



February 2014

Attorney General Conway Takes Keep Kentucky Kids Safe Program to Mercer County

Attorney General Jack Conway urged 680 students at King Middle School in Mercer County not to be the next generation lost to prescription drug abuse. Joined by Mike Donta, a concerned parent whose son died in 2010 after a long battle with prescription drug addiction, General Conway shared his message about the dangers of prescription pill abuse and heroin with the students during a Keep Kentucky Kids Safe assembly on Feb. 27.



“These are some of the most addictive substances on the planet,” General Conway said. “I’m here to tell you that two things are going to happen if you take pills that aren’t intended for you – you’ll end up in jail or in the grave.”

Nationally, prescription painkillers are the leading cause of accidental death in the United States. In 2012, there were about 220 million doses of the highly addictive painkiller hydrocodone dispensed in Kentucky. That’s 51 doses of the drug for every man, woman and child in the Commonwealth. Additionally, a report released last year by the nonprofit group Trust for America’s Health lists Kentucky as having the third-highest rate of fatal overdoses in the country – the vast majority from prescription pills.

“My son made a choice to abuse prescription drugs and it cost him his life,” Donta said. “By sharing his story I hope I can persuade and encourage kids to make better decisions.”

Heroin is now rapidly replacing prescription painkillers as the drug of choice in many parts of Kentucky. According to the Kentucky Office of Drug Control Policy, statewide heroin overdose deaths increased by 650 percent in 2012. In December, General Conway, along with Sen. Katie Stine and Rep. John Tilley, announced bipartisan legislation created to help stop this disturbing trend. The bill, which was introduced during the 2014 regular session of the Kentucky General Assembly, increases punishment for heroin traffickers, promotes treatment for addicts, and increases public awareness and education.

“Heroin is an opiate and it mimics the same high people get from crushing and injecting opioid painkillers,” General Conway said. “While illegally obtained prescription drugs have become harder to crush, more expensive and harder to get, the price and difficulty of obtaining heroin have dropped.”

Since launching the Keep Kentucky Kids Safe program in 2010 with the Kentucky Office of Drug Control Policy, Kentucky Pharmacists Association, National Association of Drug Diversion Investigators (NADDI), Operation UNITE and concerned parents, General Conway and his partners have alerted approximately 40,000 students, teachers and parents to the dangers of abusing prescription drugs and heroin.

“The safety of our students is our number one priority at King Middle School,” said Terry Gordon, principal at King Middle School. “Part of that responsibility includes educating our students in the area of drug and alcohol abuse, and our school has partnered with local law enforcement for a number of years in this process. The DARE program is part of our sixth-grade curriculum. Next year, a similar program will be implemented in eighth grade. We are grateful the Attorney General has made educating students about prescription drug abuse and heroin a top priority.”

Kentucky continues to make progress in its fight against the epidemic of prescription drug abuse. According to the 2012 Kentucky Incentives for Prevention School Survey, the percentage of Kentucky teens misusing prescription drugs has dropped dramatically over the past four years.

Additionally, a recent report from the Substance Abuse and Mental Health Services Administration shows the non-medical use of prescription pain relievers among all age groups in Kentucky is down and for the first time, the state is below the national average for prescription drug abuse.

Read more — <http://migration.kentucky.gov/Newsroom/ag/kingmiddleschool.htm>

Deadline to Submit KY Kids Recovery Grant Proposals is March 31

On Jan. 6, Attorney General Conway, joined by Governor Steve Beshear, First Lady Jane Beshear, and House Speaker Greg Stumbo, announced that more than \$32 million recovered in settlements with two pharmaceutical companies is being used throughout Kentucky to expand substance abuse treatment, including treatment of opiate addictions.

According to data from the Substance Abuse and Mental Health Services Administration, Kentucky currently only has one-tenth of the treatment beds it needs. This historic settlement has the ability to save lives and save communities across the Commonwealth that are being impacted by the devastating effects of substance abuse and addiction.

Approximately \$20 million from the settlement fund has been allocated for KY Kids Recovery, a juvenile substance abuse treatment grant program developed with the purpose of expanding treatment beds at existing facilities across Kentucky and creating new juvenile treatment programs.

To view additional information about the grant program and download the KY Kids Recovery Request for Information, visit <http://kykidsrecovery.ky.gov>. RFIs are due March 31, 2014. For questions about the RFI process, call 855-450-5645.



General Conway Joins CFPB Director, Fellow AGs to Announce Action Against ITT

On Feb. 26, General Conway joined Consumer Financial Protection Bureau Director Richard Cordray and three fellow state attorneys general at a press conference in Washington, D.C. to announce legal action against ITT, a for-profit college chain accused of predatory student lending. The CFPB alleges that ITT exploited its students and pushed them into high-cost private student loans that were very likely to end in default.



Attorney General Conway serves as chair of a national working group of 32 state attorneys general who are reviewing the practices of some for-profit colleges. To date, General Conway has filed lawsuits against four for-profit schools and remains committed to keeping the for-profit college industry honest. In January, Kentucky joined a multistate group of 13 states that sent subpoenas to four for-profit colleges, including ITT. The multistate group is seeking information about representations the institutions made to prospective students about financing, recruitment practices and graduates' employment rates.

“Some of these schools thrive on selling a dream to someone who has lost their job or is trying to build a better life for their families,” General Conway said. “But once the ink is dry on the financial aid paperwork, the nightmare begins.”

To watch a recording of the Feb. 26 press conference hosted by the CFPB, visit www.consumerfinance.gov/blog.

For more information on General Conway's efforts to protect for-profit college students, visit <http://ag.ky.gov/forprofit>.

General Conway Announces Participation in \$173 Million Settlement with Endo Pharmaceuticals

More than \$300,000 will be returned directly to the state Medicaid program following Kentucky's participation in a \$173 million state-federal settlement with Endo Pharmaceuticals. The settlement resolves allegations of unlawful marketing practices aimed at promoting the drug Lidoderm for conditions not approved by the Food and Drug Administration. Kentucky's total share of the settlement is \$2.5 million with \$303,836 going toward the state Medicaid program. The federal government will receive \$1.74 million for its share of Kentucky-related damages.

The investigation was triggered by a whistleblower lawsuit filed in the Eastern District of Pennsylvania under the federal False Claims Act and similar state false claims statutes. According to the lawsuit, Endo unlawfully marketed Lidoderm for use in connection with lower back pain or chronic pain. The FDA approved Lidoderm only for the treatment of pain associated with post-herpetic neuralgia, more commonly known as shingles.



“The off-label marketing of drugs is not only illegal, it is unsafe,” General Conway said. “I am pleased that this settlement has been reached and that we’ve been able to recover these funds for Kentucky taxpayers and our state Medicaid program.”

Under the terms of the civil settlement, Endo will pay \$172,916,967 to the states and federal government and a pay a \$20.8 million criminal fine. Endo will also enter into a Corporate Integrity Agreement with the Department of Health and Human Service’s Office of the Inspector General. A team from the National Association of Medicaid Fraud Control Units worked with the federal government on the investigation and conducted settlement negotiations with Endo on behalf of the states.

Kentucky Participates in Settlement with Addiction Treatment Center

A chain of opiate addiction recovery centers, headquartered in Harrodsburg, and a Russell Springs clinical laboratory, along with two physician owners, have agreed to pay more than \$15 million to resolve allegations that they fraudulently billed federal and state health care programs for medically unnecessary and excessive urine tests.

General Conway and Kerry Harvey, the U.S. Attorney for the Eastern District of Kentucky, jointly made the announcement on Feb. 10. The investigation was handled by General Conway’s Medicaid Fraud and Abuse Control Unit, Kentucky State Police, and the U.S. Attorney’s Office. Kentucky will receive approximately \$2.74 million, which represents the state’s share of the government’s recovery of Medicaid funds.

“Substance abuse is devastating our Commonwealth and addiction is ripping families apart,” General Conway said. “Treatment centers and their owners should be focused on patient care rather than profits, and companies that take advantage of Kentucky’s Medicaid program will not be tolerated.

PremierTox, Addixion Recovery of Kentucky, also known as SelfRefind, Dr. Bryan Wood and Dr. Robin Peavler have agreed to pay a total of \$15.75 million to resolve allegations that they violated the False Claims Act by submitting claims to Medicare and Kentucky’s Medicaid program for urine tests that were medically unnecessary and more expensive than the actual tests that were performed. Under federal law, health care programs only reimburse health care providers for services that are deemed medically necessary.

According to the settlement agreement, Dr. Wood and Dr. Peavler owned and operated SelfRefind, a chain of addiction treatment clinics located in 12 Kentucky cities, including Danville, Frankfort, Hazard, Middlesboro, Pikeville, Barbourville, Morehead and Carrollton. As part of its treatment program, SelfRefind required all of its patients to submit to regular urine drug screening, as often as every two weeks, to ensure that the patients were not abusing controlled substances and were taking addiction treatment medications as prescribed.

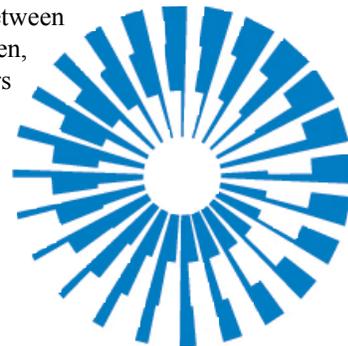
The government alleged that after Wood and Peavler became owners of PremierTox they began automatically referring all drug screens completed at SelfRefind to PremierTox clinic for additional comprehensive urine drug screening tests that were frequently unnecessary and often more expensive than suitable alternative tests. The government also alleged that PremierTox submitted false claims that misidentified the class of drug that was tested for and received a higher financial reimbursement than necessary.

Omnicare to Pay Millions to Settle Kickback Case

On Feb. 28, General Conway and his Medicaid Fraud and Abuse Control Unit announced Kentucky’s participation in a more than \$3.8 million national settlement with Omnicare, Inc., the nation’s largest pharmacy specializing in dispensing drugs to nursing home patients. The settlement resolves allegations that Omnicare received kickbacks from Amgen, Inc. to promote the drug Aranesp. Kentucky’s total share of the settlement is \$86,452.20 with \$25,467.52 returning directly to the state Medicaid program. The federal government will receive \$60,984.68 for its share of Kentucky-related damages.

Kentucky, along with the federal government and several other states, alleged that between Sept. 1, 2003 and June 30, 2005, Omnicare solicited and received kickbacks from Amgen, including discounts, market-share rebates, grants, speaker fees, consulting services, dinners and travel. The kickbacks were offered in exchange for Omnicare influencing health care providers’ selection and utilization of Aranesp within long-term care facilities and for implementing “therapeutic interchange” programs designed to switch patients from a competitor drug to Aranesp. As a result, Omnicare is alleged to have knowingly caused false and/or fraudulent claims for Aranesp to be submitted to the federal-state Medicaid program.

This settlement stems from a whistleblower lawsuit filed in the United States District Court for South Carolina. Kentucky was represented by a settlement team working through the National Association of Medicaid Fraud Control Units.



Omnicare

Medicaid Recoveries

Since Attorney General Conway took office in January 2008, his Office of Medicaid Fraud and Abuse Control has recovered or been awarded more than \$260 million dollars for the state and federal Medicaid programs. These cases range from lawsuits and settlements against pharmaceutical companies to cases against individual providers.

In 2013, General Conway's Medicaid Fraud Unit was named one of the most aggressive in the country by the nonprofit watchdog group Public Citizen.

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

Former Treatment Center Co-Owner Indicted

A former co-owner of a Barren County mental health treatment center has been indicted on charges involving theft and fraud following an investigation by General Conway's Medicaid Fraud and Abuse Control Unit and the Cabinet for Health and Family Services' Office of the Inspector General

On Jan. 31, a Barren County grand jury charged Jeremy Catron, 36, with theft by unlawful taking over \$10,000 and devising or engaging in a scheme to defraud the Kentucky Medicaid program. Catron was arraigned on Feb. 17 in Barren Circuit Court and pleaded not guilty. A pretrial hearing was set for April 28.

Catron is the former co-owner of Alliance Counseling Associates. The indictment alleges that Catron billed the Kentucky Medicaid program for therapy services that he did not perform, resulting in a loss to the Medicaid program of more than \$10,000.

Theft by unlawful taking over \$10,000 is a class C felony. Devising or engaging in a scheme to defraud the Kentucky Medicaid program is a class D felony. If convicted, Catron faces up to 15 years in prison.

The case will be prosecuted by the Office of the Attorney General.



State Employee Arrested on Child Porn Charges

A Kentucky state employee is facing multiple counts of possessing child pornography. On Feb. 11, General Conway and his Cybercrimes Unit announced the arrest of 49-year-old Gordon Bowers. Bowers is an environmental scientist at the London office of the Department for Natural Resources Division of Mine Reclamation and Enforcement.

The arrest is the result of an investigation that began in November 2013. The investigation revealed that Bowers, using a file-sharing software program, downloaded images depicting the sexual exploitation of children and saved them to his state office computer. Cybercrimes Unit investigators executed a search warrant at Bowers' office and discovered that Bowers was actively downloading pornographic images involving children onto his computer. Bowers was arrested at his office and lodged in the Laurel County Correctional Center.

Bowers is charged with four counts of possession of matter portraying a sexual performance by a minor, which is a class D felony. Each count is punishable by one to five years in prison.



Madison County Man Arrested on Child Porn Charges

An investigation by Attorney General Conway's Cybercrimes investigators resulted in the arrest of a Madison County man on multiple counts of possession child pornography. Mark Douglas Taylor, 52, was arrested Feb. 7 on four counts of possession of matter portraying a sexual performance by a minor. Taylor was lodged in the Madison County Detention Center.

The OAG Cybercrimes investigation began in December 2013. Investigators with the Cybercrimes Unit, along with the FBI and Kentucky State Police, executed a search warrant on Dec. 2 at Taylor's Richmond, Ky. home.

Possession of matter portraying a sexual performance by a minor is a class D felony. Each count is punishable by one to five years in prison.

Since its creation in June of 2008, General Conway's Cybercrimes Unit has launched 375 child pornography investigations and seized more than 422,600 child pornographic images and videos from the Internet. The unit's investigative efforts have also resulted in a 100 percent conviction rate.

For additional information on General Conway's efforts to protect Kentuckians from Internet predators, visit the Office of the Attorney General's "Cybersafety in Kentucky" page at <http://ag.ky.gov/cybersafety>. To report cyber abuse, visit the CyberTipline or call 1-800-843-5678.