

**VERMONT MEDICAID FRAUD AND
RESIDENTIAL ABUSE UNIT**

2014 ANNUAL REPORT



July 1, 2013 - June 30, 2014

**Office of the Vermont Attorney General
Honorable William H. Sorrell**

PREFACE

This Annual Report is submitted in support of the State of Vermont's Medicaid Fraud and Residential Abuse Unit's ("MFRAU") Federal Fiscal Year 2015 budget request to the U.S. Department of Health and Human Services, Office of Inspector General ("OIG"), and MFRAU's Application for Recertification under 42 C.F.R. § 1007.15(c).

Pursuant to 42 C.F.R. § 1007.15(c)(1), the State certifies that no changes in the conditions reported pursuant to 42 C.F.R. § 1007.15(a)(1) through (5) have occurred in the last twelve months. Pursuant to 42 C.F.R. § 1007.15(c)(3), the State incorporates by reference the following Annual Report Narrative.

2014 ANNUAL REPORT NARRATIVE

Pursuant to 42 C.F.R. § 1007.17(h), the Vermont Medicaid Fraud and Residential Abuse Unit submits this narrative as part of its annual report to HHS-OIG for State Fiscal Year 2014.

A. Evaluation of the Unit's Performance

The Unit had a very successful year. Notably, the Unit collected \$4.4 million in state and federal Medicaid overpayments, including \$288,941 from Vermont-only fraud cases, bringing the Unit's total recoupments over the past five years to \$28 million. As in past years, most of the Unit's financial recoupments derived from multi-state cases. Unit staff continue to actively participate in these cases through the NAMFCU global case process, providing responses to data requests, reviewing settlement agreements, and participating in civil litigation when necessary.

During the reporting period, the Unit received 116 complaints and opened 49 new investigations, with a total of 139 investigations open at the end of the year. The majority of the Unit's new investigations (63%) involved Vermont provider fraud; a smaller percentage of the remaining investigations involved patient abuse and neglect (20%) or multi-state cases against pharmaceutical companies (14%). Although the total number of complaints received declined slightly from the prior year (116 versus 125), the distribution of the Unit's investigations by case type remained relatively stable, with a continued emphasis on Vermont provider fraud, as well as systemic instances of abuse and neglect in nursing homes and long-term care facilities.

The Unit received nine complaint referrals from DVHA's Program Integrity Unit ("PIU") this past year. Although fewer in number than in SFY 2013, several of PIU's referrals were the result of data-mining by PIU staff and may lead to significant recoupments. The Unit and PIU continue to work closely on cases, and are working together on ways to increase referrals, focusing on the largest Medicaid expenditures by provider type.

Building on the work of the Unit's investigators and analysts, Unit attorneys conducted 19 criminal arraignments during the reporting period – a Unit record. Seventeen of these arraignments involved allegations of Medicaid billing fraud by home health care aides; two involved drug diversion in a healthcare facility by a nurse or other staff member. The Unit obtained 10 criminal convictions. Nine of these convictions were pursuant to plea agreements prior to trial, including eight home health care aides convicted for Medicaid fraud and/or false pretenses, and one nurse convicted for unlawful possession of narcotic drugs. All of the Unit convictions were reported to HHS-OIG for purposes of exclusion. The Unit is continuing to actively prosecute the remaining charged cases.

A significant achievement by the Unit this past year, working closely with the AGO Criminal Division, was the conviction of a licensed nursing aide, after a three-week jury trial, for financial exploitation of a vulnerable adult. The defendant took an elderly patient's credit card and used it to withdraw money from the patient's account while the patient was in a coma and after she had died. The defendant was acquitted of a second-degree murder charge related to the same patient, but sentenced to two years of prison on the financial exploitation charges.

The Unit Director participated in the drafting of a state false claims act during the reporting period, and testified, along with the Chief of the Criminal Division and the Attorney General, at state legislative hearings on the same. A bill formally proposing a federally-

compliant state false claims act is expected to be introduced during the next legislative session. If passed, such a law will better protect both the quality and fiscal integrity of the state's Medicaid program as Vermont moves toward a single-payer healthcare system.

Unit staff engaged in numerous training and outreach activities during the reporting period, including participating with the USAO and other state and federal agencies in the Vermont Elder Justice Working Group, and the Vermont Healthcare Fraud Enforcement & Prevention Task Force. The Unit continues to work with the USAO on several on-going civil cases.

B. Description of Problems the Unit Has Had in Connection with Required Procedures and Agreements

The Unit successfully completed its scheduled five-year on-site review by HHS-OIG this past year. In response to OIG's findings in its final report, issued in December 2013, the Unit has developed and adopted a form—called the Case Supervision Record—to track supervisory activities for each case opened for full investigation, and revised its policies and procedures to ensure that all convictions are reported to HHS-OIG within 30 days of sentencing.

A key finding by OIG was that “large caseloads hinder the Unit's ability to investigate and prosecute fraud and abuse in a timely manner.” In response to this finding, the Unit Director and Chief of the Criminal Division will conduct a formal assessment of the Unit's staffing levels in the next six months as part of the Attorney General's decision to support passage of a federally-compliant state false claims act. In the meantime, the Unit's small staff size continues to limit the number and complexity of cases that the Unit can handle at any one time.

C. Discussion of Other Matters Impairing the Unit's Effectiveness

In addition to the problems identified above, the Unit's effectiveness is constrained by its case management software system, which is slow and not user-friendly, often requiring duplicate data entry. Along with the rest of the Attorney General's Office, the Unit is in the process of migrating to a new “Law Manager” case management system. The Director is optimistic that, once this new system is fully functional and customized to the Unit's special reporting requirements, the Unit will be able to operate in a more efficient and effective manner.

APPENDIX

**VERMONT ATTORNEY GENERAL'S OFFICE
MEDICAID FRAUD AND RESIDENTIAL ABUSE UNIT**

2014 ANNUAL REPORT - APPENDIX

A. COMPLAINTS

Complaint Type *	Complaints Received	Investigated by Unit	Referred Out	Deferred**	Declined
Patient Abuse and Neglect	24	10	0	4	10
Vermont Fraud	82	31	15	12	24
Multi-State Fraud	7	7	0	0	0
Patient Funds	3	1	0	1	1
TOTAL	116	49	15	17	35

*Complaints of mixed type--involving both fraud and abuse/neglect elements--are categorized as either fraud or abuse/neglect at the Unit Director's direction.

** Deferred complaints include those that have been assigned for preliminary investigation, or are awaiting completion of investigation by another agency before further action by the Unit.

B. MFRAU INVESTIGATIONS BY PROVIDER TYPE

Provider Type	Opened at Start of Period	Opened Within the Period	Closed Within Period	Opened at End of Period
Institutions				
Hospitals	0	0	0	0
Home Health Care Agencies	2	0	1	1
Nursing Facilities / LTC	10	5	4	11
Substance Abuse Treatment	2	0	0	2
Other Institutions	5	0	1	4
Subtotal	19	5	6	18
Practitioners/Individuals				
All Nurse/PA/NP	1	0	0	1
Chiropractors	0	1	0	1
Counselors/Psychologists	3	1	1	3
Dentists	2	1	0	3
Home Health Care Aides	44	25	23	46
Doctors	4	0	2	2
RN/Licensed Nurse/PA/NP	5	3	5	3
CNA	1	0	0	1
Home/PCA	1	1	1	1
Other Practitioner	6	4	5	5
Subtotal	67	36	37	66
Medical Support				
DME	3	3	1	5
Transportation	4	2	1	5
Pharmaceutical Manufacturer	36	4	10	30
Laboratories	2	2	1	3
Pharmacy	10	0	0	10
Other Medical Support	2	1	1	2
Subtotal	57	12	14	55
TOTAL	143	53	57	139

C. AGE OF OPEN CASES

AGE	# OF CASES
0 – 6 Months	28
7 – 12 Months	16
13 – 24 Months	36
24 – 36 Months	17
36+ Months	42
TOTAL	139

D. MFRAU CASES

Complaint Type*	Opened at Start of Period	Opened Within the Period	Prosecuted **	Resolved ***	Opened at End of Period
Criminal Cases					
Patient Abuse & Neglect	17	11	2	6	20
Vermont Fraud	65	35	3	32	65
Multi-State Fraud	0	0	0	0	0
Patient Funds	4	1	0	3	2
Subtotal	86	47	5	41	87
Civil Cases					
Patient Abuse & Neglect	0	0	0	0	0
Vermont Fraud	7	0	0	0	7
Multi-State Fraud	50	6	0	11	45
Patient Funds	0	0	0	0	0
Subtotal	57	6	0	11	52
TOTAL	143	53	5	52	139

* Complaints of mixed type--involving both fraud and abuse/neglect elements--are categorized as either fraud or abuse/neglect at the Unit Director's direction.

** "Prosecuted" complaints include all and only those cases that have been closed by the Unit following criminal prosecution. It does not include criminal cases still in active prosecution and/or successfully resolved and merely awaiting a closing memo, or civil enforcement actions. The Unit criminally arraigned 19 individuals during the reporting period.

*** "Resolved" complaints include all and only those cases that the Unit has closed following a full (as opposed to a preliminary) investigation, but excluding criminal cases closed following prosecution.

E. MFRAU CASE OUTCOMES

CASE OUTCOMES	SFY '10	SFY '11	SFY '12	SFY '13	SFY '14
Criminal Investigations/Prosecutions					
Plea agreement	7	9	6	4	9
Dismissed	0	0	0	0	0
Conviction at trial (some charges)	0	0	0	0	1
Acquitted at trial (all charges)	0	0	0	0	0
Close Prior to Prosecution	NA	9	36	27	33
Other	0	0	1	0	0
Subtotal	7	18	43	31	43
Civil Investigations/Litigation					
Settled prior to trial	10	11	13	15	13
Dismissed	0	0	0	0	0
Summary Judgment	0	0	0	0	0
Judgment for State at trial	0	0	0	0	0
Judgment for Defendant at trial	0	0	0	0	0
Other	0	0	0	0	0
Subtotal	10	11	13	15	13
TOTAL	17	29	56	46	56

F. RECOUPMENTS BY AGENCY

	Recovery Actions Initiated	Referred to Another Agency	Overpayments* Identified	Overpayments* Collected	Overpayments* to be Collected
MFRAU	NA	NA	\$3,970,976	\$4,401,637	\$84,426
DVHA/PIU under agreement with Unit **	NA	NA	NA	NA	NA
TOTAL			\$3,970,976	\$4,401,637	\$84,426

* Overpayments include the total state *and* federal share.

** DVHA/PIU figures are limited to cases referred by MFRAU to PIU (per Section IV.F.4 of the MOU), and exclude any amounts reported as collected by MFRAU.

G. MFRAU RECOUPEMENTS BY CASE TYPE

Case Type	Overpayments Collected SFY'11	Overpayments Collected SFY'12	Overpayments Collected SFY'13	Overpayments Collected SFY'14	Overpayments Projected SFY'15
Multi-State	\$2,482,403	\$2,054,400	\$10,118,597	\$4,111,630	\$3,000,000
Vermont Civil	\$200,990	\$262,924	\$4,912,590	\$286,881	\$500,000
Vermont Criminal	\$8,286	\$7,952	\$51,120	\$3,126	\$50,000
TOTAL	\$2,691,679	\$2,325,276	\$15,082,307	\$4,401,637	\$3,550,000

H. MFRAU RECOUPEMENTS BY CASE SHARE

Case Share	Overpayments Collected SFY'11	Overpayments Collected SFY'12	Overpayments Collected SFY'13	Overpayments Collected SFY'14
Federal Share	\$1,651,363	\$1,201,307	\$8,739,577	\$2,543,287
State-Only Share	\$1,040,316	\$1,123,969	\$6,342,730	\$1,858,350
TOTAL	\$2,691,679	\$2,325,276	\$15,082,307	\$4,401,637

I. STATE-ONLY SHARE BREAKDOWN

Case Share	Overpayments Collected SFY'11	Overpayments Collected SFY'12	Overpayments Collected SFY'13	Overpayments Collected SFY'14
Restitution to DVHA	\$769,561	\$819,028	\$5,462,820	\$1,473,357
MFRAU's Share of "additional recoveries"	\$270,756	\$304,941	\$879,910	\$384,994
TOTAL	\$1,040,316	\$1,123,969	\$6,342,730	\$1,858,350

J. MFRAU COSTS

Expense Category	SFY'11	SFY'12	SFY'13	SFY' 14	Projected FFY'15
Personnel	\$566,500	\$600,965	\$677,430	\$651,238	\$785,755
Non-Personnel	\$122,220	\$126,532	\$163,771	\$193,955	\$181,635
Indirect Costs	0	\$66,289	\$96,738	\$97,198	\$116,087
TOTAL	\$688,720	\$793,786	\$937,939	\$942,391	\$1,083,477

K. MFRAU TOTAL BUDGET EXPENDITURES VS. STATE FUNDING

Fiscal Year	MFRAU Deposits to State Special Fund	Distribution to MFRAU by State Legislature
2014	\$384,482	\$247,751
2013	\$379,940	\$318,455
2012	\$304,801	\$208,000
2011	\$270,756	\$280,000
2010	\$247,330	\$88,302
2009	\$451,260	\$195,235

L. MFRAU PROJECTIONS - BY CASE TYPE

Case Type	Pending at Start of Period (7/1/14)	Projected New Complaints	Projected New Investigations	Projected Prosecuted Cases	Projected Resolved Cases	Projected Closed Cases
Patient Abuse & Neglect	20	30	10	5	15	15
Vermont Fraud	72	75	25	20	20	50
Multistate Fraud	45	10	10	1	10	10
Patient Funds	2	5	5	2	10	10
TOTAL	139	120	50	28	55	85

M. MFRAU PROJECTIONS - BY PROVIDER TYPE

Case Type	Pending at Start of Period (7/1/14)	Projected New Complaints	Projected New Investigations	Projected Prosecuted Cases	Projected Resolved Cases	Projected Closed Cases
Institutions	18	25	5	5	10	20
Practitioner/ Individual	66	65	35	20	30	50
Medical Support	55	30	10	3	15	15
TOTAL	139	120	50	28	55	85

Press Releases Relating to MFRAU Cases

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
July 26, 2013**

**CONTACT: Paul A. Barkus
Assistant Attorney General
(802) 828-5332**

CAREGIVER CHARGED WITH MEDICAID FRAUD AND FALSE PRETENSES

Attorney General William H. Sorrell announced today that Ashley Martin, age 24, of St. Albans, Vermont, was arraigned on July 23, 2013, in Vermont Superior Court for Windsor County on nine felony counts of Medicaid Fraud and one felony count of False Pretenses. The court imposed conditions of release governing Ms. Martin's conduct while the case is pending.

According to papers filed in court, Ms. Martin is accused of submitting claims for payments in excess of \$15,000 for providing care under Vermont Medicaid's Developmental Services waiver program when she did not provide all of the claimed care. Court papers also state that Ms. Martin allegedly caused another person's signature to be signed on these claims, thereby falsely authorizing payment to herself. Ms. Martin pleaded not guilty to the charges. The Medicaid Fraud charges carry a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. The False Pretense charge carries a maximum penalty of up to ten years imprisonment and/or a fine of up to \$2,000.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 State Street
Montpelier, VT 05609-1001**

**FOR IMMEDIATE RELEASE
November 7, 2013**

**CONTACT: Edward Baker
Assistant Attorney General
(802) 828-5511**

**JOHNSON & JOHNSON AND JANSSEN PHARMACEUTICALS, INC. TO PAY
VERMONT \$1,387,680 TO RESOLVE HEALTH CARE FRAUD ALLEGATIONS**

Attorney General William H. Sorrell announced today that Vermont has joined with other states and the federal government in a global \$1.2 billion settlement with New Jersey pharmaceutical manufacturer, Johnson & Johnson (J&J) and its subsidiary, Janssen Pharmaceuticals, Inc. (Janssen), to resolve civil and criminal allegations of unlawful marketing practices to promote the sales of their atypical antipsychotic drugs, Risperdal and Invega.

Under the terms of the civil settlement, Vermont will receive \$1,387,680 as part of the resolution of four separate lawsuits alleging that J&J and Janssen promoted and marketed Risperdal and Invega for uses that were not approved by the Food and Drug Administration (FDA) and for uses that were not medically indicated. Specifically, the states contend that during the period January 1, 1999 through December 31, 2005, the companies promoted Risperdal for off-label uses, made false and misleading statements about the safety and efficacy of Risperdal, and paid illegal kickbacks to health care professionals and long-term care pharmacy providers to induce them to promote or prescribe Risperdal to children, adolescents and the elderly when there was no FDA approval for Risperdal use in these patient populations. The states further contend that from January 1, 2007 through December 31, 2009, the companies promoted Invega for off-label uses and made false and misleading statements about the safety and efficacy of Invega. The manufacturers' alleged unlawful conduct caused false and/or

fraudulent claims to be submitted to or caused purchases by government funded health care programs, including the Vermont Medicaid program.

As part of the global resolution, J&J and Janssen will enter into a Corporate Integrity Agreement with the federal government, which will closely monitor the company's future marketing practices. In addition, Janssen will plead guilty to a criminal misdemeanor violation of the Food, Drug, and Cosmetic Act, and pay a criminal fine. According to Attorney General Sorrell, this settlement is "further proof that Vermont will not tolerate marketing violations by the pharmaceutical industry, and will work closely with other states, whistleblowers, and the federal government to aggressively investigate reports of industry misconduct as they arise."

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 State Street
Montpelier, VT 05609-1001**

**FOR IMMEDIATE RELEASE
December 4, 2013**

**CONTACT: Paul Barkus
Assistant Attorney General
(802) 828-5511**

**CAREGIVER CONVICTED FOR FALSELY OBTAINING MONEY
FROM THE VERMONT MEDICAID PROGRAM**

A home-health care worker, Candice Swan, of Middlebury, Vermont, pled guilty yesterday, in Windsor Superior Court, to six misdemeanor counts of False Pretenses. According to court documents, Ms. Swan falsified timesheets in order to obtain payment for services that were not provided under a Vermont Medicaid program.

Ms. Swan was sentenced to two-and-one-half to six years, all suspended, and placed on probation with conditions including that she not work as a care provider or serve as the employer-of-record under any Medicaid waiver program for a period of five years. Ms. Swan was also ordered to pay \$6,206 in restitution to Vermont Medicaid.

The investigation and prosecution of this matter was handled by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General, and from the Social Security Administration.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 State Street
Montpelier, VT 05609-1001**

**FOR IMMEDIATE RELEASE
December 18, 2013**

**CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud
& Residential Abuse Unit
(802) 828-5511**

**SEVEN INDIVIDUALS CHARGED WITH MEDICAID FRAUD
RELATED TO IN HOME/COMMUNITY-BASED AND PERSONAL CARE
SERVICES THAT WERE NOT PROVIDED**

Seven individuals enrolled as either caregivers or employers-of-record in Vermont's Medicaid-funded Home and Community Based (HCBS) or Personal Care programs were separately arraigned today in Vermont Superior Court for Windsor County on felony counts of Medicaid Fraud for allegedly billing for care to children and vulnerable adults that was not provided.

Denise Wildasin, age 24, of Panton, Vermont, and Brooke Scott, age 24, of South Hero, Vermont, were arraigned on two felony counts each of Medicaid Fraud. According to court documents, Mr. Scott was employed as the caregiver for a minor child with special needs enrolled in the Children's Personal Care Services program. He is alleged to have submitted timesheets purporting to have provided 566 hours of care when the child was actually in daycare. As the employer-of-record, Ms. Wildasin is alleged to have approved Mr. Scott's timesheets, knowing them to be false.

Richard Weldon, age 68, of Brandon, Vermont, was arraigned on five felony counts of Medicaid Fraud. According to court documents, Mr. Weldon was the employer-of-record for a minor child enrolled in the Developmental Disability Service waiver program. He is alleged to have signed twenty-two timesheets for 837.5 hours of services provided by a respite care worker, his daughter, when she was in fact living out-of-state.

Tasha Gaudette, age 27, of Richford, Vermont, was arraigned on one felony count of Medicaid Fraud. According to court documents, Ms. Gaudette was employed as the caregiver for a minor child with special needs enrolled in the Children's Personal Care Services program. She is alleged to have submitted seven timesheets purporting to have provided 420 hours of care after the child had moved to a new residence and Ms. Gaudette was no longer providing care.

Kammy McDonald, age 43, of Winooski, Vermont, was arraigned on three felony counts of Medicaid Fraud. According to court documents, Ms. McDonald was employed as the caregiver for an adult with various physical disabilities enrolled in the Choices for

Care program. She is alleged to have submitted thirty-three timesheets purporting to have provided 354.5 hours of personal care and companionship when she was actually working at convenience store.

Patrick Morse, age 61, and Ellie-May Morse, age 40, both of Bennington, Vermont, were arraigned on five and four felony counts of Medicaid Fraud, respectively. According to court documents, the Morses were the employers-of-record for three minor children with special needs enrolled in the Children's Personal Care Services program. Patrick Morse is alleged to have signed forty-two timesheets for 5,062 hours of personal care services when the children were in school and/or the caregiver of record denied providing care. Ellie-May Morse is alleged to have signed twenty timesheets for 2,200 hours of personal care service that were not provided.

In each case above, the court imposed conditions of release governing the defendants' conduct while the cases are pending. Each Medicaid Fraud felony charge carries a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. These cases are being prosecuted by the Medicaid Fraud & Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609-1001**

FOR IMMEDIATE RELEASE
December 24, 2013

CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud &
Residential Abuse Unit
(802) 828-5511

CAREGIVER CHARGED WITH MEDICAID FRAUD

Michelle Pearce, age 35, of Winooski, Vermont, was arraigned today in Vermont Superior Court for Windsor County on four felony counts of Medicaid Fraud. According to court documents, Ms. Pearce was employed as the caregiver for a minor child with special needs enrolled in the Children's Personal Care Services program. She is alleged to have submitted thirty-nine timesheets purporting to have provided 461.5 hours of care when the child was actually enrolled in school, resulting in approximately \$4,500 in overpayments by the Vermont Medicaid program.

Each Medicaid Fraud felony charge against Ms. Pearce carries a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. The court imposed conditions of release governing her conduct while the case is pending. The case is being prosecuted by the Medicaid Fraud & Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
January 31, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

**NURSE CONVICTED OF
UNLAWFUL POSSESSION OF NARCOTIC DRUGS**

Shawn Marks, age 35, of Poultney, Vermont, was convicted on January 27, 2014, in Vermont Superior Court for Rutland County, on two misdemeanor charges of unlawful possession of narcotic drugs. The conviction stems from Mr. Marks's employment as a nurse in the emergency department of the Rutland Regional Medical Center in Rutland, Vermont. Mr. Marks admitted to unlawfully possessing the narcotic drug Percocet.

Mr. Marks was sentenced to 1-2 years in jail, all suspended, and placed on three years of probation. In addition to the standard conditions of probation, the Court imposed special conditions, ordering Mr. Marks to perform 200 hours of community service; to complete substance abuse counseling as directed by his probation officer; and to submit to random urinalysis testing.

The case was prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office. The Vermont Secretary of State's Office of Professional Regulation assisted with the investigation leading to Mr. Mark's conviction.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609-1001**

FOR IMMEDIATE RELEASE
February 25, 2014

CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud &
Residential Abuse Unit
(802) 828-5511

**ENDO PHARMACEUTICALS TO PAY VERMONT \$82,126 TO RESOLVE
HEALTH CARE FRAUD ALLEGATIONS**

Vermont will receive \$82,126 as part of a national settlement with Endo Pharmaceuticals (Endo), entered into by other states and the federal government, to resolve civil allegations that Endo illegally promoted the drug Lidoderm for conditions not approved by the Food and Drug Administration (FDA).

According to the lawsuit, filed in the Eastern District of Pennsylvania, Endo unlawfully marketed Lidoderm for use in connection with lower back pain or chronic pain, whereas the FDA had approved Lidoderm only for the treatment of pain associated with post-herpetic neuralgia, more commonly known as “shingles.” Endo’s unlawful marketing activity is alleged to have occurred between March 1999 and December 2007.

Under the terms of the civil settlement, Endo will pay a total of \$172,916,967 to the states and federal government plus a \$20,800,000 criminal fine. Endo will also enter into a Deferred Prosecution Agreement and a Corporate Integrity Agreement with federal authorities. Vermont’s share of the settlement will be returned to the Medicaid program to assist beneficiaries.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609-1001**

FOR IMMEDIATE RELEASE
March 26, 2014

CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud &
Residential Abuse Unit
(802) 828-5511

**FOUR INDIVIDUALS CHARGED WITH MEDICAID FRAUD
RELATED TO IN HOME/COMMUNITY-BASED AND PERSONAL CARE
SERVICES THAT WERE NOT PROVIDED**

Four individuals enrolled as either caregivers or employers-of-record in Vermont's Medicaid-funded Home and Community Based (HCBS) or Personal Care programs were separately arraigned yesterday in Vermont Superior Court for Windsor County on felony counts of Medicaid Fraud for allegedly billing for care to children and vulnerable adults that was not provided. Collectively, these individuals are alleged to have submitted thirty-four fraudulent timesheets for almost two thousand hours of care that was not rendered, resulting in overpayments by the Vermont Medicaid program of approximately \$18,000.

Theresa Ambrose, age 55, of Springfield, Vermont, was arraigned on one felony count of Medicaid Fraud. According to court documents, Ms. Ambrose was employed as the caregiver for a vulnerable adult enrolled in the Choices for Care Medicaid program. She is alleged to have submitted seven timesheets purporting to have provided 512 hours of care on days when she purported to have worked 24 hours per day, factoring in time spent at another job, including five days in a row. The timesheets resulted in at least \$4,600 in overpayments by the Vermont Medicaid program.

Nikiesha McGovern, age 25, of West Rutland, Vermont, was arraigned on one felony count of Medicaid Fraud and one felony count of False Pretense. According to court documents, Ms. McGovern was employed as the caregiver to a minor child with special needs enrolled in the Children's Personal Care Services Medicaid program. She is alleged to have submitted six timesheets purporting to have provided 350 hours of care when the child was actually in someone else's care. These timesheets resulted in \$2,152 in overpayments by the Vermont Medicaid program.

Magen Hill, age 27, of Perkinsville, Vermont, was arraigned on one felony count of Medicaid Fraud. According to court documents, Ms. Hill was employed as the caregiver to a vulnerable adult suffering from a serious medical condition who was enrolled in the Choices for Care Medicaid program and also on hospice care. She is alleged to have submitted twelve timesheets purporting to have provided 456 hours of personal and respite care that was not actually provided. These timesheets resulted in approximately \$4,485 in overpayments by the Vermont Medicaid program.

Crystal Hathaway-Therrien, age 30, of Bradford, Vermont, was arraigned on one felony count of Medicaid Fraud and one felony count of False Pretense. According to court documents, Ms. Hathaway-Therrien was the employer-of-record for a minor child enrolled in the Children's Personal Care Services Medicaid program. She is alleged to have submitted nine timesheets purporting to have provided 650 hours of personal care that was not actually provided, and forged the signature of the caregiver. The timesheets resulted in approximately \$6,357 in overpayments by the Vermont Medicaid program.

In each case above, the court imposed conditions of release governing the defendants' conduct while the cases are pending. Each Medicaid Fraud felony charge

carries a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. These cases are being prosecuted by the Medicaid Fraud & Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
March 26, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

**BRANDON MAN CONVICTED FOR FALSELY OBTAINING MONIES
FROM THE VERMONT MEDICAID PROGRAM**

Richard Weldon of Brandon, Vermont, was convicted on March 25, 2014, in Vermont Superior Court, Windsor Criminal Division, of five misdemeanor counts of False Pretenses. The convictions stemmed from Mr. Weldon's submission of falsified timesheets in order to obtain payment for services that were not provided while he was an employer-of-record for a home-based health care worker under the Developmental Disability Services program, a Vermont Medicaid program.

Mr. Weldon was sentenced to two-and-a-half to five years in jail, all suspended, and placed on two years of probation subject to standard conditions and special conditions, including 60 hours of community service and a prohibition that he not work as a home-based care provider under a Medicaid waiver program. Mr. Weldon was also ordered to pay \$9,620 in restitution to Vermont Medicaid.

The case was investigated and prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
April 18, 2014**

**CONTACT: Paul Barkus
Assistant Attorney General
(802) 828-5511**

**ST. ALBANS WOMAN CONVICTED FOR FALSELY OBTAINING MONIES
FROM THE VERMONT MEDICAID PROGRAM**

Ashley Martin of St. Albans, Vermont, was convicted on April 17, 2014, in Vermont District Court for Windsor County, of five misdemeanor counts of False Pretenses. The convictions stemmed from Ms. Martin having forged signatures on timesheets she submitted for respite care not actually provided to a vulnerable adult enrolled in Vermont's Developmental Disability Services program.

Ms. Martin was sentenced to one to three years in jail, all suspended, and placed on three years of probation subject to standard conditions and special conditions, including 60 hours of community service and a prohibition that she not work as a home-based care provider or employer-of-record under a Medicaid waiver program. Ms. Martin was also ordered to pay \$11,000 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
April 23, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

**RUTLAND PHARMACIST CHARGED WITH OBTAINING
REGULATED DRUGS BY FRAUD OR DECEIT**

Brandon Cigana, age 32, of Whitehall, New York, was arraigned on April 21, 2014, in Vermont Superior Court for Rutland County, on one felony charge of obtaining a regulated drug by fraud or deceit. The charge stems from Mr. Cigana's employment as a pharmacist at the Walgreens Pharmacy in Rutland, Vermont. According to court documents, Mr. Cigana deceitfully used his lawful access to the pharmacy's inventory to obtain regulated drugs, including Hydrocodone, Alprazolam and Suboxone, for himself without a prescription.

The felony charge against Mr. Cigana carries a maximum penalty of up to two years and one day imprisonment and/or a fine of up to \$5000.00. The court imposed conditions of release governing Mr. Cigana's conduct while the case is pending. The case is being prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the Rutland City Police Department.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
April 23, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

**PERSONAL CARE ASSISTANT CONVICTED FOR
SUBMITTING FALSE TIMESHEETS**

Tasha Gaudette, age 27, of Richford, Vermont, was convicted on April 22, 2014, in Vermont District Court for Windsor County, of two misdemeanor counts of False Pretenses. The convictions stemmed from Ms. Gaudette's submission of false timesheets in order to obtain payment for services that were not provided to a child while she was employed as a home-based health care worker under the Children's Personal Care program, a Vermont Medicaid program.

Ms. Gaudette was sentenced to one to two years in jail, all suspended, and placed on two years of probation subject to certain conditions, including 40 hours of community service and a prohibition that she not work as a home-based care provider under a Medicaid waiver program. Ms. Gaudette was also ordered to pay \$4,170 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
April 23, 2014**

**CONTACT: Edward A. Baker
Assistant Attorney General
(802) 828-5521**

**PERSONAL CARE ASSISTANT CONVICTED FOR
SUBMITTING FALSE TIMESHEETS**

Denise Wildasin, age 25, of Malone, New York, was convicted on April 22, 2014, in Vermont District Court for Windsor County, of six misdemeanor counts of False Pretenses. The convictions stemmed from Ms. Wildasin's submission of false timesheets in order to obtain payment for services that were not provided to a child enrolled in the Children's Personal Care program, a Vermont Medicaid program. Ms. Wildasin signed and submitted the timesheets in her capacity as the employer-of-record of the caregiver, who was separately charged, and shared in the Medicaid payments obtained.

Ms. Wildasin was sentenced to three to six years in jail, all suspended, and placed on two years of probation subject to certain conditions, including 80 hours of community service and a prohibition that she not work as a home-based care provider or employer-of-record under a Medicaid waiver program. Ms. Wildasin was also ordered to pay \$6,704 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
May 15, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

EMPLOYER AND CAREGIVERS ARRAIGNED ON MEDICAID FRAUD CHARGES

Clayton LaFond, age 61, Kim LaFond, age 54, and Rebecca LaFond, age 32, of Milton, Vermont, were each arraigned on two counts of Medicaid fraud yesterday in the Windsor Criminal Division of the Vermont Superior Court. According to court documents, Rebecca LaFond was the employer of record, and Clayton and Kim LaFond were employed as caregivers, for a minor child under the Children's Personal Care Services program. Allegedly, Clayton LaFond submitted 16 timesheets, and Kim LaFond submitted 11 timesheets, documenting their purported delivery of services when the child was actually in someone else's care or attending school. Rebecca LaFond signed the 27 timesheets, attesting to their accuracy. The Vermont Medicaid program paid more than \$6,000 on the allegedly false timesheets.

The defendants pleaded not guilty to the charges. The court imposed conditions of release governing their conduct while the cases are pending. The Medicaid fraud charges carry a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. The Medicaid Fraud and Residential Abuse Unit of the Office of the Vermont Attorney General is prosecuting the cases with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609-1001**

FOR IMMEDIATE RELEASE
May 22, 2014

CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud &
Residential Abuse Unit
(802) 828-5511

**PERSONAL CARE ASSISTANT CONVICTED FOR
SUBMITTING FALSE TIMESHEETS**

Michelle Pearce, age 35, of Winooski, Vermont, was convicted on May 20, 2014, in the Windsor Criminal Division of the Vermont Superior Court, of four misdemeanor counts of False Pretenses. The convictions stemmed from Ms. Pearce's submission of false timesheets in order to obtain payment for services that were not provided to a child with special needs enrolled in the Children's Personal Care Services program, a Vermont Medicaid program. Ms. Pearce signed and submitted the timesheets in her capacity as the enrolled caregiver to the child. The child was in school during the time that Ms. Pearce billed the State Medicaid program for her services.

Ms. Pearce was sentenced to two to four years in jail, all suspended, and placed on two years of probation subject to certain standard and special conditions, including 100 hours of community service. Ms. Pearce was also ordered to pay \$14,265 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud & Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
June 4, 2014**

**CONTACT: Steven J. Monde
Assistant Attorney General
(802) 828-5518**

BARRE WOMAN ARRAIGNED ON MEDICAID FRAUD CHARGES

Hilary Leonard, age 30, of Barre, Vermont, was arraigned on two counts of Medicaid fraud on June 3, 2014, in the Windsor Criminal Division of the Vermont Superior Court. According to court documents, Ms. Leonard was the employer-of-record for a recipient of benefits under the Developmental Services program. She is alleged to have submitted ten timesheets purporting to document the delivery of care that was not actually provided. Ms. Leonard signed each of the timesheets, attesting to their accuracy. The Vermont Medicaid program paid more than \$4,500 on the allegedly false timesheets.

Ms. Leonard pleaded not guilty to the charges. The court imposed conditions of release governing her conduct while the case is pending. The Medicaid fraud charges carry a maximum penalty of up to ten years imprisonment and/or fines equal to twice the amount of payments wrongfully obtained. The Medicaid Fraud and Residential Abuse Unit of the Office of the Vermont Attorney General is prosecuting the case.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609-1001**

FOR IMMEDIATE RELEASE
June 26, 2014

CONTACT: Edward Baker
Assistant Attorney General
Director, Medicaid Fraud &
Residential Abuse Unit
(802) 828-5511

**PERSONAL CARE ASSISTANT CONVICTED FOR
SUBMITTING FALSE TIMESHEETS**

Kammy McDonald, age 43, of Winooski, Vermont, was convicted on June 24, 2014, in the Windsor Criminal Division of the Vermont Superior Court, of five misdemeanor counts of False Pretenses. The convictions stemmed from Ms. McDonald's submission of false timesheets in order to obtain payment for services that were not provided to an adult with physical disabilities enrolled in the Choices for Care program. Ms. McDonald claimed that she was providing personal care services in the disabled adult's home when, in fact, she was working at a convenience store.

Ms. McDonald was sentenced to two-and-a-half to five years in jail, all suspended, and placed on two years of probation subject to certain standard and special conditions, including 200 hours of community service. Ms. McDonald was also ordered to pay \$14,537 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud & Residential Abuse Unit within the Vermont Attorney General's Office, with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT 05609**

**FOR IMMEDIATE RELEASE:
July 1, 2014**

**CONTACT: Edward A. Baker
Assistant Attorney General
(802) 828-5521**

**PERSONAL CARE ASSISTANT CONVICTED FOR
SUBMITTING FALSE TIMESHEETS**

Brooke Scott, age 25, of South Hero, Vermont, was convicted on June 26, 2014, in the Windsor Criminal Division of the Vermont Superior Court, of six misdemeanor counts of False Pretenses. The convictions stemmed from Mr. Scott's submission of false timesheets in order to obtain payment for services that were not provided to a child with special needs enrolled in the Children's Personal Care program, a Vermont Medicaid program. Mr. Scott signed and submitted the timesheets in his capacity as the child's caregiver, and shared in the Medicaid payments obtained. The child was in daycare during the time that Mr. Scott billed for personal care services.

Mr. Scott was sentenced to three to six years in jail, all suspended, and placed on two years of probation subject to certain conditions, including 100 hours of community service. Mr. Scott was also ordered to pay \$5,941 in restitution to the Vermont Medicaid program.

The case was investigated and prosecuted by the Medicaid Fraud and Residential Abuse Unit within the Vermont Attorney General's Office with assistance from the U.S. Department of Health and Human Services, Office of the Inspector General.