MEDICAID FRAUD CONTROL DIVISION ANNUAL REPORT

JULY 1, 2023 — JUNE 30, 2024

TENNESSEE BUREAU OF INVESTIGATION

MIKE COX, ASSISTANT DIRECTOR

TENNESSEE BUREAU OF INVESTIGATION
901 R.S. Gass Boulevard
Nashville, Tennessee 37216-2639
(615) 744-4000
Facsimile (615) 744-4500
TDD (615) 744-4001

BILL LEE
Governor

DAVID B. RAUSCH
Director

August 13, 2024

David B. Rausch, Director
Tennessee Bureau of Investigation
901 R.S. Gass Blvd.
Nashville, TN 37216

Dear Director Rausch:

Enclosed please find the 2023 - 2024 Annual Report for the Medicaid Fraud Control Division ("MFCD") that has been prepared as a summary of our work as required by Tenn. Code Ann. § 71-5-2508.

Once again, the Tennessee MFCD had a productive year. As you know, 75% of our division is federally funded through a grant with a mandate to investigate and prosecute Medicaid provider fraud, the abuse and neglect of residents in healthcare facilities and board and care facilities, and the abuse and neglect of Medicaid beneficiaries in non-institutional or other settings. In Fiscal Year 2023-2024 alone, the Division's work helped identify approximately $29.5 million in fraud to TennCare and other federal healthcare programs at a cost of approximately $2.9 million to the state of Tennessee and resulted in the indictment of 36 individuals and the conviction of 39 others.

Not only does our work protect the integrity of state and federal healthcare dollars, but we are proud of our role in protecting the state's citizens. From stopping the illegal distribution of opioids through supposed "legal" means to ensuring that the physical, sexual and financial exploitation of those in nursing homes and other facilities is addressed, the MFCD is trained in and dedicated to pursuing justice for the State and all Tennesseans, including the elderly and vulnerable.

The MFCD will continue its mission to provide effective healthcare oversight to deter and punish those who take advantage of the TennCare program and those who cannot protect themselves. It is not only our duty, but our honor and privilege.

Sincerely,

Mike Cox Assistant Director
Medicaid Fraud Control Division
Tennessee Bureau of Investigation

TABLE OF CONTENTS

INTRODUCTION

As set out in 42 C.F.R. § 1007, Medicaid Fraud Control Units (MFCUs) investigate and prosecute Medicaid provider fraud, abuse and neglect of residents in healthcare facilities and board and care facilities, and abuse and neglect of Medicaid beneficiaries in noninstitutional or other settings. The units operate in each of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. MFCUs employ teams of investigators, attorneys, and auditors, are single, identifiable entities, and are required to be separate and distinct from the State Medicaid agency. The U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) exercises oversight for the MFCUs, annually recertifies each MFCU, assesses each MFCU's performance and compliance with federal requirements and administers a federal grant award of 75% to fund each MFCU's operational costs.

The Tennessee MFCU was created in 1984 after then-Governor Lamar Alexander's issuance of Executive Order 47 on March 1, 1983, placing the responsibility for investigation and prosecution of Medicaid provider fraud and patient abuse with the Tennessee Bureau of Investigation (TBI). The responsibilities of Tennessee's MFCU are now set out in Tenn. Code Ann. § 71-5-2508. The MFCU was originally housed within the Criminal Investigation Division of TBI but grew steadily over the years to become its own division within TBI on July 1, 2019. It is now known as the Medicaid Fraud Control Division (MFCD).

While the majority of cases worked by the MFCD involve investigations of alleged criminal acts of fraud by Medicaid providers and are prosecuted in both state and federal courts, the Division has seen and been involved in an increasing number of civil fraud cases. Those civil cases may fall under the federal False Claims Act and/or the Tennessee Medicaid False Claims Act and have resulted in the state obtaining substantial penalties and damages. The federal and state false claims acts have become powerful tools in fighting healthcare fraud and have resulted in tens of millions of dollars in recoveries for the State of Tennessee. The MFCD also works patient abuse cases involving physical, sexual and financial abuse and neglect of individuals in both Medicaid-receiving facilities and board and care facilities, as well as allegations of abuse and neglect of Medicaid recipients in any setting (when related to the provision of Medicaid services).

Once again, the Tennessee MFCD has had a productive year. In Fiscal Year 2023-2024, the Division's work in the area of fraud resulted in 25 indictments, 27 convictions and assisted in the identification of over $29.5 million in fraud cases, at a cost of approximately $2.9 million to the state of Tennessee. The MFCD opened 33 abuse and neglect cases, obtained 11 indictments and 12 convictions, and reported individuals to the Abuse Registry and licensing boards.

MFCD SIGNIFICANT EVENTS

1984 to Present

- 1984 – Creation of the MFCU by Governor Lamar Alexander's Executive Order 47
- 1994 – Implementation of TennCare, the state's Medicaid managed care program
- 1998 – Recognition of the Tennessee MFCU by HHS-OIG with the "*Inspector General's Unit of the Year Award*" for effectiveness and efficiency in combating fraud, patient abuse and neglect in the Medicaid program
- 2000 – Extension of MFCU jurisdiction to include investigations of patient abuse and neglect in non-Medicaid board and care facilities
- 2003 – Acquisition of the MFCU's mobile office, a unique and valuable investigative tool which enabled the MFCU to more efficiently and effectively conduct office reviews and search warrants
- 2004 – Codification of the MFCU at T.C.A. § 71-5-2508 as part of the "TennCare Fraud and Abuse Act of 2004," which also created a separate Office of Inspector General (to address TennCare recipient fraud) and greatly strengthened state Medicaid fraud laws
- 2004 – Recognition of the "*National Case of the Year*" by the National Health Care Anti-Fraud Association for a case against a Tennessee provider worked by the MFCU and federal partners
- 2005 – Recognition of the Tennessee MFCU by HHS-OIG with the "*Inspector General's Unit of the Year Award*" for the second time
- 2012 – Renovation, purchase and installation of smart technology in the mobile office and other critical fraud detection tools, such as iPads and pole cameras
- 2015 – Acquisition of the MFCU's state of the art Medicaid server with off-site backup capability to accommodate the ever-increasing data needs and to provide safety, security and storage
- 2017 – Acquisition of a new mobile office with updated smart technology
- 2019 – Creation of a stand-alone division within the TBI with the addition of 26 new positions (agents, attorneys and nurses) for a total of 64 approved positions to combat provider fraud and patient abuse and neglect
- 2020 – Expansion of MFCU authority through federal law to allow MFCUs to review complaints of abuse and neglect of Medicaid recipients residing in any setting, if related to the provision of Medicaid services
- 2023 – Amendment of T.C.A. § 71-5-2508 to reflect the MFCD's expanded authority

**In addition, numerous awards have been presented over the years to multiple Tennessee MFCD employees by the United States Department of Justice, the U.S. Attorney's Offices for the Western, Middle and Eastern Districts of Tennessee, HHS-OIG and the Federal Bureau of Investigation.

STAFFING

As state and federal Medicaid expenditures have increased significantly, so have the number of criminal and civil cases worked and dollars recovered by the MFCD, as well as the necessity for the increase in personnel. At the conclusion of Fiscal Year 2023-2024, the MFCD had 58 of 64 positions filled, including agents, supervisors, attorneys, auditors and support staff.

There are thirteen managers located across the state including a TBI Assistant Director, three Special Agents-in-Charge, six Assistant Special Agents-in-Charge, a Medicaid Fraud Manager, a Medicaid Fraud Chief Auditor and a General Counsel who supervise the special agents and civilian personnel within the Division. They also oversee the day-to-day operations of the Division and help coordinate various investigations in the often complicated area of healthcare fraud and patient abuse. They attend multiple meetings with various state, federal and private entities which are critical for the investigation and prosecution of a wide variety of complex cases. It is imperative to keep abreast of the constant changes in this dynamic and massive piece of our state's and nation's economy.

The 75% federal funding of the MFCD by HHS-OIG requires sufficient staff of professional, administrative and support personnel to carry out its duties and responsibilities in an effective and efficient manner. See 42 C.F.R. § 1007.13. There are 35 agents positioned throughout the state, who are located at TBI headquarters in Nashville and the seven TBI regional offices. The agents investigate and refer for prosecution the individuals, companies, national corporations, facilities and other providers who may not properly provide or bill for the healthcare and long-term care needs of over 1.5 million individuals on the state Medicaid/TennCare program.

The MFCD has three attorneys who assist the Division's supervisors and agents in understanding the immense legal landscape found in managed care and healthcare on both a state and federal level. Among other things, the attorneys conduct research, provide training for Division personnel and review and draft legislation and contract language. They may assist and advise agents in investigations, review search warrants and identify statues, policies and other guidance documents that apply to specific issues. The attorneys work with prosecutors and federal and state colleagues, including other MFCUs, to ensure that the cases brought against both local and national providers result in holding them accountable for their actions (and inactions). The attorneys work closely with and in conjunction with the National Association of Medicaid Fraud Control Units (NAMFCU) on a large number of complex national cases, many of which are brought under state and federal false claims acts, which have resulted in hundreds of millions of dollars of fraud that has been identified and recovered for division among the states based on damages to each state. Tennessee has greatly benefited from the national collaboration in these efforts.

The Division's civilian employees provide invaluable investigative and administrative support for the agents. These civilian positions include four auditors, two data analyst specialists, three nurse consultants and two administrative assistants.

Because of the challenging issues and types of cases the MFCD investigates, there are huge numbers of financial documents, bank records, medical records, and data that need to be examined. The auditors and nurses play a significant role in assisting in the analysis of these types of documents, track inventory and utilize special law enforcement databases to assist in obtaining information needed to further the agents' investigations.

The administrative assistants in the Division are essential in helping the agents document their investigative files in the TBI case file system. They also play a critical role in preparing federally required submissions to maintain the MFCD federal grant funding, submitting referrals to the Abuse Registry, and performing numerous other reporting and statistical requirements.

STAFFING

MAP OF MFCD STAFF BY LOCATION

TENNESSEE BUREAU OF INVESTIGATION

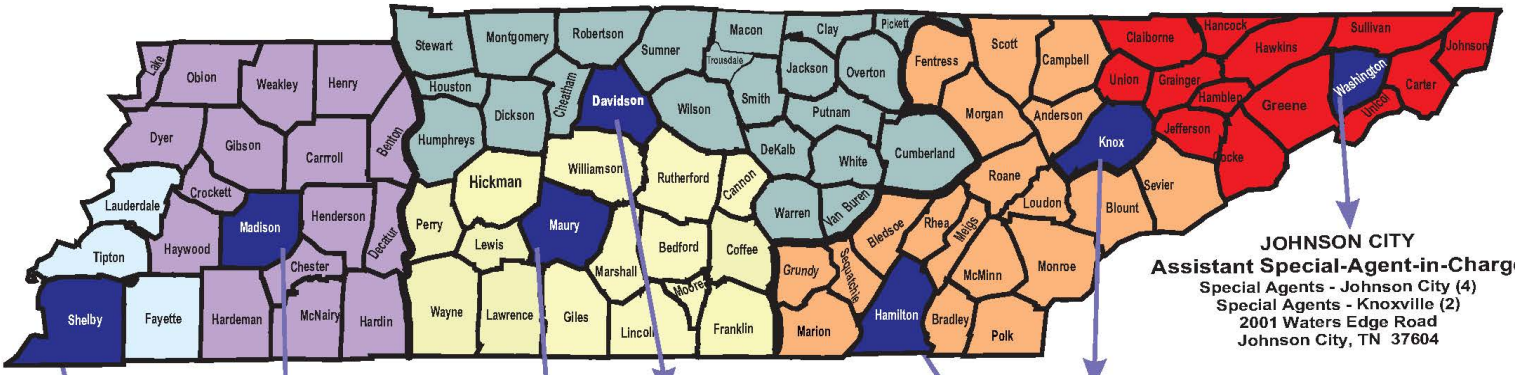
Medicaid Fraud Control Division

Assistant Director

Special Agent-in-Charge West

Special Agent-in-Charge Middle

Special Agent-in-Charge East



JACKSON
Assistant Special-Agent-in-Charge
Special Agents (6)
350 Smith Lane
Jackson, TN 38301

NASHVILLE
Assistant Special Agent-in-Charge
Special Agents - Nashville (6)
Special Agents - Cookeville (2)
901 R. S. Gass Boulevard
Nashville, TN 37216

KNOXVILLE / CHATTANOOGA
Assistant Special Agent-in-Charge
Special Agents - Chattanooga (3)
Special Agents - Knoxville (3)
1791 Neals Commerce Lane
Knoxville, TN 37914

JOHNSON CITY
Assistant Special-Agent-in-Charge
Special Agents - Johnson City (4)
Special Agents - Knoxville (2)
2001 Waters Edge Road
Johnson City, TN 37604

MEMPHIS
Assistant Special Agent-in-Charge
Special Agents (6)
2399 Chiswood Street
Memphis, TN 38134

COLUMBIA
Assistant Special Agent-in-Charge
Special Agents - Columbia (6)
Special Agents - Nashville (1)
1010 Galloway Street
Columbia, TN 38401

SUPPORT STAFF - Nashville
General Counsel
Associate Counsels (2)
Medicaid Fraud Manager
Chief Auditor
Medicaid Fraud Auditors (3)
Medicaid Fraud Data Analyst Specialists (2)
Nurse Consultants (3)
Administrative Assistants (2)

June 2024

CASE MIX

As of June 30, 2024, the MFCD has active cases on 43 of the 82 different types of providers identified by HHS-OIG. The MFCD opened a total of 108 fraud and abuse cases and closed 93 during this reporting period (July 1, 2023 – June 30, 2024). There were a total of 36 individuals indicted in MFCD during the past state fiscal year and 39 individuals convicted in both provider fraud and patient abuse, neglect and financial exploitation cases.

General Provider Categories/ Case Type	Number of Cases	Percent of Caseload
Fraud by Licensed Practitioners	57	26.89%
Fraud by Other Types of Individual Providers	28	13.21%
Fraud Involving Medical Services	66	31.13%
Fraud Involving Facilities	22	10.38%
Abuse, Neglect and Financial Exploitation of Individuals	39	18.40%
Totals	**212**	**100%**

FRAUD

From July 1, 2023 through June 30, 2024, the MFCD assisted in identifying approximately $29.5 million in fraud cases. In total, the Division opened 75 fraud cases, closed 67 and obtained 25 indictments and 27 convictions.

The MFCD makes every effort to work collaboratively with all parties involved in the healthcare delivery system, especially with others also tasked with fighting fraud against the government. The Division is often working closely with agents from HHS-OIG, the federal agency designated with investigating federal healthcare programs. The MFCD agents also conduct joint investigations with other federal, state and local law enforcement agencies such as the Federal Bureau of Investigation, the Drug Enforcement Administration Diversion Unit, the Defense Criminal Investigative Service, the United States Postal Service and the Internal Revenue Service.

Fraud and Prescription Drugs

Since 2018, MFCUs may use their federal funding to investigate and pursue prosecutions of any Medicaid providers related to the diversion or misuse of pharmaceuticals, even if there is no financial harm to the Medicaid program.

The MFCD also enjoys a close relationship with the Bureau of TennCare's Office of Program Integrity (OPI) and the special investigation units at the various Managed Care Organizations (MCOs) that investigate fraud in the Medicaid program. Currently, there are three MCOs, a pharmacy benefits manager (PBM), and a dental benefits manager (DBM) which contract with TennCare. The MFCD participates in two Semi-Annual Fraud, Waste and Abuse meetings where all MCOs and law enforcement are invited to participate in discussions of issues relating to fraud in the program. In addition, the MFCD and OPI meet individually with each of the three MCOs, the PBM and the DBM to discuss current issues and receive referrals. These meetings are held quarterly at the Bureau of TennCare. In addition, OPI also hosts an Annual Summit meeting where MCOs and law enforcement have a two-day conference to discuss fraud, waste and abuse topics and have breakout sessions and presentations on each stakeholders' organizations, operations and emerging fraud trends.

Many of the fraud referrals investigated by the MFCD originate through MCOs or OPI. TennCare OPI often performs preliminary background work on referrals to determine if allegations have merit before the MFCD becomes involved. This process saves valuable investigative time and resources by eliminating duplication of effort. Some OPI referrals are presented for consideration to the MFCD and the Tennessee Attorney General's Office, which handles civil cases brought under the Tennessee Medicaid False Claims Act. These referral meetings are held quarterly.

The MFCD continues to place emphasis on the detection of healthcare fraud trends by utilizing link analysis measures and cultivating new partnerships with external fraud vendors like the Healthcare Fraud Prevention Partnership (HFPP), a Centers for Medicare and Medicaid Services (CMS)-sponsored voluntary public-private partnership that helps detect and prevent healthcare fraud through data and information sharing. Medicaid data is provided to the HFPP by CMS and is used to alert the MFCD of new fraud trends that are emerging and providers who are outliers based on the HFPP analytics.

The MFCD also works closely with individuals from other areas within the Bureau of TennCare, the Tennessee Office of Inspector General, the Tennessee Attorney General's Office and the Tennessee Department of Health's Division of Health-Related Boards.

GLOBAL INVESTIGATIONS

Global settlements by the MFCD and its counterparts around the country have historically resulted in some of the largest monetary recoveries for the State. These settlements typically involve large national healthcare companies, help resolve cases that originate in other states and may be based on allegations not yet the subject of investigation in Tennessee. Under state and federal false claims acts, defendant companies may have to repay restitution and sometimes double or even triple-damages, with Tennessee's share based on the harm done to the state Medicaid program.

The National Association of Medicaid Fraud Control Units, of which the MFCD is a longstanding member, coordinates the global cases through teams, and frequently works with representatives from the Department of Justice and various offices of the United States Attorneys. The MFCD's Director and attorneys serve as the Division's points of contact for these cases and work closely with their counterparts from around the country.

Many of the global settlements arise out of *qui tams* or "whistleblower" lawsuits, which are being filed with increasing regularity. A number of pending settlements are currently being worked by the MFCD in conjunction with NAMFCU and the Tennessee Attorney General's Office. The MFCD's attorneys serve on a number of NAMFCU investigative and settlement teams assigned to these cases, but the Division is also responsible for providing NAMFCU with requested information in all cases, which often includes identifying the amount billed by and paid to these companies by the state's Medicaid program. The MFCD attorneys also help coordinate the legal issues involved with potential settlements. Final approval by the Tennessee Attorney General is required on state settlement agreements. Since these national settlements require the involvement of both the MFCD and Attorney General's Office, good communication is vital.

These extensive and very complicated cases sometimes take several years from beginning to conclusion. Although for the 2023 – 2024 fiscal year, the MFCD was a party in only a few settlements with small recoveries, the MFCD attorneys and the National Association of Medicaid Fraud Control Units continue to work on a number of national cases and anticipate multiple settlements in the years to come. Examples of the alleged conduct in global types of settlements may include kickbacks to induce referrals, billing Medicaid for "off label" usage, which involves manufacturers promoting certain approved drugs for specific uses that have not been approved by the FDA, and schemes to maximize billing by providing unreasonable and unnecessary services.

MFCD Case Example

One of the global cases settled this year involved Lincare, a nationwide Durable Medical Equipment (DME) supplier that provides Non-Invasive Home Ventilators (NIV) rentals for home respiratory therapy, including oxygen therapy, inhalation therapies and sleep apnea treatment. The settlement resolved allegations that from 2013 through February 2020, the company submitted false claims for payment to healthcare programs for NIV rentals when the NIVs were not medically necessary or reasonable due to the lack of continued use or continued need, did not maintain sufficient documentation to show continued use or continued need, and violated their own applicable internal policies.

A settlement totaling $25.5 million plus accrued interest for the various allegations was reached, with the Medicaid portion of the recovery being almost $3 million. Tennessee's total federal/state share of the Medicaid settlement was $44,468.77, of which the state-only net recovery was $16,109.74 after deductions for the federal share and the whistleblower's share.

ABUSE

Unfortunately, elderly and vulnerable adults and other adults and children receiving TennCare benefits are sometimes neglected and/or abused physically, sexually and financially. Because of the quickly-growing population of aging Americans, the MFCD anticipates the number of reported abuse cases to only increase in the coming years. Patient abuse cases currently comprise 18% of total MFCD cases; however, they are a prominent part of the MFCD's mission.

Until recently, the MFCD's authority to work these types of cases was limited to victims in Medicaid-receiving facilities and federally defined "board and care facilities". However, since late 2020, MFCUs have federal authority to work cases of abuse and neglect of Medicaid/TennCare patients residing in *any* type of setting *when* the provision of Medicaid services is involved.

As of June 30, 2024, the MFCD had 39 open patient abuse and neglect cases, including financial exploitation cases, many of which have multiple victims. During the 2023-2024 fiscal year, the MFCD received 3,720 abuse, neglect, and financial exploitation referrals, primarily from the Tennessee Department of Human Services' Adult Protective Services (APS) and the Department of Intellectual and Developmental Disabilities (now Department of Disability and Aging), but referrals also come from a number of other sources, including to the MFCD's "hotline", website, and e-mail. All referrals to the MFCD undergo preliminary review by supervisors. These reviews require several considerations, including whether the alleged conduct rises to the level of criminal conduct, whether the MFCD has jurisdiction to work the case, whether it is better suited for social/administrative agency intervention and whether local law enforcement has the personnel, resources and time to investigate. MFCD agents were assigned 337 of the referred cases for further review, with the remainder either referred back to the referring agency or to another agency for appropriate action. This decision could be made because the MFCD did not have jurisdiction, the allegation lacked the necessary elements for further criminal investigation or no further action was needed at the time.

Another key element in Tennessee's approach to and referrals of patient abuse and neglect cases involves the Vulnerable Adult Protective Investigative Teams (VAPITs) across Tennessee. The VAPITs, which have been statutorily required in Tennessee since 2017, encourage partnerships between the MFCD, other law enforcement agencies and state prosecutors, and has resulted in an increase of the number of allegations being investigated by law enforcement. Referrals also come to the MFCD from family, concerned citizens or healthcare providers who suspect abuse.

During the past year, the MFCD opened 33 cases, obtained 11 indictments and 12 convictions. In addition, the MFCD continues to make referrals to the state's Abuse Registry. Since July of 2022, referrals for the consideration of placement of individuals on the state's Abuse Registry are sent to the Tennessee Health Facilities Commission after criminal prosecution has concluded or if placement appears to be warranted/appropriate, even when prosecution is declined.

MFCD CASE EXAMPLES

FRAUD AND ABUSE

WEST TENNESSEE

The MFCD concluded a case opened in 2016 in which a medical practice owned by a nurse practitioner was used to illegally prescribe more than 100,000 doses of medically unnecessary controlled substance pills (hydrocodone, oxycodone, and fentanyl) into the community to hundreds of patients, including a pregnant woman and women with whom the nurse practitioner was having inappropriate physical relationships. He maintained a party-type atmosphere at his clinic and prescribed these drugs at least in part to boost his popularity on social media and to promote a self-produced reality TV show pilot. In 2023, he was found guilty by a jury in U.S. District Court for the Western District of Tennessee to 15 counts of various drug crimes for illegally prescribing opioids, and in 2024, he was sentenced to a total of 240 months in federal prison. His "supervising physician" who allowed his DEA number to be used for prescriptions entered a guilty plea by information to one count of of *18 U.S.C. 1035*, Making False Statements Relating to Healthcare Matters and was sentenced to twelve months and one day of incarceration with the Federal Bureau of Prisons Camp; another physician that falsely represented that he was supervising the nurse practitioner and reviewing all controlled substances prescriptions in his capacity as the supervising physician pled guilty to one count of *18 U.S.C. 1035*, Making a False Statement Relating to Health Care Matters and was sentenced to two years of supervised probation.

In another case, a Licensed Practical Nurse (LPN) in Memphis submitted falsified nursing notes and time sheets without providing private duty nursing services, and conspired with four others, all parents and/or guardians of TennCare patients who purportedly received home health services from the LPN, to refrain from reporting her. The fraudulent time sheets to TennCare contracted providers claiming payment for work not actually performed was in excess of $1.2 million. On August 24, 2023, the LPN pled guilty to one count of *18 USC 1349*, Conspiracy to Commit Health Care Fraud, with other counts dismissed by the United States. She was sentenced to four years probation and was ordered to pay joint and several restitution with her co-defendants in the amount of $265,341.54 to the Bureau of TennCare.

MIDDLE TENNESSEE

The MFCD opened a case in 2014 alleging that a Montgomery County medical doctor had billed insurance companies, including both TennCare and Medicare, for services rendered while he was out of the country, kept presigned prescriptions in the office, which were allegedly used for all prescriptions, including Schedule II drugs, and billed patients' insurance for higher level office visits and more expensive treatments than were performed. In August 2021, the doctor was found guilty by a jury on 36 of the 45 counts and on August 24, 2023, the Court sentenced him on 13 counts related to health care fraud. For the 13 health care fraud counts, he was sentenced to an 84-month custodial sentence, followed by 3 years of supervised release. Additionally, the doctor was ordered to pay $1,159,388.27 in restitution to the Centers for Medicare and Medicaid Services, a $1,300.00 special assessment, a $195,000.00 fine, forfeiture of $893,675.94 in seized assets, and a $265,712.33 supplemental money judgment

A Wayne County caregiver victimized five different individuals, four of whom were TennCare recipients, by cashing one of the recipient's checks and using their debit and credit cards for more than $3,400.00. On January 11, 2024, the caregiver pled guilty to two counts of violating T.C.A. §39-15-502, Financial Exploitation of an Elderly or Vulnerable Person, a Class C felony (one of the counts was for the original TennCare recipient, and the other was also for a TennCare recipient) and one count of T.C.A. §39-14-150, Identity Theft, a Class D felony. He was sentenced to three years of supervised probation and ordered to make restitution to the victims.

MFCD CASE EXAMPLES

FRAUD AND ABUSE

EAST TENNESSEE

Multiple individuals were recently sentenced for their involvement in a fraud case involving a non-insurance, cash-equivalent pain clinic in Campbell County that was prescribing opioids to patients outside professional practice and for no legitimate medical purpose. The owner of the pain clinic was a nurse practitioner and she, along with the physician, the physician's assistant, the office manager and a local pharmacist were indicted on multiple drug-related offenses in U.S. District Court for the Eastern District of Tennessee. The owner/nurse practitioner pled guilty in November 2023 to one count of money laundering, 18 U.S.C. §1957 and to an Information charging her with one count of maintaining a drug premises in violation of 21 USC § 856. She was sentenced to 12 months and 1 day on both counts, to be served concurrently at FMC Lexington, and upon release from imprisonment, will be on supervised probation for one year on both counts, to run concurrently. She was also ordered to forfeit the proceeds of her crime, including approximately $1.9 million in real property, cash, gold and silver coins and bouillon, all of which were seized by the United States.

The physician's assistant pled guilty in February 2024 to one count of Conspiracy to Distribute Oxycodone, Oxymorphone, and Morphine Sulfate in violation of 21 U.S.C. §§ 846, 841(a)(1) and 21 U.S.C. § 841(b)(1)(C) and was sentenced to supervised probation for three years and must perform 40 hours of community service.

The office manager, who had no direct involvement in the issuance of prescriptions at the clinic but knew of invalid prescriptions that he discussed with pharmacists, pled guilty to an Information charging him with one count of misbranding prescription drugs in violation of 21 U.S.C. §§ 331(k); 353(b) and was sentenced to supervised probation for two years. He must also perform 40 hours of community service.

The pharmacist who observed egregious prescribing, increasing opioid dosages on prescriptions from the clinic, and knew that the clinic was a "pill mill," continued to fill extremely high volumes of prescriptions for opioids from the clinic. He pled guilty in May 2024 to an Information charging him with one count of maintaining a drug premises in violation of 21 USC § 856(a)(1) and (b) and was sentenced to three years of probation including nine months of home detention. He must perform 120 hours of community service, pay a $12,047.00 fine, a $100.00 assessment and must forfeit his interest to $87,963.00 in a bank account held by the pharmacy.

The physician died in February 2021 before the prosecutorial process was concluded.

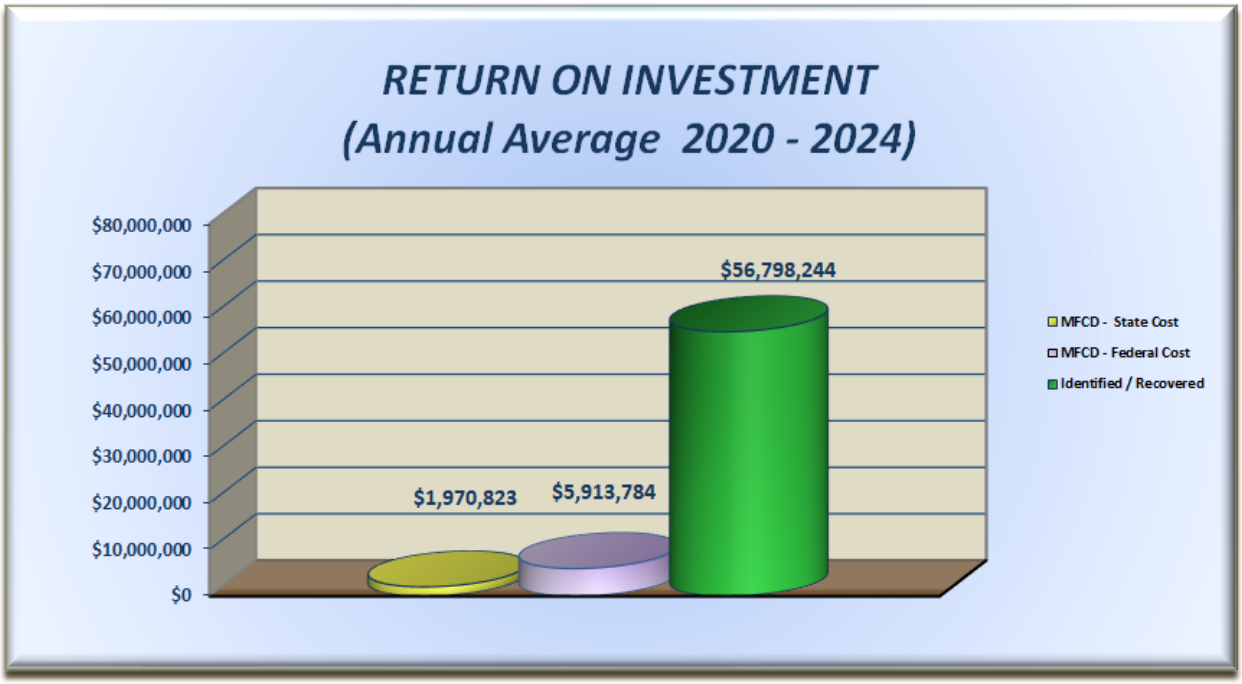
In another Campbell County case worked by the MFCD, a former caregiver for a CHOICES recipient who became his "representative" submitted false time sheets for two caregivers who supposedly had provided services for the CHOICES recipient. There were 10 payments made totaling $1,370.96 for one alleged caregiver who had passed away; there were almost 300 payments for the other alleged caregiver who admitted she did not ever provide services for the recipient, and in fact, did not even know where he lived. The second alleged caregiver did admit to either splitting or giving all of the money received for those billed services to the representative, who actually submitted the time sheets. Between June 2021 and May 2023, $50,470.33 in claims were submitted to TennCare for services not performed for the CHOICES recipient. On April 15, 2024, she pleaded guilty to 15 felony charges involving TennCare Fraud, Theft of Services and Forgery. The representative was sentenced to ten years on supervised probation and was ordered to pay restitution of $26,592.85 to TennCare and a total of $5,204 in court costs.

RETURN ON INVESTMENT

The MFCD is certified annually by HHS-OIG, which provides the MFCD with 75% federal grant funding and exercises administrative oversight over all MFCUs. Provider fraud, which hinders the very integrity of the Medicaid and TennCare programs, can be measured not only in harm to individuals but also in dollars, both of which are reported by the MFCD to HHS-OIG. Since 1990, the Tennessee MFCD has consistently identified significantly more dollars attributed to fraud than the money that was spent on the Division.

In the last year, the Division assisted in the identification of approximately $29.5 million in fraud cases involving federal health programs, including TennCare. The total Division cost was approximately $11.9 million. However, with the federal government supplying 75% of the Division's total costs, the cost to the state of Tennessee for the MFCD's efforts was approximately $2.9 million.

The MFCD and its parent organization NAMFCU are aggressive in assisting the Bureau of TennCare and others in identifying and collecting restitution and penalties for the TennCare program. In the past five years, the MFCD has assisted in the identification of over $310.1 million, including a significant portion attributed to large settlements between national providers, the states and the federal government. Because of our federal funding by HHS-OIG, this was accomplished at an approximate cost of $9.8 million over the last five years to the state. Our membership within NAMFCU has been, and continues to be, critical to the mission of deterring some of the prevalent and most menacing healthcare provider frauds, recovering program dollars, punishing corrupt practitioners and prosecuting those who abuse and neglect TennCare recipients and the elderly and vulnerable adults of Tennessee.



TRAINING

The Division's training plan is designed to meet the unique needs and professional requirements of everyone in the Division. Continuing education and staff development enable the MFCD staff to perform the highest quality investigations. Tennessee MFCD members play a vital role in the national healthcare fraud landscape by their service to NAMFCU and assistance on cases, committees and subcommittees, which in turn assist in the training of counterparts around the country. MFCD personnel have also been very active in receiving training from and providing training to outside agencies and groups, which allows the Division to share knowledge and experience with many others looking for fraud, including those at TennCare and the state's Medicaid managed care entities.

Several of our agents have provided training throughout Tennessee to police officers and other state agency investigators on a wide variety of topics, including prescription drug diversion, fraud investigations, data collaborations, and elder abuse investigations. Veteran MFCD employees and agents provide training to the new agents and other personnel assigned to the Division on topics specific to the MFCD, such as statutes, regulations, operational information, fraud schemes, abuse/neglect investigative topics and overviews of past MFCD case files. Our staff attorneys have provided training on medical records law, report writing, testifying, prescription drug diversion and managed care issues. Our nurses and special agents made presentations to nursing students on the critical role nurses play in identifying abuse and neglect, sexual assault and advocating for the well-being and safety of their patients beyond just providing medical care.

Members of the MFCD are currently participating in state and federal Elder Abuse task forces and the Tennessee VAPITs. These forums promote the exchange of ideas and an open dialogue between state and federal agencies, which in turn provides participating agencies with a better understanding of the role that the MFCD has in abuse and neglect cases and demonstrates how the MFCD can better assist in protecting the most vulnerable citizens of Tennessee. The MFCD also has a representative on the NAMFCU Resident Abuse Committee. This is a national committee made up of a handful of members from MFCUs across the country who help to develop policy and best practice recommendations relating to elder abuse investigations and allows the MFCD to be at the national forefront of the investigation of elder abuse, neglect and exploitation. Additionally, the MFCD has had representatives serve and participate in training with the Elder Abuse Coordinated Community Response Committee and the Tennessee Elder Justice Conference, working with them and other entities striving toward the common goal of protecting the vulnerable and elderly adult populations in Tennessee. The MFCD also continues to play a vital role in Federal Health Care Fraud Task Forces throughout the state. These task forces can be more accurately described as "working groups" rather than full-time task forces. Most of the MFCD's fraud cases are being prosecuted federally, so participation and collaboration with the federal task forces is essential. At these meetings, agents and other MFCD personnel often present on recently closed cases or offer training on other relevant topics.

The complexity of healthcare laws and the difficulty in investigating healthcare fraud requires that the MFCD be diligent in learning about this ever-changing landscape. The MFCD must closely track newly devised schemes and trends and be familiar with an ever-changing industry. The Division maintains a structured training plan and attempts to send as many Division members as possible to NAMFCU introductory and other advanced training programs each year. At the request of NAMFCU, the Tennessee MFCD continues to provide faculty members who teach at NAMFCU classes.

SUMMARY

The past several years have been tremendously productive for Tennessee's Medicaid Fraud Control Division. In the last five years, the MFCD has had 144 indictments, 114 convictions and identified more than $310.1 million of fraud against TennCare and other government programs. During the last year alone, the Division's fraud cases have resulted in the identification of approximately $29.5 million in overpayments, the indictments of 25 and conviction of 27 healthcare providers in both state and federal courts, along with a number of civil settlements.

From July 1, 2023 - June 30, 2024, the Division received 3,720 referrals of patient abuse and neglect cases, which include physical, sexual abuse and financial exploitation of the elderly and developmentally disabled. The MFCD opened 33 cases, obtained 11 indictments and 12 convictions, and reported individuals to the Abuse Registry and licensing boards.

These investigations, recoveries, indictments and convictions were accomplished at an approximate cost of $2.9 million to the state of Tennessee, with 75% of total costs being paid for by the federal government. Several factors have contributed to the MFCD's high level of success - a strong affiliation with our colleagues in other state MFCUs and our national association, a great working relationship with multiple partners, including but not limited to HHS-OIG, the United States Attorneys' Offices, Federal Bureau of Investigation, District Attorneys' Offices, Tennessee Attorney General's Office, Tennessee Office of Inspector General, the Bureau of TennCare, Department of Health, Department of Human Services, Department of Disability and Aging, Health Facilities Commission and dedicated, specially-trained personnel with a passion for protecting the TennCare program and citizens of the state of Tennessee.

As we have seen in prior years, the MFCD expects its caseload for the upcoming year to continue to grow. There is a steady flow of tips and referrals regarding fraudulent activities by TennCare providers and harm to our state's growing elderly and vulnerable populations. Through relationships with our partners in healthcare oversight and using all accessible resources, we look forward to future challenges and accomplishments.

For questions concerning this report or the MFCD please contact:

Tennessee Bureau of Investigation
Mike Cox, Assistant Director
Medicaid Fraud Control Division
901 R. S. Gass Boulevard
Nashville, TN 37216-2639
615.744.4000


TBI Medicaid Fraud Control Division/Tennessee Medicaid Fraud Control Unit
Organizational Chart
July 1, 2023 - June 30, 2024
Assistant Director/Director
TBI MFCD/MFCU
SAC West Region
SAC Middle Region
Admin Assistant 3
SAC East Region
General Counsel
Medicaid Fraud Manager
ASAC Memphis
ASAC Jackson
ASAC Nashville
ASAC Columbia
ASAC Johnson City
ASAC Knoxville
Associate Counsel
Associate Counsel
Chief Auditor
Nurse Consultant
Special Agent Memphis
Special Agent Jackson
Special Agent Nashville
Special Agent Columbia
Special Agent Johnson City
Special Agent Knoxville
Special Agent Chattanooga
Special Agent Cookeville
Medicaid Fraud Auditor
Admin Assistant 3
Medicaid Fraud Data Analyst Specialist

DIVISION STATISTICS

JULY 1, 2023 — JUNE 30, 2024

Criminal Case Results					
	Indicted/Charged	Dismissed	Acquitted	Convictions	Sentenced
Fraud	25	8	0	27	23
Abuse/Neglect/ Patient Funds	11	0	0	12	11

Criminal Case Receivables and Outcomes				
	Fines Ordered	Medicaid Restitution Ordered	Other Restitution Ordered	Total Ordered
Fraud	$217,297.00	$424,510.62	$7,354,214.81	$7,996,022.43
Abuse/Neglect/ Patient Funds	$3,525.00	-	$29,660.98	$33,185.98
Totals	$220,822.00	$424,510.62	$7,383,875.79	$8,029,208.41

Civil/Administrative Receivables and Outcomes			
	Medicaid	Other Recoveries	Total
Fraud (Civil)	$1,192,257.67	$20,183,613.65	$21,375,871.32
Fraud (Global)	$126,917.81	-	$126,917.81
Totals	$1,319,175.48	$20,183,613.65	$21,502,789.13

Open Investigations			
	Fraud	Abuse/Neglect	Total
Open at Beginning of Period	165	32	197
Investigations Opened	75	33	108
Investigations Closed	67	26	93
Total Open Cases as of June 30, 2024	173	39	212