



# INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA FAMILY AND SOCIAL SERVICES ADMINISTRATION (FSSA)  
TITLE: THEFT; FRAUD  
CASE ID: 2018-02-0039  
DATE: August 26, 2019

*Inspector General Staff Attorney Kelly Elliott, after an investigation by Inspector General Director of Investigations, Darrell Boehmer, reports as follows:*

The Indiana General Assembly charged the Office of the Indiana Inspector General (OIG) with addressing fraud, waste, abuse and wrongdoing in executive branch agencies of state government. IC 4-2-7-2(b). The OIG also investigates allegations of criminal activity and Code of Ethics violations within state government. IC 4-2-7-3.

On January 25, 2018, the OIG received a complaint alleging that employees of the Indiana Family and Social Services Administration (FSSA) illegally obtained shares of a company's stock (Company). The complaint stated that the illegally obtained shares belonged to deceased Indiana residents who received Medicaid funds after the age of 55. The complaint explained that FSSA's Medicaid Estate Recovery Program (Program) would have collected these shares of stock if they were available.

OIG Director of Investigations, Darrell Boehmer, assisted the Indiana State Police (ISP) with the investigation. FSSA's Investigations Division also provided assistance with the investigation. Director Boehmer and ISP conducted multiple interviews and reviewed

documentation received from FSSA, including contracts, emails and lists of deceased Indiana residents who received Medicaid funds after the age of 55 (Medicaid Decedent lists)<sup>1</sup>.

Director Boehmer and ISP learned that when an Indiana Medicaid recipient dies, federal and state laws require the State to recover funds from the recipient's estate that are equal to the amount of Medicaid funds the recipient received after the age of 55. The Program seeks such funds on behalf of the State, and any funds recovered through the Program help provide for future Medicaid recipients.

ISP interviewed the individual who submitted the complaint (Reporting Party<sup>2</sup>). The Reporting Party stated he or she recovered funds on behalf of the Program. The Reporting Party explained that as a part of these efforts, he or she recovered unclaimed shares of the Company's stock owned by individuals on the Medicaid Decedent lists. The Reporting Party stated that for the years 2000 through 2008, the average number of individuals on the Medicaid Decedent lists with shares of the Company's stock was 0.2%. The Reporting Party stated that for the years 2009 through 2017, the average number of individuals on the Medicaid Decedent lists with shares of the Company's stock declined to 0.01%. The Reporting Party stated that for the years 2009, 2010 and 2013, there were no individuals on the Medicaid Decedent lists with shares of the Company's stock.

The Reporting Party alleged that the drastic decline of individuals on the Medicaid Decedent lists with shares of the Company's stock could be attributed to an individual, such as a state employee, illegally obtaining the shares. The Reporting Party outlined how an individual

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<sup>1</sup> The Indiana State Department of Health compiles a list of deceased Indiana residents. FSSA cross-references this list with their records of individuals that have received Medicaid funds after the age of 55. With this information, FSSA creates a Medicaid Decedent list for each year.

<sup>2</sup> The OIG maintains the confidentiality of all reporting parties. Pursuant to IC 4-2-7-8, the OIG may disclose the identity of the reporting party only if "(1) the inspector general makes a written determination that is in the public interest to disclose the individual's identity; or (2) the individual consents in writing to disclosure of the individual's identity."

could illegally obtain the shares of stock if that individual had a shareholder's personal identifying information, which was contained on the Medicaid Decedent lists.

Director Boehmer and ISP reviewed records and interviewed current and former Directors of the Program and employees with the Program. Director Boehmer and ISP learned that the majority of assets that the Program recovers are real property, such as houses or farmland, and not shares of stock. They learned that the Program's recovery in funds steadily increased from 2013 through 2016<sup>3</sup>, but the increase in funds during that time was due to procedural changes implemented to the Program and not due to efforts to recover shares of the Company's stock.

Director Boehmer and ISP consulted with the Company regarding the allegations. The Company provided an outline of the multiple layers of protection in place to prevent an individual from fraudulently obtaining shares of stock. They also explained that in late 2008, the Company escheated a large amount of funds and shares to the Indiana Office of Attorney General's Unclaimed Property Division (UPD), which could have included funds or shares that belonged to Medicaid recipients. Specifically, Director Boehmer and ISP learned that there were individuals on the 2009 and 2010 Medicaid Decedent lists that historically held shares of the Company's stock; however, the Company escheated such shares to the State prior to the Reporting Party making any inquiries on behalf of the Program.

Director Boehmer and ISP found that the Company's escheatment in 2008 was consistent with the 2009 decline of individuals on the Medicaid Decedent lists with shares of the Company's stock. They also found that Program's overall recovery in funds increased dramatically from 2007 through 2009<sup>4</sup>. Due to the fact that Program seeks to recover funds from the UPD as part of their

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<sup>3</sup> The Program recovered approximately \$9 million in 2013, \$12 million in 2014, \$15 million in 2015 and \$17.5 million in both 2016 and 2017.

<sup>4</sup> The Program recovered approximately \$2 million in 2007, \$8 million in 2008 and \$12 million in 2009.

recovery efforts, the increase in the Program's recoveries from 2007 through 2009 would also be consistent with the Company's escheatment of funds and shares to the UPD during this same period.

Investigators also reviewed the Company's records regarding how shares were closed out<sup>5</sup> for individuals listed on the 2017 Medicaid Decedent list. They found no evidence to indicate that the shares belonging to individuals on the 2017 Medicaid Decedent list were obtained by an illegal source.

The Company and FSSA fully cooperated with the OIG and ISP in this investigation. Director Boehmer and ISP found no evidence to substantiate the allegations that a state employee or any other individual illegally obtained shares of the Company's stock. As a result, the OIG is closing this case for insufficient cause.

Dated: August 26, 2019

APPROVED BY:



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Lori A. Torres, Inspector General

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<sup>5</sup> The close out of shares may include the sale, transfer, gift, or escheatment of shares.