



KENTUCKY

# General News

January 2011

## **AmeriHealth Mercy to Pay \$2 Million for Submitting False Report**

Following a nine-month investigation by Attorney General Jack Conway's Office of Medicaid Fraud and Abuse Control, AmeriHealth Mercy has agreed to pay more than \$2 million in damages to the Kentucky Medicaid Program for submitting false data to the Cabinet for Health and Family Services.

The Attorney General's investigation found that AmeriHealth Mercy, the Third Party Administrator for the Passport Health Plan, falsely reported its Health Effectiveness Data and Information Set (HEDIS) score for Cervical Cancer Screening (CCS) measure to the Department of Medicaid Services in 2009. The false data made AmeriHealth eligible for more than \$677,000 in bonus money from University Health Care (UHC) for achieving certain goals.



"Thanks to the hard work of the investigators and attorneys in my Office of Medicaid Fraud and Abuse Control, we have been able to make this substantial recovery for our Medicaid program," General Conway said. "Kentucky taxpayers can rest assured that we are doing all we can to control fraud and abuse in the Medicaid program."

The more than \$2 million in the judgment constitutes treble damages, or triple the amount of the actual damages, for the Kentucky Medicaid Program. In addition to the damages, the agreement requires that AMHP put procedures and personnel in place to ensure that all reports sent to both the Commonwealth and UHC, including HEDIS scores, are fully and completely accurate in the future.

Passport is the state's Medicaid managed care plan that serves Medicaid recipients in a 16-county area in and around Louisville.

## **Judge Upholds \$20.5 Million Judgment in Attorney General's Case against AstraZeneca**

Attorney General Conway is applauding a decision by Franklin Circuit Judge Phillip Shepherd to uphold a \$20.5 million judgment against global pharmaceutical giant AstraZeneca for defrauding the Medicaid program and Kentucky consumers. Describing the scheme as a "massive transfer of wealth from the taxpayers to AstraZeneca's main customers," Judge Shepherd denied AstraZeneca's motion for a new trial and other post-judgment motions.

"We are obviously very pleased with Judge Shepherd's decision and his careful consideration of this matter," General Conway said. "Once again, we have sent a clear message to drug companies that deceptive business practices will not be tolerated in Kentucky."

The Office of the Attorney General's suit against AstraZeneca is one of 47 lawsuits filed against pharmaceutical manufacturers alleging that the drug companies violated Kentucky's Medicaid Fraud and Consumer Protection statutes and engaged in false and deceptive advertising by publishing their inflated Average Wholesale Prices (AWPs).

The Kentucky Medicaid program relies on published AWPs to calculate Medicaid drug-reimbursement rates. During the trial, the Commonwealth proved that AstraZeneca published significantly inflated AWPs for its drugs that bore no relationship to any prices that AstraZeneca actually charged its customers.

Since Attorney General Conway took office in January 2008, his Office of Medicaid Fraud and Abuse Control has recovered or been awarded more than \$154 million for the state and federal Medicaid programs. These cases range from lawsuits and settlements against pharmaceutical companies to cases against individual providers.

The Attorney General's Tip Line for reporting allegations of Medicaid fraud is 1-877-228-7384.



*Kentucky Attorney  
General  
Jack Conway*

## Kentucky's 11th Judicial Circuit Welcomes Implementation of eWarrant System

The Office of the Attorney General and its partners have completed implementation of an electronic warrant management system in the 11th Judicial Circuit (Green, Taylor, Marion and Washington counties). This brings to 23 the number of counties that have received the eWarrant system under a \$3.9 million American Recovery and Reinvestment Act (ARRA) grant awarded to the Office of the Attorney General in 2009. With the addition of the 11th Judicial Circuit, eWarrants is currently operating in 31 Kentucky counties.



“In the fourth quarter of 2010, counties that received eWarrants generated more than 1,750 new criminal complaints and transmitted from the court system more than 22,000 pending bench warrants to eWarrants,” General Conway said. “We’ve also seen service rates for warrants rise from as low as 10% under the old system to roughly 50% immediately after implementation, and as high as 80% in the long-term.”

The eWarrant system facilitates the sharing of information among all law enforcement concerning active warrants in jurisdictions throughout the Commonwealth. It replaces the manual protocols for processing warrant information with an electronic method for making warrants available via the Law Enforcement Information Network of Kentucky (LINK), the system administered by Kentucky State Police and used by law enforcement to transmit and retrieve information on active warrants. More information — <http://tinyurl.com/48a6lk3>

\*This project was supported by award No. 2009-SD-B9-0067, awarded by the Bureau of Justice Assistance, Office of Justice Programs. The opinions, findings, and conclusions or recommendations expressed in this publication are those of the author and do not necessarily reflect the views of the Department of Justice.

## Are You Vulnerable to Financial Fraud?

Attorney General Conway reminds Kentuckians about the importance of checking privacy settings on social websites and using secure networks. General Conway issued the reminder as part of Data Privacy Day, celebrated globally on Jan. 28, 2011.

“Kentuckians need to be aware that many social network websites, such as Facebook, allow users to limit who can view the personal information in their profiles,” General Conway said. “Additionally, consumers should be aware that wireless routers purchased from the store are not automatically encrypted. The encryption feature must be activated to ensure that your personal information is protected.”

Data Privacy Day is recognized internationally and brings together businesses, individuals, government agencies, non-profit groups and academics to spotlight how personal data is collected, used and stored.

The following steps can help ensure that you don’t unintentionally compromise your personal information:

- ▶ Know your privacy settings
- ▶ Never post vacation information
- ▶ Think before you post
- ▶ Configure your wireless router to encrypt data
- ▶ Don’t assume that public “hot spots” are secure

More information is available from Facebook at <http://www.facebook.com/privacy/explanation.php>. You can also visit the Attorney General’s website for tips and useful information about social networking at <http://ag.ky.gov/cybersafety/socialnetworking>. Kentucky Attorney General’s “Cybersafety in Kentucky” website provides a wealth of information to help adults, teens and seniors stay safe online, including tips on social networking, cyberbullying, cyberstalking, identity theft, and protecting your computer: <http://ag.ky.gov/cybersafety>.

## Attorney General Conway Files Suit against Illegal Lexington Business

Attorney General Conway and his Office of Consumer Protection were granted an injunction in Fayette Circuit Court against a Lexington business for operating an illegal going-out-of-business sale. The injunction against Lexington Antique Oriental Rugs at 660 and 710 East Main Street required the business and defendants Leslie McConnel, Morteza Bassari and Shirazi LLC, to immediately cease sales operations at the two Lexington locations.



According to the complaint, the defendants violated the Consumer Protection Act by continuing to operate a going-out-of-business sale after the expiration of its license on December 17, 2010. Under the law, to protect consumers and other competing businesses, a going-out-of-business sale must be concluded within 30 days, or 60 days if the business obtains an extension. The defendant’s sale started on October 5, 2010 and was granted one extension, which expired on December 17. The defendants failed to end the sale and continued to advertise despite the expiration and notice from the Attorney General’s Office that the business was facing legal action if it continued to operate.



# CYBERCRIMES

## Attorney General's Office Identifies Suspected Child Pornographer Aboard Oil Rig

An undercover investigation by Attorney General Conway's Cybercrimes Unit identified a suspected child pornographer aboard an oil rig in the Persian Gulf. After further investigation by the Naval Criminal Investigative Service (NCIS), with support from the FBI, Andrew Lomax was removed from the Al-Basrah Oil Terminal (ABOT) in Iraq territorial waters. Lomax is a sailor with the British Royal Navy.

The Attorney General's investigation began in July 2010 after a Cybercrimes investigator identified the Internet Protocol (IP) address of a computer aboard the ABOT that possessed suspected child pornography. The NCIS was able to link the IP address to Lomax's computer. The case has been turned over to the Royal Navy Police for further investigation.

## Nicholasville Man Sentenced For Receiving Child Pornography

A Nicholasville man has been sentenced to more than 15 years in prison for receiving child pornography. Attorney General Jack Conway and United States Attorney for the Eastern District of Kentucky, Kerry B. Harvey, jointly announced the sentencing of 41-year-old Robert Allen Walker on Jan. 20 following an investigation by General Conway's Cybercrimes Unit. Walker received a 188-month sentence in U.S. District Court in Louisville.



"I am pleased to see this case come to a successful close and appreciate the assistance we received from the U.S. Attorney's office," General Conway said. "Because of the hard work of everyone involved, we have put another child pornographer behind bars."

In a plea agreement, Walker admitted that he downloaded child pornography using a file sharing program between November of 2009 and April of 2010. An investigator with General Conway's Cybercrimes Unit executed a search warrant at Walker's residence on April 25, 2010. A forensic examination of the computer found at Walker's residence revealed approximately 1,777 photographs and 59 videos of child pornography including children younger than 12 years old.

Under federal law, Walker, who was convicted on a misdemeanor sex abuse charge in 1994, must serve 85 percent of his prison sentence. Upon release, he will be under the supervision of the United States Probation Office for life.

## Jefferson County Man Indicted for Possession and Distribution of Child Pornography

An investigation by General Conway's Cybercrimes Unit has resulted in the indictment of a Jefferson County man for distributing and possessing child pornography. Attorney General Conway and United States Attorney for the Western District of Kentucky, David Hale, jointly announced the indictment of 27-year-old Jeremiah Oldham of Louisville on Jan. 13.

The indictment alleges that from on or about October 28, 2009 and continuing through on or about November 24, 2009, Oldham knowingly possessed and distributed child pornography. The investigation preceding the indictment was conducted by General Conway's Cybercrimes Unit. Investigators from the unit executed a search warrant at Oldham's Louisville residence in November of 2009. The case was referred for prosecution to the U.S. Attorney's Office for the Western District of Kentucky in January of 2010.

Oldham turned himself over to the U.S. Marshall's office following the indictment. He is scheduled to stand trial in U.S. District Court in Louisville on March 14, 2011. A charge is merely an accusation and a defendant is presumed innocent until and unless proven guilty.

**Since its creation in June 2008, General Conway's Cybercrimes Unit, a member of the Internet Crimes Against Children Task Force, has launched 188 investigations and seized more than 191,000 child pornographic images and videos from the Internet.**