a contract employee of Universal Mental Health Services, Inc. (UMHS). UMHS provided services, including alternative family learning services to Medicaid recipients. This matter was referred to MID from Robin Phillips, Health Care Personnel Investigator at the North Carolina Division of Health Service Regulation.

The investigation revealed that between February 2019 and September 2019 Stewart submitted fraudulent billings to UMHS for providing alternative family services to a Medicaid recipient when she did not provide the services. As a result, Stewart received \$2,755.36 from UMHS for services that were never rendered. UMHS was then reimbursed by LME/MCO Vaya Health Solutions, Inc. For these fraudulent billings. UMHS has since paid these funds back to Vaya Health Solutions.

On April 27, 2022, Stewart pled guilty to two counts of Attempted Medical Assistance Provider Fraud and was sentenced to two consecutive 45-day prison sentences which were suspended for 12 months of supervised probation. Stewart was ordered to pay restitution in the amount of \$2,755.35 to UMHS, \$203.00 in court costs and a \$100.00 fine.

NC v. Gwendolyn Perry

Gwendolyn Perry was a nurse's aide working at Home Life Care, Inc. This matter was referred to MID from the North Carolina Department of Health and Human Services – Division of Health Service Regulation.

The investigation revealed that from December 2018 through August 2019, Perry submitted fraudulent timesheets to Home Life Care, Inc. For services that were not provided. The submission of the fraudulent timesheets caused Home Life Care, Inc. To bill the Medicaid program and be reimbursed for services that were not provided. Additionally, Perry was paid for Time that she did not work.

On November 16, 2021, Perry pled guilty to one count of Attempted Medical Assistance Provider Fraud and was sentenced to 45 days in prison, with the prison sentence suspended. Perry was placed on 12 months of supervised probation and ordered to pay \$2,472.75 to Home Life Care, Inc. And \$203.00 in court costs.

NC v. Latoya Everett

Latoya Everett worked as a Certified Nursing Assistant for IntelliChoice Staffing, LLC. This matter was referred to MID from the North Carolina Division of Health Services & Regulation.

The investigation revealed that between Everett was employed by IntelliChoice between October 2018 and February 2019. During this time Everett had only two clients, both children. Everett falsified her timesheets and submitted them to IntelliChoice for in-home services to both clients., The timesheets were used by IntelliChoice for payroll purposes and for submitting claims for reimbursement to the Medicaid Program. IntelliChoice has reimbursed the Medicaid program for the false claims. IntelliChoice is out of pocket for the wages of \$1,151.50 that was paid to Everett for hours she did not work.

On May 18, 2022, Everett pled guilty to two counts of misdemeanor attempted Medical Assistance provider Fraud and was sentenced to 45 days in jail, which was suspended, and she was placed on supervised probation for 12 months. Everett was ordered to pay \$203.00 in court costs and \$1,151.50 in restitution to IntelliChoice Staffing, LLC.

NC v. James Lawson

James Lawson was a rehabilitation technician working at a Caring Heart. This matter was referred to MID from the North Carolina Department of Health and Human Services – Division of Health Service Regulation.

The investigation revealed that from April 2020 to May 2020, Lawson submitted false timesheets claiming to have provided services to a Medicaid recipient, when in fact he was not working those hours. Lawson was then paid for time he did not work. A Caring Heart submitted reimbursement claims for this time to Eastpointe, a Medicaid Managed Care Organization-Local Management Entity, and was reimbursed. A Caring Heart has since reimbursed Eastpointe for these false claims, and Lawson was ordered to reimburse A Caring Heart.

On October 28, 2021, Lawson pled guilty to one count of Attempted Medical assistance provider Fraud and was sentenced to 45 days in prison, with the prison sentence suspended. Lawson placed on supervised probation for 18 months and ordered to pay \$1,020.00 in restitution to A Caring Heart Case Management, Inc. and \$203.00 in court fees.

NC v. Tanisha Darden

Tanisha Darden was a rehabilitation technician working at A Caring Heart. This matter was referred to MID from the North Carolina Department of Health and Human Services – Division of Health Service Regulation.

The investigation revealed that from April 2020 to May 2020, Darden submitted false timesheets claiming to have provided services to a Medicaid recipient, when in fact she was not working those hours. Darden was then paid for time she did not work. A Caring Heart submitted reimbursement claims for this time to Eastpointe, a Medicaid Managed Care Organization-Local Management Entity, and was reimbursed. A Caring Heart has since reimbursed Eastpointe for these false claims, and Darden was ordered to reimburse A Caring Heart.

On October 28, 2021, White pled guilty to one count of Attempted Medical assistance Provider Fraud and was sentenced to 45 days in prison, with the prison sentence suspended. White was placed on 18 months of supervised probation and ordered to pay \$855.00 in restitution to A Caring Heart Case Management, Inc. And \$203.00 in court fees.

V. CIVIL RECOVERIES

SHELLEY BANDY

A Perfect Fit for You dispensed durable medical equipment supplies and services to clients within the Eastern District of North Carolina. Shelley Bandy worked for A Perfect Fit for You. This matter was referred to the MID by a private citizen.

It was alleged that from March 1, 2015, through June 30, 2016, Shelley Bandy, working for A Perfect Fit for You, billed for Durable Medical Equipment supplies that were never provided and had no supporting clinical documentation.

On September 17, 2019, a motion for default judgment was filed against Shelley Bandy. On November 14, 2019, the motion for default Judgment was granted. Judgment was entered against the defendant in the amount of \$34,708,945.42. Of that amount the federal government will receive \$19,457,834.80 for North Carolina's federal portion of Medicaid recoveries and \$15,251,110.62 is the state Medicaid share. On November 20, 2020, a criminal information was filed against Bandy in the Eastern District of North Carolina. On December 29, 2020, Bandy pled guilty to making false statements related to health care matters. On August 27, 2021, Bandy was sentenced in the Eastern District and ordered to pay \$374,809.92 in Medicaid restitution and \$10,069,361.65 in restitution, joint and several, with A Perfect Fit for You. There does not appear to be enough funds to cover either the criminal restitution of \$10,444,171.57 or the \$34,708,945.42 civil judgment. Any funds received would go first to criminal restitution. As of September 2021, no judgment proceeds have been received in this matter.

A PERFECT FIT FOR YOU/MARGARET GIBSON

A Perfect Fit for You dispensed durable medical equipment supplies and services to clients within the Eastern District of North Carolina. Margaret Gibson acted as owner or co-owner of A Perfect Fit for You. This matter was referred to the MID by a private citizen.

It was alleged that from March 1, 2015, through June 30, 2016, A Perfect Fit for You and Margaret Gibson submitted claims to the Medicaid program for durable medical equipment that were not medically necessary, were never purchased and were never delivered to any recipients.

On September 16, 2019, a settlement agreement was executed between A Perfect Fit for You/Margaret Gibson and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$20,138,722.70. This settlement allows for \$10,069,361.35 in offsets. In March 2021, A Perfect Fit for You was ordered to pay \$10,069,361.35 in criminal restitution. Any and all monies paid by A Perfect Fit for You to satisfy the criminal restitution shall be offset against the Civil Settlement Amount. Of the remaining \$10,069,361.35 the federal government received \$5,644,883.97 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$4,424,477.38. Of this amount, \$1,648,101.52 was paid to the North Carolina Medicaid Program as restitution, \$2,560,202.28 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$216,173.58 was paid to the North Carolina Department of Justice for costs of collection and investigation.

BRISTOL-MYERS SQUIBB

Bristol-Myers Squibb Company is a Delaware corporation with its principal place of business in New York City, New York. At all relevant times, Bristol-Myers Squibb distributed and/or sold pharmaceutical products in the United States, including North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from October 1, 2007, through March 31, 2016, Bristol-Myers Squibb falsely reported improperly reduced Average Manufacturer Prices to the Centers for Medicare and Medicaid Services, and therefore underpaid quarterly rebates owed to the states under the Medicaid Drug Rebate Program.

On July 30, 2021, in conjunction with a national settlement, a settlement agreement was executed between Bristol-Myers Squibb and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$2,495,104.09. Of that amount, the federal government received \$1,445,981.23 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$1,049,122.86. Of this amount, \$352,036.36 was paid to the North Carolina Medicaid Program as restitution and interest, \$356,110.33 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$303,028.16 was paid to the *qui tam* plaintiff, and \$37,948.01 was paid to the North Carolina Department of Justice for costs of collection and investigation.

KNOWLES SMITH & ASSOCIATES

Knowles Smith & Associates ("KSA") is a Medicaid provider who provides general dentistry and oral surgical services to Medicaid beneficiaries in North Carolina. This matter was referred to the MID by MID's Data Mining team.

It was alleged that from January 1, 2016, through December 31, 2020, KSA billed for CDT D9223 - (deep sedation/general anesthesia, 15-minute increments), which were not provided, had no supporting clinical documentation, were not medically necessary, and which were performed in violation of Division of Health Benefits Clinical Coverage Policy.

On January 18, 2022, a settlement agreement was executed between KSA and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$1,150,000.00. Of that amount, the federal government received \$656,075.00 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$493,925.00. Of this amount, \$231,576.74 was paid to the North Carolina

Medicaid Program as restitution, \$237,084.00 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$25,264.26 was paid to the North Carolina Department of Justice for costs of collection and investigation.

ASTELLAS PHARMA, U.S., INC.

Astellas Pharma, U.S., Inc. is a Delaware corporation with its headquarters in Deerfield, Illinois. At all relevant times, Astellas Pharma distributed, marketed and sold pharmaceutical products in the United States, including North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from October 1, 2007, through March 31, 2016, Astellas Pharma falsely reported improperly reduced Average Manufacturer Prices to the Centers for Medicare and Medicaid Services, and therefore underpaid quarterly rebates owed to the states under the Medicaid Drug Rebate Program.

Under the terms of North Carolina's settlement, the State of North Carolina recovered \$788,149.49. Of that amount, the federal government received \$462,496.63 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$325,652.86. Of this amount, \$110,694.70. was paid to the North Carolina Medicaid Program as restitution, \$113,327.19 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$89,554.54 was paid to the *qui tam* plaintiff, and \$12,076.43 was paid to the North Carolina Department of Justice for costs of collection and investigation.

DR. KWADWO GYARTENG-DAKWA/HEAG PAIN MANAGEMENT

Heag Pain Management is a pain management medical practice with its principal place of business in Greensboro, North Carolina. Dr. Kwadwo Gyarteng-Dakwa is Heag's owner and President and is a licensed physician in the state of North Carolina. This matter was referred to the MID by the United States Attorney's Office in the Middle District of North Carolina.

It was alleged that from January 1, 2011, through October 31, 2016, Heag Pain Management/Dr. Kwadwo Gyarteng-Dakwa billed for nerve conduction studies that were not medically necessary

On May 25, 2021, a settlement agreement was executed between Heag Pain Management/Dr. Kwado Gyarteng-Dakwa and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$527,848.88. Of that amount, the federal government received \$349,060.64 to satisfy North Carolina's obligation to return the federal portion of Medicaid and Medicare recoveries to

the federal government. The North Carolina State share of the settlement was \$178,788.24. Of this amount, \$168,237.39. was paid to the North Carolina Medicaid Program as restitution and interest and \$10,550.85 was paid to the North Carolina Department of Justice for costs of investigation.

PHARMERICA, INC.

PharMerica, Inc. is a Delaware corporation with its principal place of business in Tampa, Florida. At all relevant times, PharMerica specialized in providing pharmacy services to long term care facilities in the United States, including North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from October 1, 2001, through December 31, 2004, PharMerica engaged in a kickback scheme with drug company Organon by receiving unlawful remuneration from Organon in the form of market share discounts and rebates in exchange for prescribing the drugs Remeron and Remeron Sol Tab to residents in long term care facilities.

Under the terms of North Carolina's settlement, the State of North Carolina recovered \$479,396.60. Of that amount, the federal government received \$256,609.94 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$222,786.66. Of this amount, \$87,244.18. was paid to the North Carolina Medicaid Program as restitution, \$62,532.40 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$64,608.13 was paid to the *qui tam* plaintiff, and \$8,401.95 was paid to the North Carolina Department of Justice for costs of collection and investigation.

CENTER FOR WOMEN'S HEALTH/STACY LEWIS, MD

Center for Women's Health/Stacy Lewis, MD is a Medicaid provider who provides obstetrical and gynecological services in and around Granville County, North Carolina. This matter was referred to the MID by MID's Data Mining team.

It was alleged that from January 1, 2017, through February 2, 2021, Center for Women's Health/Stacy Lewis, MD billed for CPT 99215 - (Office or other outpatient visit for evaluation and management of an established patient which requires 2 of 3 components; (a) A comprehensive history; (b) A comprehensive evaluation; and (c) medical decision making of high complexity), which the State contends had no supporting clinical documentation, were not medically necessary, and which were performed in violation of Division of Health Benefits Clinical Coverage Policy.

On January 4, 2022, a settlement agreement was executed between Center for Women's Health/Stacy Lewis, MD and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$340,000.00. Of that amount, the federal government received \$194,548.00 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$145,452.00. Of this amount, \$68,195.17 was paid to the North Carolina Medicaid Program as restitution, \$69,816.96 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$7,439.87 was paid to the North Carolina Department of Justice for costs of collection and investigation.

PALLADIUM PRIMARY CARE/GEORGE OSEI-BONSU, MD

Palladium Primary Care/George Osei-Bonsu, MD is a Medicaid provider who provides Medicaid services in Greensboro, North Carolina. This matter was referred to the MID by MID's Data Mining team.

It was alleged that from January 1, 2015, through May 12, 2020, Palladium Primary Care/Osei-Bonsu billed for Autonomic Nervous System Testing and Arterial Studies submissions that were not medically necessary, had no supporting clinical documentation and/or were otherwise determined to be non-covered under the Medicare and/or North Carolina Medicaid program.

On June 17, 2021, a settlement agreement was executed between Palladium Primary Care/Osei-Bonsu and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$334,149.20. Of that amount, the federal government received \$244,349.15 to satisfy North Carolina's obligation to return the federal portion of Medicaid and Medicare recoveries to the federal government. The North Carolina State share of the settlement was \$89,800.05. Of this amount, \$42,686.61 was paid to the North Carolina Medicaid Program as restitution and interest, \$42,576.39 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$4,537.05 was paid to the North Carolina Department of Justice for costs of collection and investigation.

HANORA MEDICAL CENTER/BENJAMIN UDOH, MD

Benjamin Udoh, MD is a medical doctor and the Chief Executive Officer/President of and a provider at Hanora Medical Center. At Hanora, Udoh served Medicaid and Medicare patients in Fayetteville, North Carolina and surrounding communities. This matter was referred to the MID by MID's Data Mining team.

It was alleged that from January 1, 2016, through May 12, 2020, Hanora Medical Center/Benjamin Udoh, MD billed for Autonomic Nervous System Testing when the testing services were not medically necessary and/or the medical record did not support medical necessity.

On April 22, 2021, a settlement agreement was executed between Hanora Medical Center/Benjamin Udoh, MD and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$311,687.52. Of that amount, the federal government received \$210,182.93 to satisfy North Carolina's obligation to return the federal portion of Medicaid and Medicare recoveries to the federal government. The North Carolina State share of the settlement was \$101,504.59. Of this amount, \$95,417.98 was paid to the North Carolina Medicaid Program as restitution and interest and \$6,086.61 was paid to the North Carolina Department of Justice for costs of investigation.

MD SPINE SOLUTIONS, LLC D/B/A MD LABS, INC.

MD Spine Solutions, LLC d/b/a MD Labs, Inc. is a California corporation headquartered in Reno, Nevada. At all relevant times, MD Labs operated a clinical laboratory and offered clinical laboratory services to health care providers and patients in the United States, including North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from January 1, 2015, through December 31, 2019, MD Labs billed for urine drug testing that was medically unnecessary.

On March 23, 2022, in conjunction with a national settlement, a settlement agreement was executed between MD Labs and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$275,308.61. Of that amount, the federal government received \$154,537.14 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$120,771.47. Of this amount, \$66,419.61 was paid to the North Carolina Medicaid Program as restitution, \$30,550.35 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$18,115.72 was paid to the *qui tam* plaintiff, and \$5,685.79 was paid to the North Carolina Department of Justice for costs of collection and investigation.

RANDY'S MOM

Randy's Mom is a Medicaid provider that provides medical supplies and equipment to pediatric patients in North Carolina. This matter was referred to the MID by the Division of Health Benefits, Office of Compliance and Program Integrity.

It was alleged that from February 9, 2018, through March 19, 2019, Randy's Mom submitted false certificates of medical necessity, falsified prescriptions, and falsified shipping and delivery documents for recipients.

On December 6, 2021, a settlement agreement was executed between Randy's Mom and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$175,388.92. Of that amount, the federal government received \$100,655.70 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$74,733.22. Of this amount, \$70,506.79 was paid to the North Carolina Medicaid Program as restitution, \$3,819.43 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$407.00 was paid to the North Carolina Department of Justice for costs of collection and investigation.

EXTENDED REACH DAY TREATMENT FOR CHILDREN & ADOLESCENTS, LLC

Andrea Boatman Hall, now known as Andrea Monique Purnell, and Extended Reach Day Treatment for Children & Adolescents, LLC was a Medicaid provider that provided Day Treatment behavioral health services in and around Fayetteville, North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from October 1, 2013, through October 26, 2016, Purnell/Extended Reach billed for Day Treatment behavioral health services that were never provided.

On August 16, 2021, a settlement agreement was executed between Purnell/Extended Reach and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, Purnell/Extended Reach shall pay to the Government the same amount that the United States District Court for the Eastern District of North Carolina imposed as restitution in the criminal case (\$337,615.42). Any and all monies paid by Purnell/Extended Reach to the Government to satisfy the criminal restitution shall be credited to and offset against the Civil Settlement Amount. Relator will be entitled to payment of a 20% share (\$67,523.08) of the restitution paid to the Government for the Relator's share in this matter.

RIVERVALLEY & ASSOCIATES D/B/A NORTH CAROLINA SOLUTIONS

RiverValley & Associates is a Medicaid provider that provides a variety of inpatient and outpatient services for those with behavioral health, developmental and intellectual disabilities and addiction prevention and recovery needs. It has locations in several states, including North Carolina. RiverValley's North Carolina operation is doing business as North Carolina Solutions.

This matter was referred to the MID by the United States Attorney's Office in the Western District of Kentucky.

It was alleged that from May 14, 2018, through July 16, 2018, North Carolina Solutions billed for Applied Behavioral Analysis ("ABA") therapy while it did not have at least one Licensed Psychologist or Licensed Psychological Associate employed and approved to read treatment plans for ABA services

On June 11, 2021, a settlement agreement was executed between North Carolina Solutions and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$64,284.00. Of this amount, \$40,186.07. was paid to the North Carolina Medicaid Program as restitution, \$18,878.07 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$5,219.86 was paid to the North Carolina Department of Justice for costs of collections and investigation.

HENRY DAVIS, JR., DDS, PLLC III

Henry Davis, Jr., DDS was a Medicaid provider since at least 2013. Henry Davis, Jr. provided general dentistry services to Medicaid beneficiaries in the State of North Carolina. ProHealth Dental, Inc. was a Medicaid provider beginning in at least 2015. ProHealth was a corporation organized in the State of Delaware but was administratively dissolved in or about December 2018 and is no longer an operating corporate entity. ProHealth provided practice management services, including but not limited to recruiting, scheduling, and billing of dental services in several states, including North Carolina, at the practice of Henry W. Davis, Jr., DDS, PLLC III, a North Carolina Medicaid provider. This matter was discovered and referred to the MID during the course of another MID investigation.

It was alleged that from May 1, 2015, through April 21, 2017, Henry Davis, Jr. submitted claims through ProHealth Dental to the Medicaid program for CDT D99354 (Full Mouth Debridement), CDT D9440 (after hours office visit), CDT D1110 (adult prophylaxis, CDT D1120 (periodic oral examination), and CDT D0150 (complete oral evaluation) submissions that were never performed, had insufficient supporting clinical documentation, were not medically necessary, and/or were performed in violation of Division of Health Benefits Clinical Coverage Policy.

On July 7, 2021, a settlement agreement was executed between Henry Davis, Jr., DDS and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$26,100.00. Of that amount, the federal government received \$14,702.13 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State

share of the settlement was \$11,397.87. Of this amount, \$5,599.04 was paid to the North Carolina Medicaid Program as restitution and interest, \$5,240.40 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$558.43 was paid to the North Carolina Department of Justice for costs of collection and investigation.

HEALTH DIAGNOSTIC LABORATORY, INC.

Health Diagnostics, Inc. (“HDL”) was a privately held company headquartered in Richmond, Virginia. At all relevant times, HDL provided laboratory testing services in the United States, including North Carolina. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from November 25, 2008, through January 31, 2015, HDL paid illegal remuneration to health care providers to induce referrals for its laboratory testing.

On May 22, 2015, in conjunction with a national settlement, a settlement agreement was executed between HDL and the State of North Carolina in settlement of these allegations. North Carolina was originally supposed to receive \$106,818.94 pursuant to the terms of the settlement agreement. However, after executing a settlement in May 2015, and prior to making any payments to any of the states, HDL filed for bankruptcy. Thereafter, all but \$10,960.85 was discharged in the bankruptcy proceedings. Pursuant to the bankruptcy proceedings, the State of North Carolina will recover \$10,960.85. The North Carolina Medicaid Program will receive \$10,277.99 as restitution. Pursuant to G.S. § 1-608(c), the North Carolina Department of Justice will receive \$682.86 for investigative costs.

CHRISTIAN EKBERG

ProHealth Dental, Inc. was a Medicaid provider beginning in at least 2015. ProHealth was a corporation organized in the State of Delaware but was administratively dissolved in or about December 2018 and is no longer an operating corporate entity. ProHealth provided practice management services, including but not limited to recruiting, scheduling, and billing of dental services in several states, including North Carolina, at the practice of Henry W. Davis, Jr., III, PLLC, a North Carolina Medicaid provider. Christian Ekberg was the Chief Operating Officer for ProHealth Dental. This matter was discovered and referred to the MID during the course of another MID investigation.

It was alleged that from May 1, 2015, through April 21, 2017, Christian Ekberg submitted claims on behalf of ProHealth Dental to the Medicaid program for CDT D99354 (Full Mouth Debridement), CDT D9440 (after hours office visit), CDT D1110 (adult prophylaxis, CDT D1120 (periodic oral examination), and CDT D0150 (complete oral evaluation) submissions that were never performed, had insufficient supporting clinical documentation, were not medically

necessary, and/or were performed in violation of Division of Health Benefits Clinical Coverage Policy.

On September 10, 2020, a settlement agreement was executed between Christian Ekberg and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, Christian Ekberg shall pay to the Government the same amount that the United States District Court for the Eastern District of North Carolina imposed as restitution in his criminal case (\$173,870.12). Any and all monies paid by Christian Ekberg to the Government to satisfy the criminal restitution shall be offset against the Civil Settlement Amount.

VI. PROSPECTUS

MID works to achieve a high standard of excellence in our efforts to effectively and efficiently combat fraud and abuse within the Medicaid Program. We continue to be optimistic about the overall progress of our efforts to combat fraud and abuse in the Medicaid Program. Our optimism is based on a number of factors.

- ✓ MID investigators continue to uncover and obtain evidence of complex fraud schemes. MID criminal enforcement attorneys continue to make a significant impact by prosecuting felony cases resulting in active time. MID civil enforcement attorneys continue to be actively involved in numerous state cases and national global/multi-state civil cases which have potential for successful conclusions and the recovery of funds for the state in future fiscal years.
- ✓ MID continues to have a reliable exchange with the North Carolina Medicaid Agency, as well as with other state, local and federal investigative, licensing, law enforcement and prosecutorial agencies. These relationships have played an important role in MID's success and will continue to contribute to our accomplishments in future fiscal years.
- ✓ HHS-OIG has granted MID permission to engage in data mining. MID coordinates with OCPI and others in our data mining efforts. In FY 2020 MID and OCPI met regularly to coordinate on data mining. MID will continue to coordinate with OCPI and to engage in data mining. We have had success in a number of healthcare fraud investigations based upon our data mining efforts. MID's data mining efforts are productive.
- ✓ MID has continued to meet regularly with OCPI to discuss referrals, initiatives and other matters of significance to both of our organizations.
- ✓ MID also has worked closely with NCDHHS with respect to Medicaid utilization access for our investigators. We are grateful for the NCDHHS' assistance and cooperation.

MID also continues to face challenges. We see our primary challenge in the coming year to be the ongoing transition of the North Carolina Medicaid Program to a managed care model of care delivery. MID is continuing to coordinate with NCDHHS on this. We are working with OCPI with respect to outreach to the managed care organizations' Special Investigation Units (SIUs). We are developing effective working relationships with the SIUs.

MID's criminal and civil operations continue to recover funds resulting in a positive return on investment for every state dollar invested in MID. Our operations also continue to save state funds by deterring potential fraudulent activity.

In conclusion, we remain optimistic as to the long-term success of MID. We continue to be committed to fighting fraud and abuse in the Medicaid Program as efficiently and effectively as possible, and pledge our best efforts toward the accomplishment of that goal.