

ATTORNEY GENERAL FRAUD CLAIMS NOTIFICATION

(FY2008 Appropriation Bill - Public Act 123 of 2007)

30 Days After Notice by Attorney General

Section 270: Within 30 days after receipt of the notification from the attorney general's office of a legal action in which expenses had been recovered pursuant to section 106(4) of the social welfare act, 1939 PA 280, MCL 400.106, or any other statute under which the department has the right to recover expenses, the department shall submit a written report to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget office which includes, at a minimum, all of the following: (a) The total amount recovered from the legal action. (b) The program or service for which the money was originally expended. (c) Details on the disposition of the funds recovered such as the appropriation or revenue account in which the money was deposited. (d) A description of the facts involved in the legal action.

*Michigan Department
of Community Health*



Jennifer M. Granholm, Governor
Janet Olszewski, Director

MDCH FY2008 Attorney General Fraud Collections - Boilerplate Report Sec. 270 - As of December 31, 2007

Payee	(a) Total amount recovered GF	(b) Program for which money originally expended	(c) APPN or Revenue Acct money was deposited in Index/PCA/AOBJ	(d) Description of facts involved in legal action
Ciena Health	\$487,900.45	Medicaid	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
Specialized Pharmacy	\$454,868.00	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
General - Global Settlements	\$393.80	Medicaid	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	
General - Fraud Receivables	\$15,614.73	Medicaid	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	
Total Recovered GF	<u><u>\$958,776.98</u></u>			

Note: Fraud Receivables GF assumes that all receivables are Federal Match.

DEPARTMENT OF
ATTORNEY GENERAL
MEMORANDUM

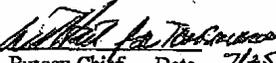
Request for Settlement/Mediation/Plea Authority.

July 19, 2007

TO: Thomas Cameron
Bureau Chief
Criminal Justice Bureau

APPROVED:  7-19-07
Division Chief Date

FROM: Mark Matus 
First Assistant
Health Care Fraud Division

APPROVED:  7/25/07
Bureau Chief Date

RE: Due Date for Response: July 25, 2007
Ciena Health Care Management, Inc.
HCF #2004-05-1035

APPROVED: _____
Chief Deputy Date

Request authority for: Settlement
Request authority in the amount of: \$487,901.00
Acceptance Recommended
Opponent's settlement demand: \$487,901.00
Client Approval: Pending, but anticipated

The Health Care Fraud Division and the United States Attorney's Office for the Eastern District of Michigan have negotiated a proposed settlement of health care fraud allegations against Ciena Health Care Management that includes Medicaid reimbursement of \$1.25 million and a corporate integrity agreement. This memorandum recommends that the settlement be approved.

I. Facts

Ciena Health Care Management and its owner, Mohammad A. Qazi, operate twenty-seven nursing homes in Michigan. Over the past few years, the Health Care Fraud Division has conducted several investigations of Ciena and some of its nursing homes based on allegations of substandard care of nursing home residents. During the last two years, two of the Ciena nursing homes, Americare Convalescent Center and Qualicare Nursing Home, were included on the Department of Community Health's Special Focus Facilities list as a Special Focus Facility or a potential Special Focus Facility, meaning that they had been singled out as being among the worst nursing homes in the State. Despite these events, however, we had not uncovered facts that would have supported a criminal prosecution or a Medicaid False Claims civil action.

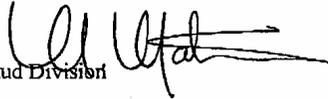
In 2005, we accepted an invitation from the U.S. Attorney Office's in Detroit (Michael Riordan) to pursue a joint investigation of Ciena with their office. The impetus for their investigation was a 2003 federal *qui tam* relating to Ciena's St. James Nursing Center in Detroit. All of the costs of the consultants who assisted in the investigation were born by the United States from that point forward, but all other aspects of the investigation were conducted in equal measure by the two. This document contains confidential attorney-client communications, attorney work product, settlement negotiations, is part of the deliberative and peer review process and is not subject to FOIA requests or discovery.

DEPARTMENT OF
ATTORNEY GENERAL
MEMORANDUM

December 5, 2007

TO: James Selleck
Financial Manager
Fiscal Management Division

FROM: Mark W. Matus
First Assistant
Health Care Fraud Division



RE: Specialized Pharmacy Settlement
HCF No. 2006-12-8024

Attached please United States Treasury check No. 221 32081204, dated November 28, 2007, from the United States, received December 4, 2007, in the amount of \$1,364,603.00. The check is the latest payment based on the October 2006 settlement agreement with Specialized, resolving Medicaid fraud claims for \$52.5 million. Although the amount of this payment was negotiated as part of the 2006 settlement, it was delayed by the United States' joining in the resolution (and the proceeds) of this aspect of the settlement by means of a *qui tam* action. The federal government has already deducted its share and the *qui tam* relator's share from the settlement, so the entire check belongs to the state. The settlement amount represents \$454,868.00 in Medicaid restitution, and \$909,735.00 in penalty dollars. The proceeds should be distributed appropriately.

Under the October 2006 settlement agreement, we are also scheduled to receive another installment on the settlement on December 15, 2007 (and on the same date in 2008 and 2009), in the amount of \$2,000,000, representing penalty dollars. I anticipate that the December 15 payment will come from Omnicare by electronic funds transfer.

MWM:rgf
Att.

- c: Thomas Cameron
- Wallace Hart
- Ruth Shockey
- Terri Waddill/Shirley Edelman
- Eric Spanogle

190/04225/1731

Coding given to AG's
70090/99950/9564
per Lyle Ross 12/13/07

DIV ADMIN M.SELLECK.

GQ 001254
Butler AG 111
\$ 454,868.00