New Mexico Insurance Fraud Bureau

ANNUAL REPORT
2007

Case Statistics 2007

New Cases Open: 306
2007 Cases Closed: 241
2007 Cases Active: 65

Prosecution Highlights

Joint Effort Results in Twelve Year Exposure
For Medicaid and Insurance Fraud
Albuquerque Mental Health Service Provider Accused of Filing False Claims

(Albuquerque, NM)—Attorney General Gary K. King and Public Regulation Commission Superintendent of Insurance Mo Chavez announced today that Valerie Kovach (aka: Potter), business manager/director of Albuquerque-based New Life Counseling has pled to 33 crimes of Medicaid and Insurance Fraud and is facing twelve years (12) years of prison time. Sentencing has been scheduled for September 21, 2007. As part of the plea, she has agreed to pay a total of $43,895.40 in restitution. This brings a conclusion to the first jointly prosecuted case by the Attorney General’s Medicaid Fraud Control Unit (MFCU) and the New Mexico Insurance Fraud Bureau (IFB).

Attorney General King said, “I commend my Medicaid Fraud Division and the New Mexico Insurance Fraud Bureau for accomplishing one of my major goals, which is to protect the New Mexicans who depend on Medicaid for their healthcare services and who pay their health care insurance premiums. I believe this is first time we have obtained a conviction to a second degree felony Medicaid Fraud charge.”

Superintendent Chavez stated, “I congratulate our two divisions as well as all of the other cooperative agencies and private insurance companies on a job well-done. Health care fraud constitutes a major portion of insurance fraud and contributes to the rising cost of health care. This conviction goes towards our fight to reduce rising health care costs. Such corroborative efforts are the only way to obtain such a resounding result.”
The three-year investigation was a combined effort of governmental agencies and private insurance companies in a health care fraud working group. The investigation was led by the MFCU with the IFB and FBI, joined by Blue Cross/Blue Shield, Molina (formerly Cimarron), Lovelace, and Presbyterian. This case has been diligently prosecuted for the past two years by Marianne Woodard of the AG’s office and by Phyllis H. Bowman of the NM IFB.

The charges to which Kovach is convicted of included allegations that between November 2002 and December 2003, she submitted false claims by billing under the names of counselors who were no longer associated with New Life. She also violated state regulations governing licensed counselors, circumvented the credentialing process under Medicaid Salud and private insurance provider subcontracts and used licensed counselors’ names without their authorization. Finally, she billed for services of unlicensed therapists or therapists who were not supervised in accordance with the requirements of state regulations.

The plea includes the following charges:

- 15 counts of Presenting a False Claim for Medicaid Services;
- 15 counts of False Insurance Application, Claim or Proof of Loss;
- 2 counts of Fraud less than $100 (each a petty misdemeanor, subject to up to 6 months imprisonment and a $100 fine); and
- 1 count of Medicaid Fraud-Plan to Defraud.

Highlights of Investigative Activities:

- Insurance Fraud Bureau agents continue the investigation of a homicide and 5 fraudulent claims filed against the victim's insurance policies. The investigation is being coordinated with state and local police agencies.

- Insurance Fraud Bureau agents have submitted for prosecution, the case of an Albuquerque South Valley insurance agent for financial misconduct.

- Investigation continues of an embezzlement of over $300,000 from a major domestic insurance company.

- Investigation continues into the case of an insurance agent that has been selling health policies to fictitious clients.

- Surety Bonding Investigation. The Bureau assisted Florida authorities in the investigation of a surety bond business whose principal was charged in Florida with swindle and racketeering. Investigation by Insurance Fraud Bureau Agents continues in New Mexico.
Training Activities for Insurance Fraud Bureau Staff:

Insurance Fraud Bureau staff attended law enforcement training courses and insurance fraud related seminars including:

- National Insurance Crime Bureau MEGA Special Investigations Academy
- District Attorney’s Annual Spring Training Conference
- NM Department of Public Safety - Reid Interview and Interrogations Training
- Criminal Justice Training Authority – Contemporary Issues in Internal Affairs
- Firearms Training
- Public Contracts and Procurement Regulation in New Mexico
- New Mexico Chapter of International Association of Arson Investigators Training Seminar
- New Mexico Department of Public Safety NCIC Training
- New Mexico Department of Public Safety NCIC Terminal Agency Coordinator Training
- Firearms and Force on Force Training
- Arson Investigators Training Seminar
- Annual Conference of NM Association of Chief of Police
- Ethics and Professionalism for the Prosecutor
- International Association of Special Investigation Units Annual Seminar and Expo on Insurance Fraud
- Annual National Insurance Fraud Directors Conference

Coordination Activities:

New Mexico Insurance Fraud Bureau staff are active members of the New Mexico Chapter of the International Association of Special Investigation Units. The Organization meets bi-monthly and is dedicated to:

- Promoting a coordinated effort within the industry to combat insurance fraud;
- Providing education and training for insurance investigator;
- Developing greater awareness of the insurance fraud problem;
- Encouraging high professional standards of conduct among insurance investigators;
- Supporting legislation that acts as a deterrent to the crime of insurance fraud.

The New Mexico Insurance Fraud Bureau has established and presides over the bi-monthly meeting of the League of Health Care Justice. The League membership is comprised of representatives of: Private/Commercial Health Care providers, Medicaid, Medicare, State Medical and Licensing Boards, Internal Revenue Service, Federal Bureau of Investigation, Human Services Department, New Mexico Attorney General’s Office, New Mexico Taxation and Revenue Department, and The New Mexico Workers Compensation Administration. The League’s mission is to improve the coordination of detection, investigation, prosecution and prevention of health care fraud in New Mexico.