



June 18, 2015

### **Fraud Charges Brought Against 40 Individuals by the Alaska Department of Law and U.S. Attorney's Office**

Anchorage, Alaska –The Alaska Attorney General's Office and the U.S. Attorney's Office announced today that 40 individuals were charged with crimes for medical assistance fraud, conspiracy to commit health care fraud, public assistance fraud and PFD fraud. The charges arose from alleged fraudulent conduct spanning back to 2007, amounting to more than \$648,000 being taken from the public coffers.

These charges are the result of ongoing collaboration between various state and federal agencies through the Social Services Fraud Working Group. This group was designed to foster collaboration and efficiencies by bringing together representatives from all of the various state and federal agencies responsible for preventing waste, fraud and abuse within Alaska's Medicaid, public assistance and PFD programs. Over the past three years, these agencies were responsible for 167 convictions and restitution judgments totaling more than \$5.2 million.

According to John Skidmore, division director for the Department of Law's Criminal Division, "These prosecutions deter waste, fraud and abuse within Alaska's social services programs by barring the convicted individuals from participating in the respective programs and sending a clear message to others about the consequence of committing fraud." John Skidmore emphasized that by working collaboratively and cracking down on scams committed against public programs, the agencies involved in the Social Services Fraud Working Group have not only stopped fraudulent actors from receiving public funds now or in the future, but also deterred others from doing the same.

Kevin Feldis, First Assistant United States Attorney, expressed that federal prosecutors are committed to working with their state partners to prosecute those seeking to profit at others expense by defrauding our national health care system. "We all lose when someone commits health care fraud, and we all have a role to play in reporting fraud when we suspect it is occurring."

Mr. Feldis noted that "the vast majority of people who provide health care services are doing it because they care about others, and the vast majority of those receiving Medicaid

benefits are being greatly helped, but we must aggressively prosecute those few whose selfish acts of fraud threaten to undermine the entire system.” Mr. Feldis also pointed out that “health care fraud costs us all money, in addition to often hurting individuals who do not receive the medical care they truly need. It is completely appropriate that the state and federal governments are working together here in Alaska, and throughout the country, to stop these crimes.”

“The OIG will continue to work with the Medicaid Fraud Control Unit, the U.S. Attorney’s Office, and other state and federal law enforcement agencies to bring justice to those who commit Medicaid and Medicare fraud. Putting personal profit and financial gain before patients, as we have seen in these charges, will not be tolerated,” stated Chris Schrank the Assistant Special Agent in Charge for the Department of Health and Human Services, Office of Inspector General (OIG). The OIG, in working with the U.S. Attorney’s Office, has sent a Special Assistant United States Attorney to the District of Alaska to assist with health care fraud prosecutions.

The Alaska Department of Health and Social Services remains in constant communication with the Medicaid Fraud Control Unit and federal agencies to ensure bad actors are stopped as quickly as possible. “DHSS is proud to be a part of the successful Alaska Medicaid Fraud Control Unit. Together with our agency partners, we work to ensure that the highest percentage of Medicaid dollars provide necessary medical services to Alaskans,” said Duane Mayes, director of the Division of Senior and Disabilities Services.

In some circumstances, it’s not just the public coffers that are impacted. Medicaid and public assistance fraud result in real harm to the care recipients. For example, Sandy and Maurice Marulanda were both convicted in the spring of 2013 for endangering the welfare of a vulnerable adult. The convictions resulted from the failure by both individuals to care for a Medicaid recipient that suffered from diabetes. The recipient was found to be living in unsanitary conditions and ultimately suffered the loss of two toes due to his diabetes and poor physical condition. The Marulandas billed Medicaid for providing PCA services to the recipient, but in reality, were not providing any care.

The specific charges of fraud being brought this week are detailed below.

### Medicaid Fraud

The State and federal investigations into medical assistance fraud were initiated based on referrals from the Department of Health and Social Services into fraudulent Medicaid billing by personal care attendants (PCAs). PCAs are home based health care providers that Medicaid pays to provide services of daily living to Medicaid recipients, which will allow recipients to stay in their home as opposed to an assisted living facility.

According to the charging documents, the State’s investigation uncovered a number of fraudulent schemes being committed by PCAs working for eight different agencies that resulted in Medicaid paying for PCA services that were not provided. The alleged schemes included conduct such as billing Medicaid for PCA services while the provider

or recipient was traveling out of the country or incarcerated, double billing for services allegedly provided simultaneously, or billing Medicaid while actually working for a private employer at the same time.

The State's charging documents allege that the 28 charged cases resulted in Medicaid paying over \$563,000 for fraudulently billed PCA services. As a result of the State and federal charges, DHSS issued a Notice of Immediate Suspension of Medicaid Payments on June 18, 2015. Payment suspensions will remain in effect pending the outcome of the charges levied against each of the PCAs.

#### Conspiracy to Commit Health Care Fraud

The United States Attorney's Office announced that five Anchorage, Alaska residents, Juana Pascual Soriano 58, Priscilla Morales Jiminez 24, Francisco E Ciriaco Paredes 32, Taunis Soto Jiminez 44, and Julio DeLa Cruz 51, were charged with conspiracy to commit health care fraud. Soriano, Jiminez, Paredes and Jiminez all worked as personal care assistants allegedly providing care to four recipients who were related to DeLa Cruz. DeLa Cruz signed off on many of the timesheets on behalf of the recipients fraudulently attesting that the PCA services were provided at times when either the PCA or recipients were traveling internationally. In total, these five defendants allegedly submitted fraudulent claims for at least \$67,000 for PCA services that were not rendered due to knowing misrepresentations.

#### Public Assistance and PFD Fraud

The Attorney General's Office also announced today that seven individuals were charged with public assistance fraud and permanent dividend fund (PFD) fraud. The charging documents filed allege that the public assistance fraud totaled \$84,818 and the PFD fraud involved a Lt. Commander in the United States Coast Guard that falsified his military records in order to qualify for the PFD.

The information filed against each defendant is only a charging document and is not evidence of guilt. A defendant is presumed innocent and is entitled to a trial at which time the government must prove guilt beyond a reasonable doubt.

The following state and federal agencies collaborated on the investigations: the Medicaid Fraud Control Unit; the Department of Health and Social Services; the Department of Revenue Criminal Investigations Unit; the Department of Health and Human Services, Office of Inspector General; the Social Security Administration; the Federal Bureau of Investigation; and Immigration and Customs Enforcement, Homeland Security Investigations.

For more information on the charges announced today please contact: John Skidmore, Criminal Division Director at (907) 269-6379, or Kevin Feldis, First Assistant United States Attorney at (907) 271-3392.

The charges filed by the Medicaid Fraud Control Unit can be found on the MFCU website at <http://www.law.alaska.gov/department/criminal/mfcu.html>.

**To report fraud, please contact:**

- **Medicaid**
  - 1-907-269-6279
  - <http://www.law.state.ak.us/pdf/criminal/MedicaidFraud.pdf>
  - <https://forms.oig.hhs.gov/hotlineoperations/>
- **PFD**
  - 907-269-0385
  - <http://pfd.alaska.gov/Fraud/index>
- **Public Assistance**
  - 1-800-478-6406

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