

Calif. is still cleaning up drug rehab system

By Christina Jewett, Reveal

California prosecutors are brokering plea deals in more than 11 criminal cases as health leaders overhaul the state's drug rehabilitation care more than two years after a Center for Investigative Reporting and CNN investigation into the system in Southern California.

Rehab Racket found that drug rehab counselors fabricated accounts of therapy sessions and diagnosed teens with addictions they didn't have. Rehab operators bribed vulnerable people with cash and cigarettes to attend taxpayer-funded drug rehabilitation sessions.

The Center for Investigative Reporting teamed with CNN to expose fraud in California's taxpayer-funded drug and alcohol counseling program.

Top state officials repeatedly declined to grant an interview over the findings. But after weeks of requests, the Department of Health Care Services jumped into action. Authorities dispatched audit "strike teams" to Drug Medi-Cal rehabilitation facilities throughout California and eventually cut off funding to more than 200 clinic sites. Auditors forwarded their findings to the state Department of Justice, leading to 11 people being charged and nine convicted.

One doctor who was a focus of the series is still fighting for his right to continue billing the Medi-Cal program. Howard Oliver oversaw care at 19 Los Angeles-area drug rehab clinics – often without seeing clients in person. After the news series, the state began a long process to ban Oliver, which the doctor is appealing.

Additionally, authorities in Southern California have begun putting promised changes in place to overhaul their systems for providing drug rehabilitation for the needy. In August, federal officials approved the five-year statewide pilot project – which already has taken effect in the Bay Area.

Richard Rawson, co-director of the UCLA Integrated Substance Abuse Programs, said that in 2007, his team wrote the basics for the plan, which provides a wide range of evidence-based services for recovering addicts.

Physician Howard Oliver was featured in the original Rehab Racket investigation. Since it aired, the state has banned him from billing the Medi-Cal program. Credit: CNN

Rawson credits the CIR/CNN series – as well as new options to revamp substance abuse care under President Obama's health care law – with getting the new plan set for implementation in the coming months.

“(Rehab Racket) was kind of like a slap across the face ... which meant that Sacramento couldn't go on ignoring this,” Rawson said last week. “It has resulted in them putting together what I think is a really good plan.”

Under the new system, clients will have access to intervention services built into primary health care, up to 90 days of residential care, specialized drug withdrawal treatment and doctor consultations.

The system is being implemented now in Southern California and will be launched in participating counties throughout the state. It will have several layers of accountability reviews on the state and county levels, said Marlies Perez, deputy director of the Department of Health Care Services' Substance Use Disorder Compliance Division.

“We want to be sure it's done right,” she said. “We learned a lot here in California and want to make sure we have taken

those lessons and built the best system for our beneficiaries.”

The Rehab Racket series focused on several service providers who were arrested shortly before or after the stories ran. They include George Ilouno, who collected more than \$1 million in Medi-Cal payments even though he was banned from billing the program. Clients at Ilouno’s Long Beach rehab center said they were paid to show up, and counselors said they were urged to forge therapy notes.

Federal authorities also arrested the medical director and 19 staff members of Atlantic Recovery Services, alleging that they perpetrated a \$50 million fraud by falsely diagnosing teens with addictions or documenting services that weren’t provided.

A second wave of state Department of Justice arrests began in January and continued through June. During that time, authorities charged 11 people with participating in scams to bilk California’s drug rehabilitation system.

The recent arrests include the proprietors of Able Family Support, a rehab center that claimed to see 179 clients on a day in April 2013 when CIR and CNN reporters were counting clients entering the building. The total counted: no more than 30.

The news reports featured an interview with Able Family’s executive director Alexander Ferdman, who was one of two program leaders charged in January with grand theft, identity theft and presenting false Medi-Cal and insurance claims. He pleaded guilty to grand theft in September and was sentenced to five years’ probation. Ferdman did not return a call to his cellphone seeking comment.

In June, the former operator and medical director of Southland Outpatient Recovery were charged with grand theft, insurance fraud and Medi-Cal fraud. Court records say the state’s audit

team found that bills for rehab were submitted in the names of children who had no addictions. One young woman told investigators that she attended four sessions at the center, but 53 sessions were billed in her name.

Alexander Ferdman pleaded guilty to grand theft in September after The Center for Investigative Reporting and CNN exposed billing inconsistencies at his Panorama City drug rehabilitation clinic. Credit: CNN

Southland's operator, Sunday Okoro, and its medical director, Dr. Marvin White Jr., are accused of collecting \$1.4 million in unearned government payments. They have pleaded not guilty. Okoro did not respond to calls for comment, and White referred to his attorney, who declined to comment.

Oliver, the doctor who was the focus of the CIR and CNN coverage, is waiting to find out if he will be banned from billing the Medi-Cal program statewide.

CIR and CNN examined Oliver's track record, noting that he held a leadership role at 19 Drug Medi-Cal counseling sites. In an interview with CIR, he conceded that he signed paperwork for rehab clients without meeting them and may have signed off on sham cases. His job, he maintained, was not to be a policeman.

State officials took a closer look at Oliver, records show. After reviewing the files of 30 of his rehab clients, the state filed an accusation seeking the ban in January 2014. The 10 counts against Oliver included failure to provide medical direction, false establishment of medical necessity for rehab services and substandard services.

Oliver fought the case at a June 2014 administrative hearing. An administrative law judge affirmed nine out of the 10 counts against Oliver, saying each was grounds for indefinite suspension from the Medi-Cal program. The judge concluded that Oliver was "rubber stamping" paperwork without making

thoughtful medical judgments.

Oliver said in an interview Nov. 2 that the state's case against him was unfair and an example of bullying by the government. He said the state's experts were not familiar with the Drug Medi-Cal program.

"They didn't have any experts whatsoever," he said. "They called them that. I can call myself an astronaut, too."

Oliver appealed the administrative court decision, telling Sacramento County Superior Court that he was "wrongly suspended" in a case rife with procedural errors. Last month, the judge filed a tentative ruling reversing some of the administrative law judge's findings related to Oliver's client-assessment practices.

The judge is expected to finalize his decision by January. For now, Oliver remains suspended from billing the Medi-Cal program.