

DMAS AND MFCU HEIGHTEN SCRUTINY OF COMMUNITY STABILIZATION AND MENTAL HEALTH SERVICES

September 15, 2022

The Department of Medical Assistance Services (“DMAS”) has been increasing support for community related mental health services by launching initiatives like BRAVO (Behavioral Health Redesign for Access, Value and Outcomes). One service, community stabilization, is meant to help those suffering from a behavioral health crisis transition either to a lower-level service that is not immediately available or diversion to a higher level of care. Unfortunately, these needed services are now [getting attention](#) for the wrong reasons, including allegations of improper billing. Service utilization is under heightened scrutiny after an audit of the Virginia Medicaid community stabilization program for state fiscal year 2021-2022 revealed a stark difference in the budget for the service (\$12.5 million) versus what was billed (\$88.5 million). The managed care organizations that carry out this service on behalf of the state Medicaid program reported that since the beginning of the fiscal year, which just started July 1, 2022, it had spent \$28.9 million on community stabilization services that were only budgeted for \$21.2 million for state fiscal year 2022-2023.

DMAS is now working with the Virginia Medicaid Fraud Control Unit (“MFCU”) – which is charged with the investigation and prosecution of Medicaid providers who conduct their businesses in a fraudulent or highly abusive manner – to investigate and audit the issue further. These agencies are also working with the FBI and local police. During the last reporting period, the Virginia MFCU recovered \$25,327,532.64 in state and federal court-ordered restitution, fines, and penalties from providers who defrauded, or attempted to defraud, the Medicaid program.

DMAS has instituted a new requirement for prior authorization for the service starting **September 1, 2022**. Audit efforts thus far revealed that **61 providers** (of the 348 participating providers) of community stabilization accounted for 80% of the cost of the service for state fiscal year 2021-2022 and the first two months of state fiscal year 2022-2023. DMAS noted that research has revealed the issue is highest in the central Virginia area and that it is aiming to identify a majority of providers and unusual billing practices by the end of the year.

The MFCU continues to investigate this service and claims related to other mental health services. For example, a recently announced joint investigation by MFCU and HHS-OIG found that [Samia Abdelmagid](#) of Capstone Counseling, which provides mental health services including after-school Therapeutic Day Treatment, had engaged in fraudulent billing of services that were not provided to Medicaid recipients between April 1, 2015, and July 31, 2016. Specifically, Abdelmagid billed for services when Medicaid recipients were not present, including holidays such as Thanksgiving and Christmas when Capstone Counseling was closed. As a result, Medicaid paid \$203,946.99 for

services that were not provided. On June 10, 2022, Abdelmagid pled guilty to one count of health care fraud in the U.S. District Court for the Eastern District of Virginia in Richmond.

If you have any questions or need further guidance regarding Virginia Medicaid mental health services audits or need assistance with appealing an adverse audit finding or in protecting your business interest in any investigation, please contact a member of Hancock Daniel's [Healthcare Investigations and Enforcement Action](#) or [Reimbursement](#) teams.

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