

From the Los Angeles Times

Fraud infects state in-home care program

The service, which is growing rapidly, gets little oversight. It is considered a success despite the scams.
By Evan Halper

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Reporting from Sacramento — Loose oversight and bureaucratic inertia have allowed fraud to fester in a rapidly expanding multibillion-dollar state program that provides personal caregivers to the impoverished elderly and disabled. Hundreds of reports of scams and swindles are going without investigation.

Prosecutors and program administrators across the state say they are alarmed by the ease with which people are taking advantage of the program, In Home Supportive Services.

The program is one of the fastest-growing in state government. This year it is budgeted at \$5.42 billion to provide care for some 440,000 Californians. The aim is to allow low-income and elderly incapacitated people to remain in their homes, saving the state the expense of costly nursing homes. Experts generally consider it a success.

But government funds are flowing in so quickly, with such limited oversight, that prosecutors say it is common for the state to send paychecks to scam artists claiming to be caring for someone who is dead. Or claiming to be caring for a relative or friend faking a disability. Or claiming to be providing care during the same hours they are working elsewhere.

"This program is very easy to abuse," said Michael Ramsey, the district attorney in Butte County in Northern California, which disbanded its In Home Supportive Services fraud unit in 2007 because of budget cuts. "It invites chicanery and fraud."

Some critics of the program say politics has blocked efforts to combat fraud. The program has become a steady source of revenue for the Service Employees International Union, among the most powerful interest groups in the Capitol, as well as a second union, the United Domestic Workers of America.

Under the program, people receiving care are entitled to hire whom they wish at government expense. Most hire their relatives, because family members are often the most appropriate to provide the needed round-the-clock feeding, changing, bathing and other care. Wages range from \$8 to \$14.68 an hour, depending on the county. Those workers are required to pay monthly union dues that total millions of dollars. The SEIU, for example, collects nearly \$5 million a month from its 223,000 In Home system members.

The unions donate heavily to the campaigns of Democrats who control the Legislature and organize get-out-the-vote efforts on their behalf.

"There is a huge amount of money flowing to unions from this vast pool of workers they have been able to organize," said Sen. Dave Cogdill (R-Modesto). "Anything they see as a threat to that income stream they are going to challenge and use the political muscle they have to do it."

Union officials deny they have been a barrier to enforcement. Scott Mann, spokesman for SEIU Local 6434 in Los Angeles, said the organization has zero tolerance for abuse of the program. The organization backs a plan to root out swindlers by launching a study on the problem that would not be completed for nearly three years.

In the meantime, the state has two full-time investigators looking into thousands of cases of suspicious behavior. County officials who manage the program are prohibited by state law from using any of their billions of dollars in state and federal program funds to hire their own investigators, so many have thrown up their hands.

With no investigators, Los Angeles County had a backlog of 800 fraud cases earlier this year.

The state put some investigators from other departments on loan for two months to work the cases, but as soon as it

did, those investigators were flooded with about 200 additional fraud allegations.

Philip Browning, director of the county Department of Public Social Services, said the new cases came from social workers who had not been reporting suspicious activity because the state had shown so little interest.

In one case, a social worker, her brother and her grandson in Los Angeles County are accused of bilking the In Home system out of \$77,000 over three years, billing for care that was not provided. The social worker was simultaneously collecting pay for her full-time state employment. The case is awaiting trial.

In Fresno County, officials used \$650,000 in county funds to create the state's only active In Home Supportive Services fraud investigations unit. Prosecutors say they routinely find cheating on time cards, prisoners reporting they are providing care while locked up and recipients of the service concocting disabilities to get relatives on the state payroll.

John Savrnock, an assistant district attorney there, said the small fraud unit has a backlog of 1,700 tips of suspicious activity.

One of the bigger busts in Fresno so far involved a husband and wife who got their children to bill the state \$150,000 to care for them. The husband claimed he was completely disabled and could not get out of bed.

A few days of surveillance revealed that he was spending eight to 10 hours a day working on his ice cream truck. He was caught on camera stocking the truck -- as well as dragging a washing machine across his driveway.

His wife claimed to be completely paralyzed on one side. She was caught using the arm that she said was paralyzed to wave to her husband, pull down a heavy wood garage door and unload groceries from her car.

The couple were convicted of fraud and are now paying \$147,000 in restitution in monthly increments of \$400. The government will not recoup its money for 30 years, if ever.

Backers of the program say the amount of fraud that has been found is small relative to the program's benefits.

Sen. Mark Leno (D-San Francisco), a member of a committee charged with looking into the program's spiraling costs, said at a recent hearing that the money the state has recovered in fraud prosecutions amounts to "one one-thousandth" of overall program spending.

"Seeing as we seemed to have misplaced \$50 billion in the rebuilding of Iraq, it's an amazingly low figure," Leno said.

Prosecutors say the state isn't uncovering more fraud because state officials are not looking for it.

A Sacramento County Grand Jury report in March characterized abuse of the program as "rampant and out of control." The report said "the small number of cases accepted for prosecution is not an indication of the magnitude of fraud."

Cindy Besemer, chief deputy district attorney in Sacramento County, cites the state's follow-up on a recent crash of a bus on its way to a Colusa County casino as indicative of its enforcement apathy. Several of the passengers killed were in-home services patients from Sacramento.

"The whole point of IHSS is to allow people to remain in their homes instead of going to nursing homes," she said.

"If you are able to get on a bus and go gamble, then maybe the medical documentation you submitted to qualify for the program wasn't accurate. . . . These cases were never even referred to fraud investigators to check out and at least determine where there might be holes in the system," she said.

An L.A. County Grand Jury report last year found that some county employees who reported fraud were "met with responses ranging from apathetic to hostile."

Assemblywoman Bonnie Lowenthal (D-Long Beach) recently introduced a bill, AB 682, to begin a three-year study of fraud in the program. The computer system the state uses to detect fraud, meanwhile, is barely functional, according to a legislative report. There are no red flags immediately raised when care is billed for a dead person.

Eva Lopez, a deputy director at the state Department of Social Services, says a new computer system is in the works, but it will not be in operation statewide until 2011.

She is awaiting action from the Legislature on a request for more fraud investigators. Improving enforcement, she said, "is an evolving process."

By the numbers

\$5.42 billion

Total 2008 cost of California's In Home Supportive Services program

230,000

People served by the program in 1999

444,000

People served in 2009

600,000

Projected caseload in 2013-14

62

Percent of 2008 recipients whose provider is a relative

48

Percent of providers who live with recipient

Source: California Senate Office of Oversight and Outcomes

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