

# 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 March 31, 2008

Payee	(a) Total amount recovered - State Fund	(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	\$2,454,868.00	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
Aventis Anzemet	\$188,578.26	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
Merck I	\$1,808,325.00	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
Merck II	\$854,768.50	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
CVS/Caremark	\$174,277.76	Medicaid Pharmacy	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	See Attached Document
General - Global Settlements	\$4,726.80	Medicaid	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	
General - Fraud Receivables	\$120,577.96	Medicaid	All deposits are to miscellaneous prior year revenue which lapses to the general fund.	
<b>Total Recovered GF</b>	<b><u>\$6,094,022.73</u></b>			

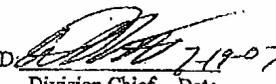
Note: Fraud Receivables GF assumes that all receivables are Federal Match.

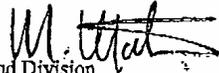
DEPARTMENT OF  
ATTORNEY GENERAL  
MEMORANDUM

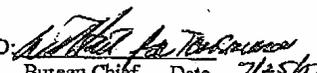
Request for Settlement/Mediation/Plea Authority

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:   
Bureau Chief Date 7/25/07

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

*Permt record in DCH in Nov. 07*

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.

Dec. 7. 2007 10:53AM

No. 4418 P. 2

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  
Batch AGY 111

\$ 454,868.00

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30<sup>TH</sup> JUDICIAL CIRCUIT  
INGHAM COUNTY

MICHAEL A. COX, *EX REL*  
PEOPLE OF THE STATE OF MICHIGAN  
AND THE MICHIGAN DEPARTMENT OF  
COMMUNITY HEALTH,

Plaintiffs,

Case No 06-1039 -CZ

v.

Hon. William B. Collette

SPECIALIZED PHARMACY SERVICES, INC.,  
SPECIALIZED PHARMACY SERVICES, LLC,  
OMNICARE, INC., AND TCPI ACQUISITION CORP.,  
*d/b/a* SPECIALIZED PHARMACY SERVICES - WEST,  
OMNICARE PHARMACY SERVICES - GRAND RAPIDS,  
TOTAL CARE PHARMACY AND TOTAL  
CARE SERVICES,

Defendants.

Mark Matris (P36659)  
Assistant Attorneys General  
Attorney for Plaintiffs  
Health Care Fraud Division  
P O. Box 30218  
Lansing, MI 48909  
(517) 241-6500

Richard Zuckerman (P26521)  
Jennifer Zbytowski Bolveal (P54740)  
Attorneys for the Defendants  
Honigman, Miller, Schwartz & Cohn LLP  
2290 First National Building  
660 Woodward Ave  
Detroit, MI 48226-3583  
(313) 465-7618

SETTLEMENT AGREEMENT

I. Parties

This Settlement Agreement is entered into between Plaintiffs Michael A. Cox, Attorney General of the State of Michigan, *ex rel* the People of the State of Michigan and the Michigan Department of Community Health, and Defendants Specialized Pharmacy Services, Inc., Specialized Pharmacy Services, LLC, Omnicare, Inc., and TCPI Acquisition Corp., *d/b/a*

commitment to comply with Medicaid pharmacy policy and procedure governing access to records and the providing of and billing for pharmaceuticals

3.6 The Corporate Integrity Agreement is the basis upon which the Settlement Agreement is entered and it is hereby incorporated by reference in this Settlement Agreement as if fully set forth

D. Settlement

3.7 Specialized agrees to pay the sum of \$49,001,431.00. This amount represents \$15,900,477.00 in Medicaid reimbursement, \$31,800,954.00 in satisfaction of claims under MCL 400.612, \$300,000.00 in investigative costs, and \$1,000,000.00 for public service announcements payable as follows: a) by October 10, 2006—\$42,001,431.00, of which \$42,001,431.00 shall be payable to the State of Michigan and includes \$300,000.00 for reimbursement of the Michigan Department of Attorney General's investigative costs, b) by October 10, 2006, a separate check in the amount of \$1,000,000.00 payable to a non-profit entity to be named at a later date for the purchase of public service announcements and/or development and maintenance of a web site regarding drug pricing, c) on December 15, 2007 -- \$2,000,000.00 to the State of Michigan, d) on December 15, 2008, \$2,000,000.00 to the State of Michigan, and e) on December 15, 2009 -- \$2,000,000.00 to the State of Michigan.

→ Received  
2/08 at SCH

3.8 In consideration of this Agreement and the Corporate Integrity Agreement and subject to the exceptions from release set forth in Paragraphs 3.9 and 3.17 below, the Plaintiffs, on behalf of the State, release Defendants, their predecessors, and their current and former corporate parents, affiliates, divisions, subsidiaries, successors and assigns, and their current and former directors, officers and employees from any civil claims and, except for any action or claim that is pending when this Agreement is executed, administrative claims for Medicaid damages or penalties that they have or may have relating to the Covered Conduct from 1999

DEPARTMENT OF  
ATTORNEY GENERAL  
MEMORANDUM

February 12, 2008

TO: James Selleck  
Financial Manager  
Fiscal Management Division

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



RE: Global Settlement - Aventis Anzemet  
HCF No. 06-03-1423

Attached please find check #2429, dated February 7, 2008, from the Medicaid Fraud Control Unit, State of New York, received February 11, 2008, in the amount of \$377,156.53. The check is the state's share of a global Medicaid settlement with the above company. The federal government has already deducted its share. The settlement amount represents \$178,962.55 in Medicaid restitution, \$178,962.55 in penalty dollars, and \$19,231.42 in interest. A Distribution of Proceeds sheet is attached. The proceeds should be distributed appropriately.

MWM:rgf

Att.

c: Ruth Shockey  
Terri Waddill/Shirley Edelman  
Eric Spanogle

GF  
90006/99950/9564

DIV ADMIN M.SELLECK.080212 AVENTIS ANZEMET

2429

DEPARTMENT OF  
ATTORNEY GENERAL  
MEMORANDUM

February 25, 2008

TO: James Selleck  
Financial Manager  
Fiscal Management Division

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

RE: Global Settlement - Merck I & II  
HCF No. 06-02-1141

Attached please find two checks: 1) Check #2479 in the amount of \$1,835,716.00, dated February 19, 2008 (Merck I); and 2) Check # 1589 in the amount of \$1,709,537.00 dated February 20, 2008 (Merck II). Both checks are from the Medicaid Fraud Control Unit, State of New York, and we received them on February 11 and 25, 2008. The checks are the state's share of two global Medicaid settlements with the Merck & Co. Inc. The federal government has already deducted its share. The Merck I settlement amount (\$1,835,716.00) represents \$1,780,934 in Medicaid restitution and \$54,782 in interest. The Merck II settlement amount (\$1,709,537.00) represents \$841,945 in Medicaid restitution, \$841,945 in penalty dollars and \$25,647 in interest. A Distribution of Proceeds sheet for each settlement is attached. The proceeds should be distributed appropriately.

MWM:rgf

Att.

c: Ruth Shockey  
Terri Waddill/Shirley Edelman  
Eric Spanogle

90006/99950/9564

DIV ADMIN M.SELLECK.080225.

2008 12:08PM

No. 5288 P. 2

DEPARTMENT OF  
ATTORNEY GENERAL  
MEMORANDUM

March 24, 2008

TO: James Selleck  
Financial Manager  
Fiscal Management Division

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

RE: Global Settlement - CVS/Caremark  
HCF No. 05-01-0029

Attached please find check #2522, dated March 18, 2008, from the Medicaid Fraud Control Unit, State of New York, received March 19, 2008, in the amount of \$348,555.52. The check is the state's share of a global Medicaid settlement with the above company. The federal government has already deducted its share. The settlement amount represents \$174,277.76 in Medicaid restitution, \$174,277.76 in penalty dollars. A Distribution of Proceeds sheet is attached. The proceeds should be distributed appropriately.

MWM:rgf

Att.

c: Ruth Shockey  
Terri Waddill/Shirley Edelman  
Eric Spanogle

190/04225/1731

DIV ADMIN M.SELLECK.080324 CVS.CAREMARK