

STATE OF KANSAS
OFFICE OF THE ATTORNEY GENERAL



CARLA J. STOVALL
Attorney General

MEDICAID FRAUD AND ABUSE DIVISION
FEDERAL ANNUAL REPORT
FOR
1996 - 1997



Annual Report 1996-1997

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Purpose

The purpose of the state Medicaid fraud control unit is to deter and eliminate fraud in the State Medicaid Program through a single, identifiable entity of state government that can investigate and prosecute Medicaid providers across the state. The United States Department of Health and Human Services' Office of Inspector General provides funding and works in partnership with each state's Medicaid fraud control unit.

Federal Law defines the responsibilities of the MFCU's

Every MFCU is to:

1. Conduct a statewide program for investigating and prosecuting violations pertaining to fraud in the administration of the Medicaid program or the activities of Medicaid providers;
2. Review complaints alleging abuse or neglect of patients and misappropriations of patients' private funds by programs receiving Medicaid payments; and
3. Maintain staff to include attorneys experienced in investigation or prosecution of civil and/or criminal fraud, auditors experienced in commercial and/or financial records, investigators experienced in commercial and/or financial investigations, and other professional staff knowledgeable about the provision of medical assistance and the operation of health care providers.

Authority for Prosecution

The Kansas Attorney General's Medicaid Fraud and Abuse Division receives its specific authority from the Kansas Medicaid Fraud Control Act ("the Act") - K.S.A. 21-3844 et seq.

Specifically, the Act provides as follows:

K.S.A. 21-3852. (a) There is hereby created within the office of the attorney general a Medicaid fraud and abuse division.

"(b) The Medicaid fraud and abuse division shall be the same entity to which all cases of suspected Medicaid fraud shall be referred by the department of social and

rehabilitation services, or its fiscal agent, for the purpose of investigation, criminal prosecution or referral to the district or county attorney for criminal prosecution.

“(c) In carrying out these responsibilities, the attorney general shall have all the powers necessary to comply with the federal laws and regulations relative to the operation of the Medicaid fraud and abuse division, the power to investigate, criminally prosecute violations of this act, the power to cross-designate assistant United States attorneys as assistant attorneys general, the power to issue, serve or cause to be issued or served subpoenas or other process in aid of investigations and prosecutions, the power to administer oaths and take sworn statements under penalty of perjury, the power to serve and execute in any county, search warrants which relate to investigations authorized by this act, and the powers of a district or county attorney.”

Federal Performance Standards

The Kansas Medicaid Fraud and Abuse Division is required to comply with federal performance standards. The standards are used by the United States Department of Health and Human Services, Office of Inspector General, to recertify a Division and to assess its effectiveness during on-site reviews. Each section of the report is in response to specific performance standards. The Annual Report demonstrates that the Kansas Medicaid Fraud and Abuse Division has met the performance standards.

1. A Unit will be in conformance with all applicable statutes, regulations and policy directives.
2. A Unit should maintain staff levels in accordance with staffing allocations approved in its budget.
3. A Unit should establish policies and procedures for its operations, and maintain appropriate systems for case management and case tracking.
4. A Unit should take steps to ensure that it maintains an adequate workload through referrals from the single State agency and other sources.
5. A Unit's case mix, when possible, should cover all significant provider types.
6. A Unit should have a continuous case flow, and cases should be completed in a reasonable time.

7. A Unit should have a process for monitoring the outcome of cases.
8. A Unit will cooperate with the OIG and other Federal agencies, whenever appropriate and consistent with its mission, in the investigation and prosecution of health care fraud.
9. A Unit should make statutory or programmatic recommendations, when necessary, to the State government.
10. A Unit should periodically review its Memorandum of Understanding (MOU) with the single State Medicaid agency and seek amendments, as necessary, to ensure it reflects current law practice.
11. A Unit director should exercise proper fiscal control over the unit resources.
12. A Unit should maintain an annual training plan for all professional disciplines.

Background of the Unit

The Kansas Medicaid Fraud and Abuse Division was established in 1995. Application for certification as a state Medicaid Fraud Control Unit was submitted by Attorney General Carla Stovall and Governor Bill Graves to the United States Department of Health and Human Services in August 1995. The Office of Inspector General certified the Division in October 1995.

Certification establishes that the Division meets the federal requirements of being a single identifiable entity that can investigate and prosecute violations pertaining to fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of Medicaid providers. In addition, the Division reviews complaints alleging abuse or neglect of patients and misappropriation of the private funds of such patients and determines the appropriateness of criminal prosecution.

Staffing

The Division is staffed with a Deputy Attorney General as Director, (2) Assistant Attorneys General, an Auditor, a Research Analyst, a Chief Investigator, (4) Fraud Investigators, a Legal Assistant and a Legal Secretary. The staffing brings together a corp of professionals with extensive and complimentary experience that

maximize the capabilities of the Division to accomplish its goals of effective and efficient investigation and prosecution.

The **Deputy Attorney General** brings direct experience in the administration of public benefits programs with specific expertise in Medicaid, home and community based services, and elder law as well as long-term working relationships with local, state, and federal governmental entities as well as private organizations that serve Medicaid recipients.

The **Assistant Attorneys General** are experienced criminal prosecutors with backgrounds in all aspects of prosecution at the state level.

The **Chief Investigator** brings extensive white collar crime investigative experience from his twenty-five year career in the Federal investigative services of the United States Postal Inspection Service and the Office of Criminal Investigations of the Food and Drug Administration.

The **Auditor** brings a background in law and accounting with direct experience in medical reimbursement in the private insurance sector and a private hospital setting.

The **Fraud Investigators** bring direct experience in nursing in the private sector, regulation and oversight of medical providers at the state level, and extensive criminal investigation experience at the local and state level involving both crimes against persons and property/financial crimes.

The **Research Analyst** has significant and varied experience in statistical analysis, project development and teaching.

The **Legal Assistant** has direct experience in supporting attorneys and investigators in the investigation and litigation of complex financial cases.

The **Legal Secretary** has extensive experience in working with professionals delivering services in the public legal sector and community based mental health services industry.

Interagency Partnerships

The Kansas Attorney General's Medicaid Fraud and Abuse Division works to detect and prosecute Medicaid fraud and patient neglect/abuse and receives complaints, concerns, and referrals from anyone who suspects Medicaid fraud and/or patient abuse/neglect.

Kansas Medicaid Program

The Kansas Medicaid program's budget in state fiscal year 1997 is approximately \$840 million per year. Medicaid services are delivered by over 18,000 providers serving Medicaid recipients in 105 counties. On average, the Medicaid program devotes 29.5% of total expenditures to adult care homes. 66.9% of expenditures are paid on behalf of recipients who receive Supplemental Security Income or who are either aged or have a disability and incomes insufficient to meet their medical costs.

Many forces - changing demographics, evolving societal values, limited financial resources, the implementation of federal welfare reform and use of privatization options in a variety of services traditionally provided by Social and Rehabilitation Services are defining a new direction for SRS. In addition, SRS has reorganized several of its commissions and accomplished transfer of selected programs to other agencies.

The transfer of long term care reimbursement to the Kansas Department on Aging has created a major realignment of functions and responsibilities that affect a significant portion of Medicaid expenditures. The coordination of fraud and abuse efforts related to Medicaid will now involve two state agencies.

Provider Fraud

Partnership between the Kansas Attorney General's Medicaid Fraud and Abuse Division and the Kansas Medicaid agency, the Kansas Department of Social and Rehabilitation Services, is required to ensure that suspected cases of provider fraud are appropriately referred, requests for provider records or computerized data are provided, and assistance in recovery of

overpayments is given. The Division has instituted formal working procedures with the Medicaid agency through a Memorandum of Understanding that outlines in detail the responsibilities of the Medicaid agency and the Division in the referral, review and prosecution of cases.

In addition to the state Medicaid agency as a referral source, the Division receives reports of fraud from federal, state, and local law enforcement agencies, social service agencies, regulatory boards, and the general public.

Effective working relationships with the Medicaid fiscal agent - Blue Cross and Blue Shield and the Program Integrity Section of SRS insure that the investigation and prosecution of cases proceed efficiently. Ongoing communication is the key to effective sharing of information that is necessary to open and pursue an investigation and successfully prosecute those cases with substantial potential for criminal prosecution. Such understanding helps to insure that the referrals processed to the Division are appropriate. Creating this understanding has been fostered in the following ways.

1. Monthly meetings between Division staff, fiscal agent staff, and Medicaid agency staff,
2. Training sessions presented by the fiscal agent, the Program Integrity Section and various program staff from SRS, to Division staff,
3. Training presented by the Division to the fiscal agent and Program Integrity Section and various program staff from SRS,
4. Use of a referral form, and
5. Individual case consultations.

Abuse/Neglect

Coordination of interagency cooperation in the review of complaints of abuse, neglect and misappropriation of patients' private funds requires the interaction of three state level agencies: the Department of Social and Rehabilitation Services (SRS), the Kansas Department of Health and Environment (KDHE), and the

Kansas Department on Aging (KDOA). The efforts of these agencies are then integrated into local law enforcement efforts if the matter has been brought to the attention of law enforcement authorities.

The greatest challenge in state agency coordination lies in the differing responsibilities and fiscal support for the specific subdivisions responsible for various aspects of long-term care and Medicaid waiver community-based services. The following factors have a direct impact on the ability of the Medicaid Fraud and Abuse Division to effectively accomplish its responsibilities in the review of complaints and prosecution of abuse/neglect.

1. Major expansions in community-based services for a variety of persons by a cross section of experienced providers and providers new to the community based services delivery system. Fiscal and programmatic responsibility for these services are shared by the KDOA and SRS and various groups of providers.
2. Reorganization efforts in SRS Adult Protective Services as a result of the transfer of certain functions and funding to the Kansas Department on Aging.
3. The KDOA Ombudsman program faces funding constraints and an organizational transition that has yet to be finalized. Legislative review of the program is ongoing with a focus on determining the appropriate organizational location for the ombudsman function and assessing the scope of the role of the ombudsman.

In order to confront these organizational and implementation challenges, the Division is an active member of a newly created Adult Protective Services Executive Task Force. This multi-agency work group is designed to address issues and develop solutions to coordination of referrals, sharing of information, developing and advocating for regulatory and statutory tools and implementing training.

U.S. Attorney's Kansas Health Care Fraud Working Group and Investigative Task Force

The Division is a key player in the U.S. Attorney's Kansas Health Care Fraud Working Group and the Investigative Task Force. This group is a partnership of federal and state investigative and prosecutorial agencies that are dedicated to a comprehensive and coordinated effort in the identification and prosecution of health care fraud. Sharing information in a state and federal data referral system and developing anti-fraud legislative initiatives have been the focus of much of the group's activities.

Case referrals and joint prosecution efforts have also been part of the partnership with federal authorities. One of the Division's Assistant Attorneys General has been granted cross designation as an Assistant U.S. Attorney and actively participates in federal prosecutions of Medicaid providers. The Division's investigative staff routinely work with federal investigative agencies in support of cases involving both Medicaid and other federal health care programs. The Division has received numerous tips from the general public, professionals, and other sources that have resulted in referrals of potentially significant state, regional, and national fraud schemes in a wide variety of provider services.

Additional groups with which collaborative efforts have occurred are found in Appendix A.

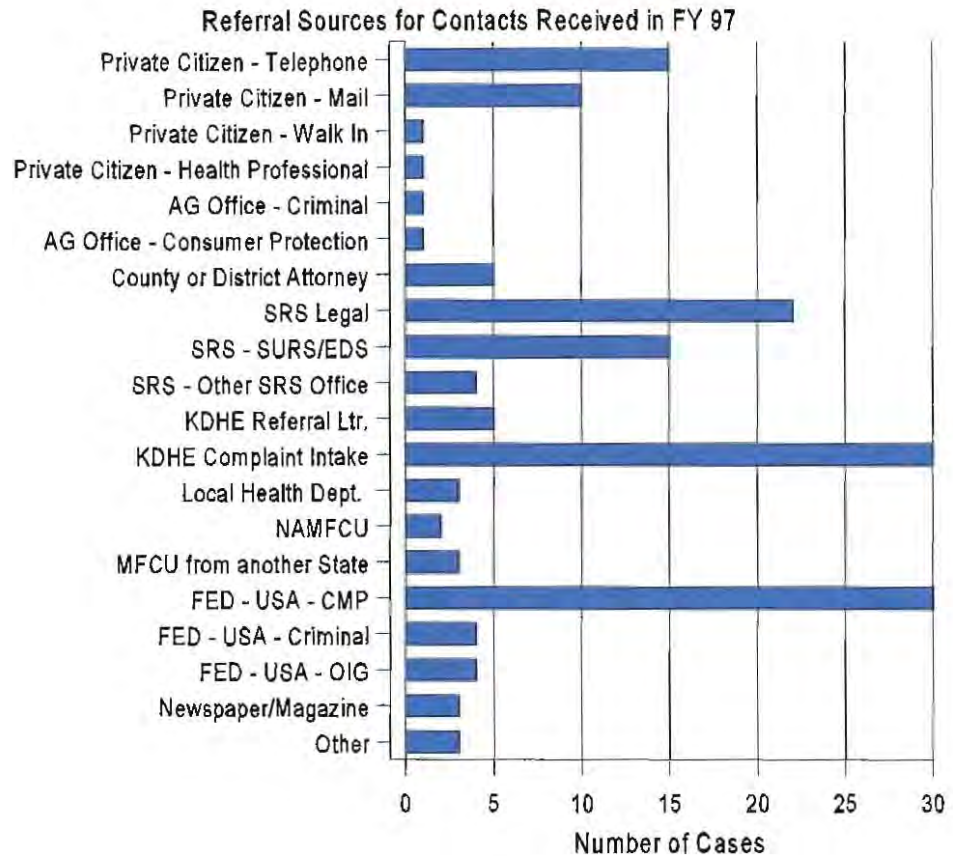
Medicaid Fraud and Abuse Division Case Activity

Current Case Activity

The cases under investigation by the Division cover a wide range of Medicaid supported services and provider groups. Affected Medicaid recipients are receiving the services in long term care settings, community-based settings, and traditional medical services delivery systems. The cases are located in rural and urban settings spread across the state.

The Division uses an assessment process that is designed to effectively review contacts to efficiently determine those matters which have substantial potential for criminal prosecution. The

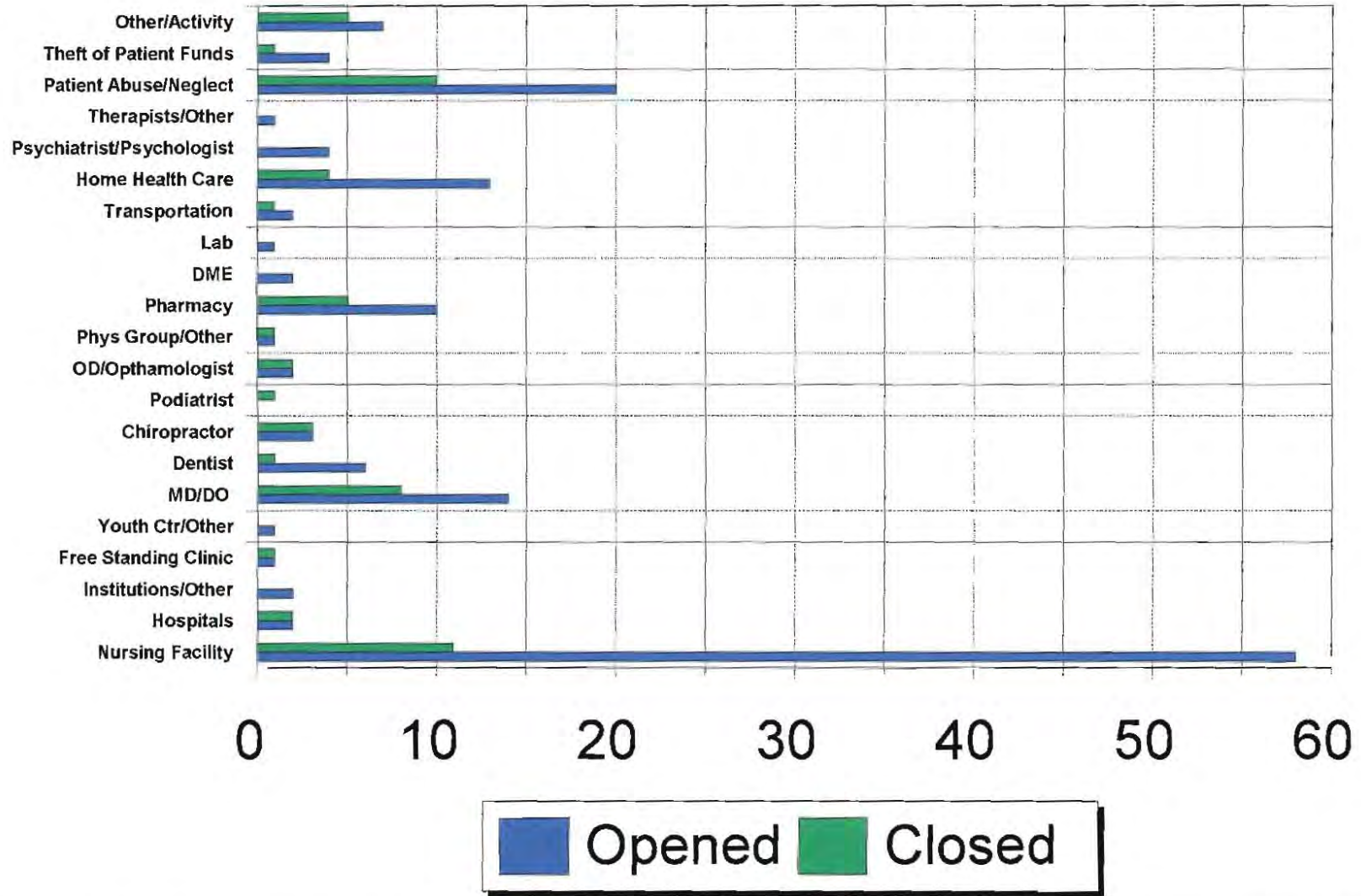
following chart breaks down the contacts referred to our Division by source type.



The Chief Investigator and Legal Assistant are the front line assessment team. The team efficiently assesses those contacts without substantial potential for criminal prosecution and refers them for appropriate processing. In those contacts needing additional information to determine the potential for full investigation, the skills of the Auditor and Research Analyst are used.

Using this assessment process, the Division is able to target its resources to opening for full investigation those cases with substantial potential for criminal prosecution. The following graph shows the Division's opened for full investigation and closed cases classified by provider type for FY 97.

Cases Opened & Closed FY 97



Case Data Information

The Kansas Medicaid Fraud and Abuse Division has referred 24 cases for consideration for investigation/prosecution by other agencies. Three cases were referred to the U.S. Department of Health and Human Services, one to the Kansas U.S. Attorney, 15 to the Kansas Department of Social and Rehabilitation Services, one to the U. S. Department of Veterans Affairs, and four to other State regulatory agencies. Of the 15 cases referred to SRS, three cases had identified overpayments of \$88,200, to date we have received no confirmation of the amount actually recovered.

More than 700 complaints of abuse/neglect of patients in health care facilities were reviewed from the Kansas Department of Health and Environment (KDHE) complaint database. Ninety-five cases involved serious allegations of abuse/neglect to warrant additional investigation. Of these ninety-five, eight have criminal charges filed or pending, 21 are still under investigation and the remaining have been closed. Referrals on closed cases are not necessary because KDHE has already taken action in response to the complaint simultaneous to our review.

State Criminal Cases

The Division has four cases filed in four different counties.

In ***State v. Claiborne***, filed in March 1997, a Wichita woman was charged with one count of forgery, eight counts of presenting a false claim, and two counts of making a false claim to the Medicaid program. This case represented the first use of the Kansas Medicaid Fraud Control. The defendant forged a Medicaid provider agreement application form, submitted claim forms for reimbursement of services provided by a licensed psychologist when she was not a licensed psychologist, and submitted claim forms for individual psychotherapy when a massage was provided instead. The defendant plead guilty to all counts and was sentenced to restitution in the amount of \$57,905.48, reimbursement of investigation costs totaling \$4,158 and 24 months of probation.

In ***State v. Garcia***, a woman in Madison was charged with three counts of mistreatment of a dependent adult for taking advantage of a patient at a nursing home by assisting him in writing checks, then cashing the checks and keeping the money for herself. The defendant plead guilty to all counts and sentencing is pending.

In ***State v. Whitaker***, a nurse aide in Kansas City was charged with one count of battery. It is alleged that the nurse aide struck a patient in her care. The case is pending further proceedings.

In ***State v. Branson***, a nurse aide in Lawrence was charged with mistreatment of a dependent adult for allegedly inflicting unreasonable confinement on a nursing home resident. The defendant has been bound over for trial.

Global Settlements

The Division is participating in national cases, described as global cases. These cases reflect the complexity of health care fraud. They are complex multi-party, multi-state and multi-issues cases which are most effectively investigated and prosecuted through the team effort of Medicaid Fraud Divisions acting cooperatively across the country.

The cases arise because of fraudulent conduct by a provider initially discovered and investigated by another state Medicaid Fraud Division or federal investigative agency. The investigations establish that the fraudulent conduct has resulted in losses to Medicaid programs in many or all states.

The Division participated in its first global case in 1995 and saw a reimbursement to Kansas of \$461,268.42. In 1997 the Division participated in two global settlements resulting in recoveries of \$178,771.98. Within its first two years of existence, the Division's efforts in coordinating and assisting in these investigative efforts has resulted in returning \$640,040.40 to the Kansas Medicaid program.

Federal Cases

A significant percentage of the Kansas population is over the age of 65. Thus, many Kansans are Medicare recipients and Kansas Medicare expenditures in 1996 totaled \$1.7 billion. Federal authorities are the primary investigators in cases involving providers who serve recipients entitled to Medicare or other federally supported health care program. However, such recipients often receive Medicaid services as well. Thus, the fraud committed against Medicare is usually a fraud against the Medicaid program as well.

In 1997, as a result of joint prosecution efforts with federal prosecutors in Kansas and Florida, the Division achieved Medicaid recoveries for Kansas and the State of Texas totaling \$75,338 and the Kansas Medicare program will receive \$2.3 million in reimbursement.

Case Activity Projections

The items of change outlined in the description of the Kansas Medicaid Program and the experiences of the Division in interagency partnerships described in this Report are predicates of the case activity in the coming year. Two factors of major impact are increases in the number of persons served in community-based services and the implementation of managed care.

Movement of vulnerable recipients into community-based services with the concomitant dispersing of service delivery to a variety of

providers holds the potential for increased incidences of abuse as well as fraud. The ability to watchdog this system is a major challenge in a state with the geographic size of Kansas.

To address this challenge, the Division has provided extensive fraud identification and prevention training to case managers assigned to managing the variety of community based community based programs. The Division also is working with staff within SRS to develop preventive policies and procedures for implementation in the various HCBS waiver programs managed by SRS.

The implementation of managed care creates a new set of relationships in the provider community and new methods of delivery and payment. The experience of other states and the federal government in the development of managed care programs reveal that illicit "underutilization" (where providers seek to maximize capitated revenues while minimizing recipient usage of services), illegal contracts, kickbacks, bribes, bloated management fees, new fraud angles and schemes are all possible.

To proactively address issues of fraud in managed care, the Division assisted SRS in drafting contract language for use in SRS contracts with managed care organizations. The language clarifies the responsibility of managed care organizations to cooperate in the investigation and prosecution of fraud involving managed care services. These contracts will be effective in the next contracting period - services to be delivered in 1998.

Through its efforts to date, the Medicaid Fraud Division has been successful in developing the legal tools, assuring the availability of qualified staff, and building the relationships necessary for investigation and prosecution.

Training

The Division has committed itself to providing staff the opportunity to experience a wide variety of training targeted to educating them on the basics of health care fraud and the skills and techniques needed to understand and anticipate the changes that are happening in the field of investigation and prosecution as well as the health care economy and public sector health care programs.

A specific focus on computer related training has been emphasized during this reporting period. Factors such as a new Medicaid fiscal

agent, new Medicaid Management Information System and investigative work requiring computer data seizure have provided both opportunities and the necessity to seek out appropriate training that will help Division staff develop their existing skills and build new skills that will best serve the unit.

Public Awareness

The Kansas Medicaid Fraud and Abuse Division is dedicated to providing education to the public and Medicaid providers about the Kansas Medicaid program, state and national health care fraud issues and specific provider-oriented education. The Division educates legal and health care professionals, state workers, and the general public on the content and purpose of the Kansas Medicaid Fraud Control Act, health care fraud and abuse, neglect, and exploitation. A table outlining presentations made by the Kansas Medicaid Fraud and Abuse Division is contained in Appendix B.

Headlines

Kansas Attorney General Carla Stovall has made a commitment to fight health care fraud in Kansas. In addition, to prosecuting those who commit fraud and patient abuse, the Attorney General also has educated Kansans on the mission of the Medicaid Fraud and Abuse Division. The news headlines contained in Appendix C demonstrate the success Attorney General Stovall has had in both of these endeavors.

Policy and Procedure Manual

The Kansas Medicaid Fraud and Abuse Division has actively developed policies and procedures to use in the accomplishment of Division responsibilities. The topics covered address investigative and prosecution procedures as well as office procedures. The topics covered are:

INVESTIGATION SECTION

Access to Records
Case Management
Case Closure Form
Certified Inventory of Evidence
Consent to Search Forms
 Motor Vehicle
 Records
 General Search
 Contract Control History
Evidence Handling
Kansas Bureau of Investigation Evidence Policies
Miranda Warning
Medical Release Authorization
OIG Procedure for 24 hour Access to Provider Records
Request by Medicaid Fraud Control Units for Documents
Rights Form
Wichita Police Department Special Police Information Data Entry and
Retrieval
Draft Firearms Policy
Draft Mail Cover Requests and Restricted Information

LITIGATION SECTION

Disclosure of Identity of Informant
Diversion
Drug/Alcohol Disclosure
Exhibit Log

VICTIMS RIGHTS/NOTIFICATION SECTION

Contact Log Sheet
Monthly Activity Log Sheet
Sample Notification Letter

ADMINISTRATION SECTION

Bill Payment Procedure
Incoming Mail Log and Procedure
Leave Form
Memorandum of Understanding
Outgoing Mail Log
Password Policy
Security Alarm Policy
Time Reports
Travel Expense Policy

MISCELLANEOUS

Automatic E-Mail Response Procedure
Gift Fund Policy
Prohibition of Possession of Firearm by Certain Persons

Appendix A

COOPERATIVE MEETINGS

Organizations	Purpose and content of meetings
Blue Cross/Blue Shield (Kansas Medicare Carrier and Medicaid Fiscal Agent) - Medicare Fraud Unit and Medicaid Utilization Management Unit and SRS Program Integrity	Information sharing and coordination on fraud referrals, investigations, and prosecutions
SRS Program Integrity and Blue Cross Blue Shield Utilization Management	Managed Care fraud prevention efforts
Kansas Foundation for Medical Care	Quality assurance and utilization measurement efforts
Blue Cross Blue Shield Provider Enrollment and Utilization Management, and SRS Interagency Agreement and Provider Enrollment Section	Information sharing and coordination on case related work efforts
SRS staff, representatives from home health, assistive living, independent living agencies and Department of Aging	Development of a process for community based agencies delivering services under the FE and PD waivers to create and abide by a code of ethics related to service delivery.
SRS Area Office Managers	Discuss duties of Medicaid Fraud and Abuse Division and the cooperation needed from SRS Area Offices in processing fraud referrals, investigating and prosecuting cases.
SRS Commission on Mental Health and Developmental Disabilities	Develop procedures for coordinating referrals, providing information to support investigation and prosecution of cases of provider fraud and client abuse, neglect, misappropriation of client private funds
SRS Adult Protective Services Executive Task Force	Multi agency task force to address issues and develop solutions related to the prevention of abuse, neglect and exploitation of vulnerable adults
Kansas Department of Health and Environment - Bureau of Adult and Child Care	Coordination on referral and investigation of cases of abuse, neglect, or misappropriation of client funds occurring in entities licensed and/or surveyed by the Bureau.

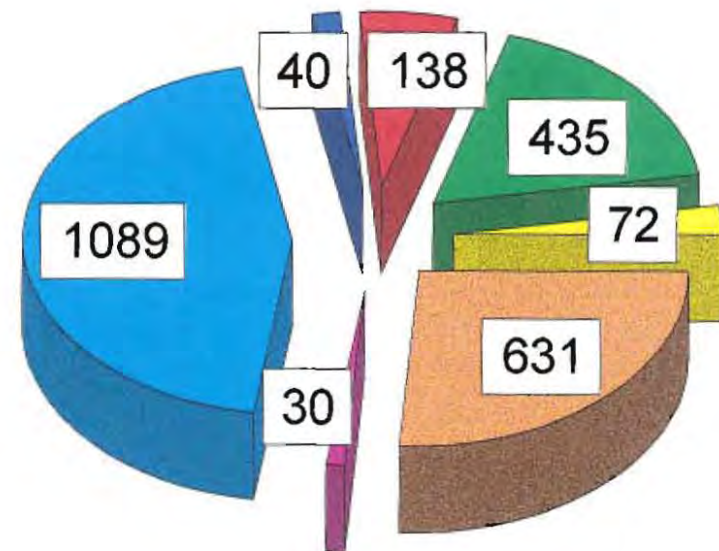
COOPERATIVE MEETINGS

Organizations	Purpose and content of meetings
SRS Program Integrity Unit and Legal Division	Coordination on referral, investigation, and prosecution of provider fraud
Criminal Justice Work Group - Office of the Kansas Attorney General	Coordination of efforts on investigations and prosecutions; training development and implementation for law enforcement personnel and prosecutors
Kansas County and District Attorneys Association	Assistance with development and implementation of training for law enforcement personnel and prosecutors on health care fraud and abuse, neglect, and misappropriation of client private funds
Kansas Supreme Court Commission on Opening the Courts	Multi agency commission dedicated to ensuring access to the judicial system by persons with disabilities and older persons. Specific efforts in the development and implementation of training for attorneys, judges, and court personnel on working with vulnerable persons who are victims of crime
Kansas Health Care Fraud Working Group	Coordination on referral, investigation, and prosecution at state and federal level of Medicaid and federal health care program fraud
Kansas Department of Aging, Kansas State Library, Office of Kansas Insurance Commissioner, and AARP	Development and submission of federal OAA grant application to support state wide education efforts about health care fraud which will be directed toward senior citizens and Area Agency on Aging staff.
SRS Program Integrity and SRS Managed Care Contracting Unit	Development of managed care contract language related to fraud reporting and cooperation in the investigation and prosecution of fraud.
HFCA	State coordination of fraud related tasks in Medicaid Managed Care
Kansas Bureau of Investigation, United States Postal Inspection Service and Drug Enforcement Agency, Overland Park Police Department and Wichita Police Department	Coordination of investigative support efforts related to computer search and seizure and data analysis.

Appendix B

Presentation Attendees

(July 1996 - June 1997: 2,435)



Presentations

Date of Presentation	Topic	Presenter	Sponsors	Location	Attendees	Approx. Attendance
July 12, 1996	Medicaid Fraud Control Unit and HB 2700	Gayle Larkin	Kansas City Metropolitan Insurance Fraud Task Force	Raytown, MO	Investigators, prosecutors, attorneys	50
July 18, 1996	Medicaid Fraud and Abuse Division	Marla Myers	Social and Rehabilitative Services	Topeka, KS	SRS Advisory Team	25
July 29, 1996	Health Care Fraud	Martha Hodgesmith	Topeka Downtown Kiwanis Club	Topeka, KS	Kiwanis	65
August 21, 1996	Medicaid Fraud and Patient Abuse	Martha Hodgesmith and Curt Landis	SRS Internal Audit Section	Topeka, KS	Auditors	40
August 28, 1996	Medicaid Fraud	Martha Hodgesmith	Electronic Data Systems	Topeka, KS	EDS and SRS staff	12
August 29, 1996	Medicaid Fraud Unit	Martha Hodgesmith	Topeka Women Attorneys Assoc.	Topeka, KS	Attorneys	60
September 12, 1996	Working in State Government	Gayle Larkin	KU Law School Noon Forum	Lawrence, KS	Law school students	25
September 22, 1996	Medicaid Fraud and Abuse Division/ Health Care Fraud	Martha Hodgesmith	Wichita Academy of Pharmacists	Wichita, KS	Pharmacists	40
September 24, 1996	Medicaid Fraud and Abuse Division	Martha Hodgesmith	Older Kansans Information and Referral Services Assoc.	Hesston, KS	Area Agency on Aging Information and Referral Specialists	30
September 26, 1996	Attorney General Office Functions	Martha Hodgesmith	1996 class of Jr. Leadership Liberal	Topeka, KS	High School students	30

Presentations

Date of Presentation	Topic	Presenter	Sponsors	Location	Attendees	Approx. Attendance
October 23, 1996	Medicaid Fraud and Abuse Division	Martha Hodgesmith	Kansas Hospital Association and Greater Kansas City Health Council	Wichita, KS	CEO's, CFO's, Trustees, Risk Managers, Medical Staff	162
October 24, 1996	Medicaid Fraud and Abuse Division	Martha Hodgesmith	Kansas Hospital Association and Greater Kansas City Health Council	Kansas City, MO	CEO's, CFO's, Trustees, Risk Managers, Medical Staff	170
October 30, 1996	Medicaid Fraud and Abuse Division/ Health Care Fraud & Abuse/Neglect	Martha Hodgesmith	InterHab	Overland Park, KS	Managers and staff of community based services for DD	100
November 6, 1996	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Lawrence, KS	Targeted case managers, SRS staff	42
November 13, 1996	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Lawrence, KS	Targeted case managers, SRS staff	52
November 14, 1996	Health Care Fraud/ Patient Abuse and Neglect	Martha Hodgesmith and Marla Myers	Kansas Home Care Association	Lawrence, KS	Home health care managers and professional staff	50
November 20, 1996	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Wichita, KS	Targeted case managers, SRS staff	61

Presentations

Date of Presentation	Topic	Presenter	Sponsors	Location	Attendees	Approx. Attendance
November 20, 1996	New Fraud and Abuse Issues in Health Care and Dealing with these Issues	Gayle Larkin	KSCPA Health Care Service Committee	Overland Park, Kansas	KSCPA members	25
December 10, 1996	Health Care Fraud/ Patient Abuse and Neglect	Martha Hodgesmith and Marla Myers	Hutchinson Hospital	Hutchinson, KS	Home health care managers and professional staff	50
December 11, 1996	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Wichita, KS	Targeted case managers, SRS staff	49
December 18, 1996	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Topeka, KS	Targeted case managers, SRS staff	63
January 8, 1997	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Hays, KS	Targeted case managers, SRS staff	40
January 15, 1997	Medicaid Fraud and Abuse Division/ Patient Abuse and Neglect	Martha Hodgesmith	SRS Medical Services/University of Kansas School of Social Welfare	Lawrence, KS	Targeted case managers, SRS staff	69
January 22, 1997	Prosecution of Health Care Fraud and Patient Abuse - Emerging Trends	Attorney General Carla Stovall, Gayle Larkin, and Mike Russell	Kansas Health Care Association	Topeka, KS	Nursing Home Professionals	275

Presentations

Date of Presentation	Topic	Presenter	Sponsors	Location	Attendees	Approx. Attendance
February 5, 1997	Fraud and Abuse	Martha Hodgesmith	Northeast Kansas Case Managers Society	Topeka, KS	Nurse Case Managers	102
March 2, 1997	Medicaid and Medicare Fraud	Martha Hodgesmith	Kansas Medical Society	Dodge City, KS	Doctors, Health Care Professionals, Hospital Administrators	23
March 6, 1997	Medicaid Fraud and Abuse Division	Martha Hodgesmith	Medicare Beneficiary Advisory Committee	Kansas City, KS	Medicare Beneficiary Counselors	35
March 6, 1997	Medicaid and Medicare Fraud	Martha Hodgesmith	Kansas Medical Society	Salina, KS	Doctors, Health Care Professionals, Hospital Administrators	62
March 10, 1997	Medicaid Fraud and Abuse Division	Tricia O'Malley	American Society for Industrial Security	Topeka, KS	Society Members	18
March 13, 1997	Medicaid and Medicare Fraud	Martha Hodgesmith	Kansas Medical Society	Kansas City, KS	Doctors, Health Care Professionals, Hospital Administrators	37
April 3, 1997	Medicaid and Medicare Fraud	Martha Hodgesmith	Kansas Medical Society	Wichita, KS	Doctors, Health Care Professionals, Hospital Administrators	53

Presentations

Date of Presentation	Topic	Presenter	Sponsors	Location	Attendees	Approx. Attendance
April 17, 1997	Medicaid Fraud and Abuse Division	Martha Hodgesmith	Interhab Service Coordination Task Force	Topeka, KS	Case Managers in Community Service Organizations	55
April 25, 1997	Medicaid Fraud and Abuse Division	Martha Hodgesmith	1997 Heart of America Health Law Seminar	Kansas City, MO	Attorneys	200
May 12, 1997	Legal Issues in Health Care	Attorney General Stovall and Martha Hodgesmith	Bethal College	Newton, KS	Nursing students, students, community	150
May 21, 1997	Medicaid Fraud and Abuse Division	Curt Landis and Lou Ann Gephards (SRS)	Pediatrics Associates	Topeka, KS	Office and Nursing Staff	15
June 19, 1997	Annual Review of Criminal Law	Michael Russell	University of Missouri at Kansas City	Lenexa, KS	Attorneys	100

Appendix C

Stovall gets tough on health care fraud

Stovall honors county agency

Mistreatment charges filed against aides



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SEMINAR ON HEALTH LAW TO BE SPONSORED BY THE KANSAS BAR ASSOCIATION

1997 HEART OF AMERICA HEALTH LAW SEMINAR

Stovall gets tough on health care fraud

Attorney general cautions nursing students to keep good records

By Lisa Elliott
Newton Kansan

Kansas Attorney General Carla Stovall stressed the importance of records keeping to a group of registered nurses and Bethel College nursing students Monday night at the college.

Stovall's appearance was part of the week-long Nightingale Festival, sponsored by the Nursing Department in honor of the profession. The festival ended with Stovall's speech.

Stovall and Martha Hodgesmith, head of the Medicaid Fraud and Abuse Division of the Kansas Attorney General's office, talked about Medicaid fraud and how accurate documentation by the health care providers can help the Attorney General's office prosecute cases of fraud and abuse.

"Adequate record-keeping will save you a lifetime of hurt," Hodgesmith said. "That's essential. People who are stealing are not keeping records."

Records keeping is a part of the health care professional's job, she said. There is a two-year statute of limitations on patient neglect or abuse, Hodgesmith said. Health care professionals have a responsibility to report any signs of neglect or abuse as soon as they discover it.

"We rely on you to help us do our job," Hodgesmith said.

The mission of the Medicaid Fraud and Abuse Division is to investigate and prosecute cases of administrative fraud, or abuse and neglect of patients in the Kansas health care system, Stovall said.

"There is fraud in the Kansas health care system that needs to be ferreted out," Stovall said. "Nobody wants an elderly parent or grandparent to be mistreated because they can't take care of themselves."

Stovall said charges have been filed in two Kansas counties against health care providers who took physical or financial advantage of patients in care facilities.

The number of complaints is growing annually. In 1993, there were 293 abuse or neglect cases filed. In 1996, that number had jumped to 957 cases, she said.

"We are all patients at some point," Hodgesmith said. "It's unfortunate that people's savings were lost in the savings and loan fraud, but in health care fraud, people's lives are sacrificed."

According to a recent survey, Stovall said 93 percent of Americans believe fraud is widespread in the health care system.

"About \$100 billion is defrauded from the health care system annually," Stovall said. "That's 1.5 percent of our gross national product."

In Kansas, \$840 million is spent on health care programs, with 41 percent of that money coming from state tax dollars and the rest coming from the federal government, Stovall said. One month's worth of services is stolen annually.

"What happens if you are that person that gets sick in December?" Stovall asked. "Health care fraud is not a victimless crime. Taxpayers are victims."

Stovall highlighted two recent Medicaid fraud cases, MLC Geriatric and Caremark International. Both companies were being pursued by several states for frauding Medicaid programs and Medicare. Kansas received a portion of the settlement money from both cases.

Caremark International was prosecuted in 1995 for establishing a fraudulent network of referrals for in-home patient care.

MLC Geriatric was prosecuted in 1996 for marketing an external urine collection device for patients in hospitals and care homes. The product was a diaper with elastic sides. The owner of MLC paid less than \$1 for each one, but charged Medicaid and Medicare \$8.44.

Nurse aides charged

Attorney General Carla J. Stovall has filed criminal charges against two certified nurse aides for abuses against two Medicaid patients in two different Kansas nursing homes — one in Emporia, the other in Kansas City. The charges were filed as a result of information obtained from the Adult Care Complaint Program of the Kansas Department of Health and Environment (KDHE).

Attorney General Stovall said Susan D. Garcia of Madison, Kan., is charged in Lyon County District Court in Emporia with three counts of mistreatment of a dependent adult.

In count one of the complaint, the attorney general alleges that on May 2, 1995, Garcia took advantage of a patient at a nursing home in Emporia by assisting him in writing a check for \$25 and then cashing the check and keeping the money for herself.

Count two alleges that on July 20, 1995, Garcia did the same thing with a check for \$100. Count three alleges that on Aug. 7, 1995, Garcia committed the same crime also with a check for \$100. Mistreatment of a dependent adult is a class A person misdemeanor.

Garcia was arrested on April 30, 1997 and booked into the Lyon County jail. She was released on a

\$2,000 bond. Her first appearance in Lyon County District court is scheduled for May 14, 1997.

Another nurse aide, Shirley L. Whitaker of Kansas City, Kan., is charged with one count of battery. The Attorney General alleges that Whitaker struck a patient in her care at a nursing home in Kansas City on June 19, 1996. The penalty for this crime is a class B person misdemeanor.

Whitaker was arrested on May 1, 1997 and booked into the Wyandotte County Detention Center. She was released on a \$1,000 bond.

Her first court appearance is scheduled for May 13, 1997.

KDHE is the state agency responsible for investigating abuse in nursing homes and other facilities which it licenses. Investigators and attorneys from Attorney General Stovall's Medicaid Fraud and Abuse Division are responsible for determining whether criminal acts of abuse, neglect, or exploitation by Medicaid providers have occurred in the cases reported to KDHE.

Assistant Attorney General Michael Russell, who formerly worked in the Wyandotte County District Attorney's office, is prosecuting the cases on behalf of the attorney general.

Former worker at nursing home accused of theft

The Kansas Attorney General's office has charged a Madison, woman with using her 1995 job at an Emporia nursing home to obtain cash by deception from an elderly resident.

Susan D. Garcia, 24, Madison, faces three misdemeanor counts, alleging that she deceived a man in his 90s into writing three checks totaling \$225, Lyon County District Court documents state. The resident of Meadowview Care Home, 315 South Commercial St., trusted Garcia because she was activities director until she left the job in August, 1995.

Assistant Kansas Attorney General Michael Russell filed charges on Friday, and the document was unsealed on Wednesday. Garcia was supposed to assist an elderly man, who was nearly blind, in writing checks for his personal needs. The man wrote the checks to obtain cash and snacks, but "Garcia then completed the rest of the check, including making it payable to herself," documents state.

She then cashed the checks and kept the money. The office of Kansas Attorney General Carla Stovall is prosecuting the case because the Lyon County Attorney's Office seeks to avoid a potential conflict of interest, said a court spokeswoman.

Mistreatment charges filed against aides

TOPEKA — Kansas Attorney Gen. Carla Stovall has filed criminal charges against two certified nurses aides for abuses against two Medicaid patients in two different Kansas nursing homes — one in Emporia, the other in Kansas City. The charges were filed as a result of information obtained from the Adult Care Complaint Program of the Kansas Department of Health and Environment.

Stovall said Susan D. Garcia of Madison, Kan. was charged in Lyon County District Court in Emporia with three counts of mistreatment of a dependent adult. In count one of the complaint, Stovall alleges that that on May 2, 1995, Garcia took advantage of a patient at a nursing home in Emporia by assisting him in writing a check for \$25 and then cashing the check and keeping the money for herself. Count two alleges that on July 20, 1995, she did the same thing with a check for \$100. Count three alleges that on Aug. 7, 1995, Garcia committed the same crime also with a check for \$100. Mistreatment of a dependent adult is a class A person misdemeanor.

Garcia was arrested on April 30, 1997 and booked into the Lyon County Jail. Her next court appearance is scheduled for May 14.

Another nurses aide, Shirley I. Whitaker of Kansas City, Kan. is charged with one count of battery. Stovall alleges that Whitaker struck a patient in her care at a nursing home in Kansas City, Kan. on June 19, 1996. The penalty for this crime is a class B person misdemeanor.

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KDHE is the state agency responsible for investigating abuse in nursing homes and other facilities which it licenses. Investigators and attorneys from Stovall's Medicaid Fraud and Abuse Division are responsible for determining whether criminal acts of abuse, neglect or exploitation by Medicaid providers have occurred in the cases reported to KDHE.

Hearing slated in patient abuse case

A 22-year-old Lawrence woman accused of abusing a patient at an area nursing home is scheduled for a preliminary hearing.

On June 24, a Douglas County District Court judge will decide whether enough evidence exists to order Angela M. Branson to stand trial on the felony count of mistreatment of a dependent adult.

The Kansas attorney general's office will handle the court proceedings.

Certain information, such as the victim's age and gender and the name of the nursing home, remains unreported. However, the Medicaid Fraud and Abuse Division of the attorney general's office has indicated Branson on July 14, 1996, inflicted unreasonable confinement on the victim.

Branson was out of Douglas County Jail on \$4,500 bond.

Older American's Month Celebrated

Fourteen percent of Kansas population is 65-years old or older. That's more than 340,000 loved ones, friends and relatives who may be dependent on someone else for their care and survival.

In 1985, Kansas lawmakers passed their first law protecting adults living in communities, assisted living and long-term care facilities against abuse, neglect and exploitation. According to figures provided by the Kansas Department of Social and Rehabilitation Services, reports of adult abuse, neglect and exploitation, to many of these 340,000 older Kansans, has increased 29% since the law's passage.

The most recent national numbers, as released by the National Center on Elder Abuse, estimate 818,000 elderly Americans were victims of Elder Abuse during 1994. That's an 11% increase from three years earlier.

Elder Abuse consists of physical abuse, sexual abuse, emotion/psychological abuse, financial exploitation, neglect or self-neglect, and can show up in a number of ways. Mistreatment normally comes from someone who has a close relationship with the older

person, such as a spouse, friend or other caregiver.

Today, we hear more about child or domestic abuse affecting younger citizens than we do about elder abuse. Fortunately, organizations including the Kansas Association of Area Agencies on Aging, the Kansas Department on Aging, the Kansas Attorney General's Office, and the Kansas Department of Social and Rehabilitation Services work together to increase the awareness of Kansas citizens about this "hidden horror."

The Kansas Department of Social and Rehabilitation Services and the Kansas Department of Health and Environment are available to take reports of abuse, neglect or financial exploitation. The Kansas Department on Aging, the Kansas Attorney General's Office, the Kansas Insurance Commissioner, and the 11 different Area Agencies on Aging have information to inform concerned citizens about elder abuse. Contact one of these departments or agencies if you suspect elder abuse, or would like to learn more.

Written by Linda Harvey, Elder Abuse Awareness Coordinator (913) 228-9873.

Stovall honors county agency

Attorney General Carla Stovall recognized artists and staff of the Johnson County Developmental Supports who have provided art work for the offices of the Attorney General's Medicaid Fraud and Abuse Division.

The recognition took place on Friday at the Jayhawk Tower in Topeka.

In an effort to showcase the skills and capabilities for persons who benefit from services provided by the Medicaid program, Stovall's Medicaid Fraud and Abuse Division provides exhibit space for the art of persons with disabilities. The first exhibit of such art began in December 1995 with the work of artists receiving services from Johnson County Developmental Services. The exhibit ends at the end of June. Future exhibits will feature artists from programs across the state.

The Johnson County Developmental Supports provides support for people with mental retardation and their families from Johnson County. The program currently serves more than 650 men, women and children with mental retardation and other developmental disabilities. Since the early 1990s, men and women in the program's Adult Life Skills program have been creating original pieces of art for sale.

Stovall commended the artists for their work at Friday's reception at the Medicaid Fraud and Abuse Division Office. The artists and their families, as well as members of the Johnson County Developmental Supports staff were present.

Attorney General to speak

Kansas Attorney General Carla Stovall will speak about current legal issues in the health care field in a lecture at Bethel College. The presentation, which will allow qualifying nurses to receive two hours of continuing college credit, is scheduled from 7 to 9 p.m. on Monday in Memorial Hall on Bethel's campus.

In addition to Stovall, Martha Hodgesmith, executive director of Medicaid Fraud, and Maria Myers, a registered nurse and employee of the Medicaid Fraud Division, also will be speaking.

The seminar will cover several topics including how to identify major legal issues of health care, how these issues impact the practice of nursing care, and common Medicare fraud practices and their impact on health care costs.

Nurses interested in receiving college credit will be charged \$15. The public is also invited to attend and general admission is \$5. For more information call Nancy Shear in the nursing department at 316-284-5308.

**SEMINAR ON HEALTH LAW TO BE
SPONSORED BY THE KANSAS BAR
ASSOCIATION**

The Kansas Bar Association and the Kansas Hospital Attorneys will co-sponsor "Kansas Health Law Conference", Friday, May 17. Attorneys attending the seminar will be eligible for six hours of continuing legal education (CLE) including one hour ethics credit. Topics covered in this seminar will be: computer networks and health care integration; health care fraud and abuse; state and local planning for hospital and other health care facilities; ethics; and the criminalization of negligence. Faculty for the seminar includes Chicago lawyer, Adele A. Waller, Gardner, Carton & Douglas; Martha J. Hodgesmith, Deputy Attorney General/Director of Medicaid Fraud and Abuse Division of Kansas Attorney General's Office, Topeka; Tanya J. Treadway, Assistant U.S. Attorney, Kansas City; Linda A. Terrill, Neill, Scott, Terrill and Embree, L.L.C., Lenexa; Moderator, Roberta R. Johnson, Associate General Counsel, Via Christi Regional Medical Center, Wichita; Lori M. Callahan, Kansas Medical Mutual Insurance Company, Topeka; Patricia M. Dengler, Brown, Dengler, Good & Rider, L.C., Wichita; John H. Gibson, Boyer, Donaldson & Stewart, Wichita; Marta Fisher Linenberger, Goodell, Stratton, Edmonds & Palmer, Topeka; and Leslie F. Hulnick, The Law Offices of Leslie F. Hulnick, P.A., Wichita.

The program will be held at the Wichita Marriott, 9100 Corporate Hills Drive in Wichita. Registration begins at 8:30 a.m. and the program is scheduled 9:00 a.m. to 3:50 p.m. The seminar is open to the public. A fee is required. For complete information contact the Kansas Bar Association in Topeka at 913-234-5696. The Kansas Bar Association is a non-profit professional organization of 6,000 members. Its primary purposes are professional development, improvement of the justice system, and the provision of legal information to the public.

1997 HEART OF AMERICA HEALTH LAW SEMINAR

April 7, 1997...The "1997 Heart of America Health Law Seminar Legal Strategies for Structuring an Integrated Delivery System" will be cooperatively sponsored by the Greater KC Society of Hospital Attorneys, Kansas Association of Hospital Attorneys, Kansas Bar Association, Kansas City Metropolitan Bar Association, Kansas Hospital Association, Lawyers Association of Kansas City, The Missouri Bar, Missouri Hospital Association and the Missouri Society of Hospital Attorneys at the BTA Conference Center in Kansas City, Missouri on April 25, 1997. The seminar is accredited for seven hours of continuing legal education (CLE) credit Missouri and Kansas. The seminar topics include: setting the stage for addressing the legal implications of the health care delivery system, introduction of case study facts; developing integrated delivery systems- market evolution indicators; what's ahead for the health care attorney and health care provider; employer strategies and objectives-forming employer driven managed care systems; insurance company strategies and objectives- controlling the health care dollar; physician strategies and objectives- developing physician provider networks; positioning the rural hospital- legal strategies and objectives; financial issues affecting the integrated delivery systems; major health care systems legal- strategies and objectives for developing emerging integrated delivery systems, and a panel of state and federal regulator agency representatives and the case study issue analysis.

Faculty members include: Randal L. Schultz, Esq., Seminar Planning Committee Chair, Shughart, Thomson & Kilroy, P.C., Kansas City, Mo.; William J. DeMarco, DeMarco & Associates, Inc., Rockford, Ill.; Cathy Meckes, Tri-State Health care Coalition, Quincy, Ill.; Tom Kelly, CEO Mercy Plans, St. Louis, Mo; William Soper, M.D., Liberty Clinic, Liberty Mo.; Jay M. Howard, Esq., Seminar Planning Committee, Shook, Hardy & Bacon, L.L.P., Kansas City, Mo.; Joseph F. Abrutz, Jr., Cameron Community Hospital, Cameron, Mo.; Gerald M. Sill, General Counsel, Missouri Hospital Association, Jefferson City, Mo.; Chuck Wells, Baird, Kurtz & Dobson, Kansas City, Mo.; Jill R. Hummel, Esq., Greensfelder, Hemker & Gale, P.C., St. Louis, Mo.; Tom O'Donnell, Esq., Seminar Planning Committee Co-Chair, Polsinelli, White, Vardeman & Shalton, P.C., Kansas City, Mo.; Jay Angoff, Esq., Missouri Department of Insurance, Jefferson City, Mo.; Martha J. Hodgesmith, Esq., Deputy Attorney General/Director of Medicaid Fraud and Abuse Division, Kansas Attorney General's Office, Topeka; Penny Newman, Esq., Assistant Attorney General, Missouri Attorney General Office, Kansas City, Mo.; Tanya J. Treadway, Esq., Assistant U.S. Attorney, Kansas City, Ks.

The program will be held at the BTA Conference Center in Kansas City, Mo. on April 25, 1997. Registration begins at 8:15 a.m. and the program is scheduled from 8:45 a.m. to 4:30 p.m. The seminar is open to the public. A fee is required. For complete information contact the Kansas Bar Association in Topeka at 913-234-5696.

The Kansas Bar Association is a non-profit professional organization of 6,500 members. Its primary purposes are professional development, improvement of the justice system, and the provision of legal information to the public.

Appendix D

Office of Attorney General
Division of Medicaid Fraud and Abuse

Report of Expenditures for the period of July 1, 1996 thru June 30, 1997

Salaries		\$368,671
Payroll and Fringe Benefits		60,889
Travel		20,619
Equipment		52,218
Supplies		
Office Supplies	\$9,180	
Postage and Freight	463	
Printing & Advertising	759	
One-time Items	6,142	
Total Supplies		<u>16,544</u>
Contractual Services		
Rents - Office Space	\$33,538	
Rents - Leased Automobiles	\$7,631	
Copier Lease & Maintenance	3,168	
Security System	495	
Communication (Telephone & Computer)	12,903	
Total Contractual Services		<u>57,735</u>
Other Expenditures		
Legal and Reference Materials	\$2,532	
Membership Fees	3,370	
Registration Fees	5,288	
Witness and Consulting Cost	4,092	
Miscellaneous	1,635	
		<u>16,917</u>
Total Expenditures		<u>\$593,593</u>

