Twin Cities mental health agency to pay $4.5 million in federal fraud case

Prosecutors accused Complementary Support Services of overbilling Medicaid.

By Chris Serres (http://www.startribune.com/chris-serres/10645926/) Star Tribune

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A once-prominent Twin Cities mental health agency has agreed to pay $4.52 million to settle federal charges that it defrauded Medicaid by submitting thousands of false medical claims and failing to provide adequate supervision of unlicensed practitioners.

The U.S. Attorney's Office in Minneapolis announced the settlement Tuesday morning with Complementary Support Services (CSS), a Richfield agency that once provided home-based mental health therapy to hundreds of Minnesota children and adults.

Prosecutors said CSS falsely claimed that patient medical files were reviewed by licensed professionals acting as clinical supervisors, when in fact the records were illegally “batch signed” by the agency's president, Teri Dimond. “These client files could not have been, and were not, reviewed and supervised as required by law,” the U.S. Attorney's Office said in a statement.

The agency, which at its peak employed up to 80 mental health practitioners across Minnesota, also illegally billed Medicaid for time spent on paperwork rather than patient care, which is prohibited under state law. Under the direction of Dimond, the agency routinely added an extra billable unit for paperwork time for each client visit, falsely claiming the unit as “face-to-face” time. The practice resulted in Medicaid being overbilled by thousands of billable units.

The government's investigation also accused Dimond of transferring $2 million in Medicaid funds from CSS to a nonprofit entity that she started in Wisconsin. The federal government seized the money in June 2016 in a civil forfeiture action. The government will retain $1.75 million of the funds seized, bringing the government’s total recovery from the scheme to $6.27 million, prosecutors said.

As part of the settlement, CSS will be permanently excluded from participating in federal and state health care programs. Dimond, who has denied wrongdoing, will be excluded from these programs for at least eight years.

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Naomi Davis, a former employee at Complementary Support Services, said she felt “sick to her stomach” when the mental

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