INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA DEPARTMENT OF CHILD SERVICES (DCS)

TITLE: DCS SERVICE PROVIDER CRIMINAL ACTIVITY

CASE ID: 2017-01-0019

DATE: July 9, 2020

Inspector General Chief Legal Counsel, Tiffany Mulligan, after an investigation by Director of Investigations, Darrell Boehmer, reports as follows:

The Indiana General Assembly charged the Office of Inspector General (OIG) with addressing fraud, waste, abuse and wrongdoing in the executive branch of state government. Ind. Code § 4-2-7-2(b). The OIG investigates criminal activity and ethics violations by state workers. Ind. Code § 4-2-7-3(3). The OIG also reviews complaints alleging violations of statutes or rules regarding the purchase of goods or services by persons who have a business relationship with the State. Ind. Code § 4-2-7-3(3)(G).

I. Complaint

In January of 2017, the Office of Inspector General (OIG) received a request to investigate the president (President) of a company (Company), which served as an Indiana Department of Child Services (DCS) service provider from 2015 through 2017. The complaint raised several allegations regarding fraudulent billing to DCS and misuse of DCS funds. Specifically, the complaint alleged that the President was incentivizing Company staff to submit fraudulent billing to DCS by offering luxury cars to the staff members that submitted the highest number of billings. The complaint also raised concerns about Company employees not having the proper licenses to perform services they were performing. Finally, the complaint alleged that the President and his staff were smoking marijuana during business hours.

II. Background

In the normal course of business, DCS contracts with vendors, such as the Company, to provide services to children and families under DCS's purview. A court often orders these services to assist children and families with various challenges. Services include mental health therapy; training on housekeeping, nutrition and childcare; transportation and other as-needed services. DCS's contracted vendors often subcontract with service providers to deliver the services to the children and families. The service providers are usually individuals who provide services themselves; they generally do not have employees or subcontractors working for them.

The DCS contracted vendors set the amounts paid to the service providers based on the type of services they provide and in accordance with DCS's Service Standards[1]. The DCS Service Standards set out the qualifications, such as college degrees or licensing requirements, for each type of service provider. For example, to perform services as a Family Centered Treatment therapist, the DCS Service Standards require a service provider to have a master's degree or doctorate degree and a current license with the Indiana Behavioral Health and Human Services Licensing Board in one of several specific specialties.

The DCS Service Standards also provide the rules for determining billable units for each type of service provider. In general, a service provider is able to bill a higher rate when the service provided requires an advanced education degree. The service providers bill the vendors, who then in turn bill DCS. DCS requires the vendors to provide DCS with the service providers' case

[1] DCS incorporates the relevant Service Standards into its vendor contracts. The current Service Standards can be found at https://www.in.gov/dcs/3320 htm.

management notes to document their interactions with clients. DCS allows the vendors to bill DCS only for the time the service provider is face to face with the DCS client.

DCS regularly audits vendors and service providers to ensure that they are performing services in accordance with DCS policies and contract provisions. These audits allow DCS to discover and remedy the misuse of state funds by DCS vendors and service providers. At the conclusion of an audit, DCS often is able to recover misused funds from the vendors pursuant to DCS's contracts with the vendors.

III. Investigation

OIG Director of Investigations, Darrell Boehmer, investigated the allegations that the Company had submitted fraudulent bills to DCS. He also investigated the allegations that Company staff had falsified their qualifications to perform certain services for DCS[2].

Director Boehmer first coordinated with DCS, who was performing an audit of the Company. The DCS auditors reviewed the Company for compliance with the DCS contract and Service Standards and found multiple violations. For example, the DCS audit found that numerous service providers working for the Company as independent contractors did not have the required qualifications to provide the services they were performing. The DCS audit also found multiple instances where the Company submitted bills to DCS that did not comply with DCS's contract provisions. For example, the audit found that the Company billed for hours in excess of the hours DCS requested on referrals and billed an unwarranted amount of travel time.

DCS provided Director Boehmer with copies of the case progress reports from the Company, which DCS obtained as part of the audit. The case progress reports contained the time service providers allegedly spent with DCS clients. Director Boehmer reviewed the case progress

[2] The OIG did not directly investigate the allegations that the President or the Company's staff used marijuana while on the job because of the difficulty of proving such allegations after the alleged use. Investigators found no evidence of marijuana use at the Company during their investigation into other allegations.

reports and found that, in addition to billing DCS, the Company billed Medicaid for services. After learning that Medicaid funds were involved, Director Boehmer coordinated with the Office of Inspector General for the U.S. Department of Health and Human Services (HHS OIG) and the Indiana Attorney General's Medicaid Fraud Control Unit (MFCU). The OIG, HHS OIG and MFCU investigators (Investigators) conducted a joint investigation.

As part of the investigation, Investigators reviewed the DCS audit, records obtained from the Company and DCS case files. Investigators also interviewed multiple witnesses, including DCS staff, the Company's employees and the Company's service providers.

A. Allegations of Fraudulent Billing

Investigators examined the allegations that the Company submitted fraudulent bills to DCS and misused DCS funds. Investigators first subpoenaed documents from the case management company that the Company used for their service providers to submit online reports of their time. The Company's service providers entered their time into the online case management system, and then the Company's staff submitted the service providers' time to DCS for payment. Investigators obtained access to the system to view all of the time and services that the Company's service providers reported in the system.

Investigators reviewed the entries in the online case management system for the service providers that performed the greatest number of hours for the Company on DCS cases. During the review, Investigators did not find any instances where service providers billed multiple vendors or multiple DCS clients for the same time[3]. Investigators found several instances where the Company submitted billings to DCS for two different services that occurred at the same time. For example,

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[3] The OIG has investigated allegations that certain DCS service providers billed multiple vendors for the same time periods in other cases. *See* OIG Investigative Reports on the following cases: 2018-09-0258; 2015-02-0014 – Service Provider # 3; 2015-02-0014 – Service Provider #4; 2015-02-0014 – Service Provider #5; 2015-02-0014 – Service Provider #6; and 2015-02-0014 – Service Provider #7.

one service provider charged for supervised visitation while a second provider charged for family counseling for the same DCS client at the same time. The two service providers would report and bill for their time separately on the case. Although two service providers can be present with the same client at the same time, DCS Service Standards prohibit billing for two services at the same time.

Investigators contacted multiple witnesses, including Company employees and service providers. Some of the service providers declined to participate in an interview; however, Investigators interviewed at least a dozen witnesses who served as employees or service providers for the Company. In interviews with several service providers, Investigators learned that the Company's executive staff had access to the online reporting system and could change the service providers' entries in the online case management system. Multiple service providers stated that the records did not reflect what they had entered in the system and that they believed someone had changed their records.

Multiple service providers told Investigators that the Company instructed them to round up their time and bill for an entire hour even if they only performed services for part of the hour. For example, one service provider reported that the Company disciplined her for reporting an hour and forty-five minutes on a visit instead of reporting two full hours. The service provider told Investigators that the Company changed the billing to two hours. Other service providers said they made sure to stay with a client for a full hour to ensure they complied with the Company's practice of only allowing service providers to bill for a full hour. For example, one service provider said the Company told her to bill for time when she was taking notes outside of a client's home after a meeting, which allowed her to bill for a full hour rather than part of an hour. Another service provider stated that the Company's computer system only allowed her to submit time in one-hour increments.

Some of the service providers told Investigators that the Company's staff instructed them to report travel time between appointments as service time. For example, at least two service providers told Investigators that the Company originally instructed them to bill for travel time, but the Company later told service providers they could not bill for travel time. The service providers believed the Company announced this change around the time of the DCS audit. DCS rules allow the contracted vendor to bill DCS only for the time service providers spend face to face with clients. Investigators found nothing in writing from the Company providing these instructions to service providers, and they were unable to determine conclusively whether the Company or the individual service providers were responsible for the non-compliant billings.

Investigators also asked some of the service providers if the Company offered them luxury cars or use of luxury cars for submitting a higher number of hours for their billings. One service provider stated that use of luxury cars was an "incentive," but she had no knowledge of anyone submitting fraudulent bills to obtain the use of the luxury cars. Other service providers said the Company never offered them luxury cars for higher billings, and they were unaware of these allegations.

Investigators found evidence that the Company's billings often did not comply with DCS contract provisions; however, after extensive document review and witness interviews, Investigators were unable to determine conclusively whether the Company or the individual service providers were responsible for the non-compliant billing. Furthermore, Investigators found insufficient evidence that the President or any of the Company's employees or service providers intentionally submitted false bills or instructed others to submit false bills to DCS.

B. Allegations of Falsified Qualifications

Investigators also examined the allegations that several of the Company's service providers did not have the proper credentials to perform the services they were providing. Based on a review of the employees' personnel files, the DCS audit found multiple individuals on the Company's staff list who did not have the qualifications to perform the work listed. The DCS audit also found multiple instances in which employees were providing services and invoicing for services that they were not qualified to provide.

Investigators subpoenaed the colleges and universities listed in the personnel files of several of the Company's employees. Investigators found one employee (Employee) who had a counterfeit transcript of a Master's Degree from Indiana University (IU) in his personnel file. Director Boehmer subpoenaed IU to receive a copy of the Employee's transcript; however, an IU representative responded that they had no record of the Employee being a student at IU. Investigators interviewed the Employee, and he admitted that he provided the transcript to the Company when he started his employment; however, the Employee stopped the interview when Investigators asked why IU did not have a record of the Employee being a student at IU. The Employee was required to have a degree to perform counseling services; however, after reviewing the Company's billings, Investigators found that the Employee did not bill the Company for counseling services to DCS clients. Investigators found no evidence that the Company billed DCS for the Employee to provide services that he was not qualified to provide; therefore, the Employee's false degree did not cost DCS or harm DCS clients, and Investigators did not investigate the Employee further.

Investigators found no other case where a service provider or employee of the Company had a false transcript or degree; however, Investigators found several instances where the Company assigned cases to service providers who did not have the proper qualifications to perform the services. In interviews with Investigators, some service providers said that the Company's staff told them that they could perform different types of services if they were in training or had applied for the proper state licenses, even if they had not yet finished the training or received the license.

For example, one service provider told Investigators that the Company's staff told her that she was eligible to perform therapy because she was enrolled in a Master's program, even though she did not yet have her degree. Another service provider said that the Company allowed her to perform work that required a license when she was "license eligible".

Investigators learned that several service providers who worked for the Company were confused about the qualifications that DCS required them to have to be able to perform certain services. Investigators also learned that, after this investigation began, DCS strengthened the language on qualifications and licensing in the DCS Service Standards to help alleviate the confusion.

Although Investigators found evidence that the Company's service providers performed services for which they were not qualified under the DCS Service Standards, some of the non-compliance may have been a result of unclear language in the DCS Service Standards in place at the time the service providers performed services. Furthermore, in some instances, Investigators could not determine if the Company or the service providers were responsible for the failure to follow DCS Service Standards. Investigators found that the Company failed to comply with the DCS contract provisions; however, they found insufficient evidence to support criminal allegations against the President or the Company.

IV. Conclusion

Investigators determined that the Company failed to follow DCS Service Standards as outlined above. DCS followed its audit procedures and stopped utilizing the Company for services, but DCS was unable to recover funds from the Company for their noncompliant billings. According to the business records maintained by the Secretary of State's Office, the Company was administratively dissolved and became inactive in late 2019.

After an extensive investigation, Investigators determined they had insufficient evidence to pursue criminal charges against the President or any of the Company's employees or individual service providers related to this complaint. Furthermore, neither HHS OIG nor MFCU has requested additional assistance from the OIG in over a year. As a result, the OIG is closing this case for insufficient cause.

Dated: July 9, 2020

APPROVED BY:

Lori Torres

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Lori Torres, Inspector General