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Oregon DOJ-Medicaid Fraud Control Unit

Frequently Asked Questions from DHS/OHA

1. What is a Medicaid Fraud Control Unit?

Medicaid Fraud Control Units (MFCU) aka Medicaid Fraud Units, investigate and prosecute Medicaid provider fraud; abuse, neglect and financial exploitation; and fraud in the administration of the Medicaid program. The MFCU's professional staff includes attorneys, investigators, auditors and a data analyst. The MFCU is required to be separate and distinct from the state Medicaid program and are usually located in the state Attorney General's office, although a few are located in other state agencies.

The MFCUs were established in 1977 by P.L. 95-142, the Medicare/Medicaid Anti-Fraud and Abuse Amendments. Until 1995, a state was not required to have an MFU. According to federal law, a state must now demonstrate that it operates an MFU or must submit a waiver to the Secretary of the U.S. Department of Health and Human Services. Currently, all states have a MFCU as well as the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

While MFCUs operate as an entity of state government, the HHS Office of Inspector General (OIG) has administrative oversight responsibility for this grant program and recertifies the MFCUs annually to ensure that they comply with federal regulations.

2. What type of cases does the MFU handle?

The primary mission of the MFCUs is to investigate and prosecute billing fraud schemes perpetrated by Medicaid providers. The Units have proven to be extremely successful at obtaining thousands of convictions and recovering billions of dollars in Medicaid recoveries. Congress recognized the success of the Units in deterring health care fraud, in identifying program savings, in ridding the health care system of corrupt practitioners, and in preventing physical and financial abuse in health care facilities, by extending the jurisdiction of the Units in 1999. Section 407 of P.L. 106-170, the Ticket to Work and Work Incentives Improvement Act of 1999, allows the Units, with the approval of the Inspector General of the relevant agency, to investigate fraud in other federally-funded health care programs, if the case is primarily related to Medicaid.

The MFCUs have historically had jurisdiction to investigate and prosecute patient abuse, neglect and financial exploitation of patients or residents in health care facilities paid with Medicaid dollars. The Ticket to Work Act referenced above also authorized the MFCUs, on an optional basis, to investigate and prosecute resident abuse or neglect in non-Medicaid facilities. As a result of the Consolidated Appropriations Act of 2021, Section 207, Division CC enacted December 27, 2020, MFCUs are now able to investigate allegations of abuse and neglect when the Medicaid victim is NOT living in a Medicaid funded institution, as long as the alleged abuse or neglect occurred in connection with the provision of Medicaid services.

And finally, the MFCU has jurisdiction to handle cases involving fraud in the administration of the program such as when a Medicaid program employee commits fraud on the program.

3. How are MFUs funded?

MFUs receive annual grants (Federal Financial Participation or "FFP") from the U.S. Department of Health and Human Services. Grant amounts must be matched with state funding. Initially, a Unit receives federal funding at a 90 percent level. After its first three years, the FFP is reduced to 75 percent.

4. What is the Oregon MFU staffing?

MFCUs are intended to operate using a "strike force" concept of investigators, auditors, attorneys and a data analyst working together full-time to develop Medicaid fraud investigations and prosecutions. The staff of the Unit must include attorneys experienced in the investigation and prosecution of civil fraud or criminal cases; auditors capable of reviewing financial records, and investigators with substantial experience in commercial or financial investigations. If a Unit lacks direct prosecutorial authority, it must have a formalized procedure in place for referring cases to the appropriate prosecutorial authority. In Oregon, the MFU attorney is specially deputized by the local elected district attorney to prosecute a case in the particular county of venue. We also have an attorney who is a cross-designated Assistant U.S. Attorney working in the federal Court.

The Oregon MFCU has 18 FTEs consisting of 5 attorneys (including the Director and Assistant Director); 11 investigative staff (consisting of the Chief; 5 investigators; 2 investigative auditors; 1 data analyst; 1 nurse investigator and 1 referral investigator); and a Paralegal and Administrative Assistant. All employees are based in Portland.

7. How do Medicaid fraud cases typically arise?

While specifics may vary from state to state, a primary source of referrals is the agency responsible for auditing and reviewing Medicaid provider claims – the Oregon Provider Integrity Audit Unit (PIAU) as well as case managers and APS workers. Other significant sources of referrals are the MFCUs in other states as well as other state and local law enforcement agencies. On average, the Oregon MFCU receives close to 350-400 referrals a year.

8. How do I refer a case to your unit.

We have a Referral Investigator that processes all our referrals. The official Referral Form is entitled "SDS727" on the DHS/OHA system and can be emailed to "Medicaid.fraud.referral@doj.state.or.us".

However, feel free to reach out to the Shanon Rahimi, the Referral Investigator, Director Sheen Y. Wu or Assistant Director, Assistant Director Elizabeth Ballard at 971.673.1880 if you have any questions.

8. When do I refer a case to your unit.

As soon as possible. Please do NOT confront the suspect with the allegations. If in doubt, just reach out to one of the individuals listed above.

9. What about Medicaid recipient fraud?

MFCUs investigate and prosecute Medicaid providers who commit fraud, not Medicaid recipients. An exception exists if a Medicaid recipient is in cahoots with the Medicaid provider. If the allegation is purely on the Medicaid recipient, the referral should be sent to the Department of Humans Services Fraud Investigations Unit Hotline at 1.888.372.8301 or https://sharedsystems.dhsoha.state.or.us/opr_fraud_ref/index.cfm?act=evt.subm_web

10. What happens after you receive a Referral?

Our office will let you know whether this referral has been Declined or Accepted for Investigation. Feel free to reach out to the Referral Investigator, Director or Assistant Director for status updates.

11. What happens after you accept a Referral for investigation?

An investigator and attorney will be assigned the case and will reach out to you for more information and to walk you through the process. If the investigation reveals enough evidence to proceed criminally, our attorneys will request to be "Special Deputy District Attorneys" in the County with venue and will present the matter to a grand jury and proceed with the criminal process until resolution.

12. What is the Exclusions Database?

This is a federal administrative remedy available to the U.S. Department of Health and Human Services – Office of Inspector General. OIG has the authority to exclude individuals and entities from federally funded health care program. This includes but is not limited to convictions for Medicaid fraud. Those excluded can receive no payment from federal healthcare programs for any items or services they furnish, order or prescribe. This is a powerful tool and prevents providers from one state to move to another state to continue with the fraudulent conduct. Information about the Exclusions Program as well as the actual searchable database can be found at https://oig.hhs.gov/exclusions/index.asp. MFCU is required to report all its convictions to OIG for placement in this database.