

# OFFICE OF THE ATTORNEY GENERAL

## MEDICAID FRAUD CONTROL UNIT TAMPA BUREAU



### CLOSING REPORT

OF

*Corrections Corporation of America*

**CASE # 25-03-02-0008**

**DATE: 12/23/2005**

Prepared By: Rebecca Nichols

Investigator

Reviewed By: E. P. Michel

Lieutenant

Reviewed By: Patrick J. Niemann

Captain

Approved By: Scott A. Fann

Regional Chief

**STATE OF FLORIDA**  
**OFFICE OF THE ATTORNEY GENERAL**  
**MEDICAID FRAUD CONTROL UNIT**

**Investigative Summary Report**

**Date 12/23/2005**

**I. SUBJECTS:**

1. Name:	Corrections Corporation of America
FEI Number:	621763875
Address:	10 Burton Hills Boulevard Nashville, TN 37215
Telephone Number:	615-263-3000 or 1-800-624-2931
Medicaid Provider Number:	N/A

**II. VICTIM:**

State of Florida - Medicaid Program

**III. SYNOPSIS:**

This investigation was opened to determine whether any laws pertaining to Medicaid fraud were violated. The investigation was opened on 05/02/03 and assigned case number 25-03-02-0008. The investigation covered the time period of 01/01/2000 through 05/30/2004. The investigation was predicated from an ongoing investigation into Wellcare Health Plan. The investigation revealed Corrections Corporation of America did submit claims to the State of Florida Medicaid program in violation of the Florida False Claims Act, §§ 68.081-.09, Florida Statutes.

**IV. STATEMENT OF VIOLATIONS:**

Florida False Claims Act, §§ 68.081-.09, Florida Statutes.

**V. DETAILS OF INVESTIGATION:**

Corrections Corporation of America contracts with state, county, and local governments across Florida to operate county jails and state prisons and to provide health care services to the inmates of those prisons and jails. CCA contracts with Citrus and Bay Counties in Florida, and we found Medicaid payments for which CCA is responsible in both counties. CCA is a publicly traded company on the New York Stock Exchange. CCA is the nation's largest owner and operator of privatized correctional and detention facilities and one of the largest prison operators in the United States.

If an inmate needs health care that cannot be provided in the correctional facility, CCA sends the inmate to an outside provider for that care. CCA is also responsible for paying for that care in most instances. Medicaid benefits are not available to pay for medical care rendered to inmates. Subparagraph (A) following section 1905(a)(27) of the Social Security Act provides that "the term "

medical assistance' means payment of part or all of the cost" of certain care and services except "any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution)." See 42 U.S.C. § 1396d(a). The relevant federal regulations mirror the federal statute. See 42 C.F.R. § 435.1008. An "inmate of a public institution" is defined in the federal regulations as a person who is living in a public institution." "Public institution" is defined as an institution that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control. See 42 C.F.R. § 435.1009. Consistent with the federal limitations on FFP, Florida's State Medicaid Plan provides that Medicaid is not available as a payment source for outpatient medical services provided to inmates of public institutions. See Florida Medicaid State Plan at Attachment 2.6-A, at ¶ A.5.a. State and local correctional facilities fall within the definition of "public institution."

The investigation revealed that CCA routinely directed or otherwise caused outside medical providers to bill Medicaid for that care in violation of Florida and federal law.

During the period January 1, 2000, through May 30, 2004, CCA employees instructed outside providers, both verbally and in writing, to bill Medicaid for inmate care before submitting a bill to CCA. When an inmate was sent to an outside provider for care, CCA oftentimes sent along a form titled "Consultation/Emergency Room Referral," which contained personal and medical information pertaining to the inmate. The form also contained a section titled "Financial Responsibility." In that section, CCA occasionally wrote "Medicaid" (sometimes using the abbreviation "MA"), "CCA if Medicaid denied," or "patient." Most frequently, CCA left the "Financial Responsibility" portion blank.

CCA also often required inmates or their families to bring prescribed drugs and other medical supplies into the facilities to be dispensed to the inmates. Many of the drugs and medical supplies were paid for by Medicaid. CCA required inmates sign a form acknowledging that they had a "responsibility" to provide medications for all "pre-existing illnesses," and CCA sometimes instructed inmates' families or instructed inmates to tell their families to go to outside pharmacies to buy prescription medications needed by the inmates. Family members often complied and used the inmate's Medicaid benefits to pay for the prescriptions.

To determine the universe of claims CCA was potentially liable for, we collected all the incarceration data from the jails where CCA had contracts and compared that to Medicaid claims for inmates who were incarcerated on the date of service. We identified \$141,742.73 in Medicaid claims that CCA was liable for during the period 01/01/2000 through 05/30/2004.

## **VI. CONCLUSION/RECOMMENDATION:**

A civil settlement agreement was made with Corrections Corporation of America. A settlement check was received in the amount of \$298,115.00. The amount included the overpayment to AHCA \$141,742.73, cost of investigation to MFCU \$14,629.54, and the penalty to MFCU \$141,742.73. I recommend this case be closed.