

The Arc of Anchorage to pay state \$2.2M in Medicaid settlement

Tuesday, April 24th 2018, 7:12 am AKDT by Chris Klint

Updated:

Tuesday, April 24th 2018, 2:29 pm AKDT

An Anchorage nonprofit group has agreed to pay more than \$2 million to the State of Alaska, settling accusations that it had falsely billed services to the state's Medicaid program.

The Arc of Anchorage will pay the Alaska Medicaid Program just under \$2.3 million over alleged violations of the Federal False Claims Act, according to a statement from the Alaska Department of Law. The state Medicaid Fraud Control Unit had investigated the Arc, a chapter of the Arc of the United States which provides services to people with intellectual or developmental disabilities.

"The State contends the Arc submitted or authorized the submission of false claims to the Alaska Medicaid Program," prosecutors wrote. "Specifically, the State contends the Arc billed for services not provided, and billed for overlapping services with the same provider. The State further contends that the Arc failed to repay money owed to the Medicaid Program identified in audits performed by the Arc."

The penalty covers nearly \$1.15 million in state overpayments to the Arc spanning from 2012 to 2016, doubled under the terms of the agreement.

In addition, the Arc of Anchorage will participate in a five-year corporate integrity agreement with the federal Department of Health and Human Services' Office of Inspector General, following "specific terms set by OIG that guarantee there will be no waste, fraud, and abuse in the future."

On Tuesday, state Attorney General Jahna Lindemuth praised the terms of the settlement.

"The goal of this resolution was to make the Alaska Medicaid Program whole, keep the Arc in business, and send a strong message of deterrence to other providers. I believe

the agreement accomplishes these goals," Lindemuth said in the statement. "This is a good course of action for the State of Alaska as it will immediately resolve the issues with the Arc without having to go through prolonged litigation."

Assistant Attorney General Paul Miovas, with the state Office of Special Prosecutions, said in an email Tuesday that the organization had been "cooperative throughout the process," after the state was alerted to the billing irregularities in March 2016 by an executive who had formerly worked at The Arc of Anchorage. The overbilled expenses included group home work as well as day habilitation, in-home support and supported employment services at various locations.

"From the state's investigation, it appears as though the billing irregularities were likely a result of the lack of necessary training, education and experience concerning the appropriate coding and billing procedures for the services that were being performed," Miovas wrote. "The only troubling aspect of the situation was that Medicaid providers such as the Arc are required to affirmatively self-report and arrange for repayment to the state when overpayments are discovered, but in this situation, the organization did not self-correct the overpayments until the investigation was initiated."

Wes Clubb, president of The Arc of Anchorage's board of directors, said in a statement Tuesday afternoon that the settlement brings a difficult chapter for the organization to a close.

"The board was fully informed about this issue and it has been a trying time, but we have confidence that our current leadership has initiated needed reforms," Clubb said. "The board and management are working as a team to preserve and protect the mission of The Arc."

Shannon Ballard contributed information to this story.

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