

Calif. taxpayer-funded drug rehab under scrutiny

By Christina Jewett and Will Evans, Center for Investigative Journalism

SACRAMENTO -- California lawmakers ordered an audit this week to examine the extent of fraud in the state's taxpayer-funded drug rehabilitation program and to assess why measures weren't taken to stop it sooner.

The review was spurred by Rehab Racket, a yearlong investigation by the Center for Investigative Reporting and CNN that found widespread forgery and fabrication at alcohol and drug counseling clinics, as well as wide gaps in state and county oversight.

Sen. Ted Lieu, a Los Angeles County Democrat, and Assemblyman Adam Gray, chairman of the Joint Legislative Audit Committee and a Merced Democrat, jointly called for the review of the Medi-Cal-funded program for the poor.

"Ineffective oversight and fraud in the system siphons funds away from legitimate clinics, wastes taxpayer dollars and undercuts the public support for the program," Lieu told the Joint Legislative Audit Committee.

The audit is launching days after the Los Angeles County Board of Supervisors unanimously approved its own independent review of the troubled program. That review is expected to probe what powers the county has to sanction and shut down errant clinics, since counties control the clinics' funding.

The state Department of Health Care Services and Department of Justice also are pursuing investigations into dozens of rehab clinics that have been suspended temporarily.

The statewide crackdown spurred by journalists' inquiries has resulted in 43 suspension letters mailed to 116 drug rehabilitation centers, which include headquarters offices and satellite offices, said Norman Williams, spokesman for the Department of Health Care Services.

The closures have hit a growing number of clinics featured in the CIR/CNN reports.

A week before the investigation's publication and airing, authorities quickly suspended operations at Able Family Support, a San Fernando Valley clinic operated by a man with an organized crime conviction that should have disqualified him from running a Medi-Cal clinic.

Another Los Angeles County clinic, Basen Inc., ceased operations this month, according to a former staff member as well as a man who answered Executive Director Bassey Enun-Abara's phone. Former client Vredette Hawkins described the center as a chaotic place where clients were paid \$5 to show up. Enun-Abara denied the claim in a June interview.

Earlier this month, Los Angeles authorities also terminated their contract with Pride Health Services, a clinic that former employees said billed for "ghost clients" who didn't show up for treatment.

The contract was cut based on the findings of a June Los Angeles County investigation described in the original CIR/CNN report. An anonymous complaint alleged, in part, that the firm billed for sham clients and services offered on Wednesdays, even though no services were offered that day.

Reporters confirmed in April that Pride did not see clients on Wednesdays during an interview with a receptionist captured on a hidden camera. When the clinic sent its billing to the county several weeks later, it billed for dozens of in-person therapy sessions that day.

County authorities did not find evidence to support the anonymous complaint, after talking to facility staff in May and June. However, days after the Rehab Racket series aired, the county moved on Aug. 2 to cut the contract based on other "serious deficiencies" identified in the June review. The termination notice cited the auditors' discovery of blank medical forms signed by the clinic doctor.

Stephanie Jackson Parnell, a former employee who had filed another complaint about ghost billing at the clinic in 2009, said she was glad to see Medi-Cal funding cut off for Pride's executive director, Godfrey Nwogene. "That's what he gets," she said.

Nwogene could not be reached at his clinic this week and has not responded to repeated requests for comment.

Following today's committee approval, the Bureau of State Audits will review conduct at Pride and clinics like it at an estimated cost of \$316,720.

State Auditor Elaine Howle said auditors will scrutinize clinics in Los Angeles and two other counties to determine the extent of fraudulent activity in the last five years.

"And if the corrective action has not been taken, why is that, what are the reasons that ... the state and or the county has for not taking action," Howle said.

Top audits and investigations staff from the state's Medi-Cal agency, the Department of Health Care Services, have been briefed on fraud in the rehab program for at least five years, the CIR/CNN investigation found.

Still, the state department did not begin a review of Drug Medi-Cal until mid-2012, when it gained full authority over the program, said Karen Johnson, the department's chief deputy director. That also was when CIR began filing Public Records Act requests related to the program.

Johnson said authorities welcome the review and plan to cooperate.

“We consider this audit to be an opportunity for us to gain more information about the program’s administration and to hear recommendations for improving it,” she told lawmakers.

The call for the seven-month state review follows the Los Angeles County Board of Supervisors’ unanimous request for a 30-day review of the rehabilitation program.

Supervisor Zev Yaroslavsky asked for a county auditor-controller review of Drug Medi-Cal oversight, noting that responsibilities have been “unclear, overly complex, and have continually shifted.”

He also called on the county Department of Public Health to develop a way to rate the severity of problems found during routine clinic reviews and to report significant findings to top management and supervisors.

“How can we do better?” Yaroslavsky said in an interview. “Because it has implications for not only this program, but the other programs we fund.”

Soon after the Los Angeles County review is expected to be completed, state lawmakers are scheduled to take up the matter again during a Sept. 26 Assembly Health Committee hearing.