MEDICAID FRAUD CONTROL UNIT

OFFICE OF THE ATTORNEY GENERAL OF VIRGINIA

PROTECTING VIRGINIA SENIORS AND ENSURING QUALITY CARE VOLUME 16 ■ ISSUE 2 ■ FALL 2025

Medicaid Fraud

If you suspect that Medicaid fraud or elder abuse and neglect has occurred in a Medicaid facility or has been committed by someone working for a Medicaid provider, immediately contact Adult Protective Services and your local law enforcement. Then, report the incident to the Medicaid Fraud Control Unit (MFCU) of the Office of the Virginia Attorney General at (800) 371-0824 or (804) 371-0779.

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VIRGINIA OFFICE OF THE ATTORNEY GENERAL

Richmond Psychotherapist Convicted of Healthcare Fraud to Pay Over $1M

RICHMOND, Va. – A Mechanicsville Licensed Clinical Social Worker who was convicted of criminal health care fraud has agreed to pay an additional $449,014.93 to settle civil fraud claims asserted against him by the United States and the Commonwealth of Virginia. According to court documents, between January 2017 and December 2022, Daniel Jacobsen, 72, knowingly submitted at least $335,824.31 in fraudulent claims for reimbursement to Virginia Medicaid and Medicare for services that weren't rendered. These included claims that billed for more than 16 hours in services in one day or that used billing codes for more complex services with higher rates than the services that were provided. To support his fraudulent claims, Jacobsen used false psychotherapy progress notes reflecting the patients' supposed receipt of services.Jacobsen pled guilty to health care fraud on Oct. 17, 2024, and on March 13, was sentenced to three months in prison. As part of his criminal case, Jacobsen paid $316,338.31 in restitution and was ordered to pay $335,821.31 in forfeiture and a $100,000 fine. To resolve the civil fraud claims against him, Jacobsen agreed to pay an additional $449,014.93. The restitution, forfeiture, fine, and settlement total $1,201,174.55. The resolutions obtained in these matters were the result of an effort between the U.S. Attorney's Office for the Eastern District of Virginia, the Federal Bureau of Investigation, and the Medicaid Fraud Control Unit of the Office of the Virginia Attorney General. Assistant U.S. Attorney Carla Jordan-Detamore prosecuted the criminal case. The civil fraud matter was investigated by Assistant U.S. Attorney Robert McIntosh and Virginia Assistant Attorneys General Joseph Hall, Ray Bowman, and Christopher Salerno.

From United States Attorney's Office News Release

Virginia MFCU Recovers Over $665 Million in 2024-25 Fiscal Year

Jason Myers

Attorney General

"It is an honor to serve as the 48th Attorney General of the Commonwealth of Virginia and to share with you some of the exceptional work being done by my office's Medicaid Fraud Control Unit (MFCU). Virginia's MFCU enjoys a well-earned reputation as a national leader in investigating and prosecuting unscrupulous health care providers who commit fraud against Virginia's Medicaid program and Virginia taxpayers. Whether it is billing for services not rendered, using improperly trained or uncertified employees, or abusing or neglecting patients, our talented team of investigators and prosecutors end these abuses wherever they are found.

For over 40 years, the Office of Attorney General's MFCU has strengthened our Medicaid program and served the people of Virginia, particularly its vulnerable citizens who rely on Medicaid for needed medical services. What started as a six-person team in 1982 now includes over 100 employees working in Richmond and four regional offices, a Civil Unit, and a statewide outreach component.

This year, as a result of our criminal and civil investigations, the Virginia MFCU has successfully recovered $665,142,432.15 in state and federal court-ordered restitution, fines and penalties from providers who defrauded, or attempted to defraud, the Medicaid program. This pushes the Unit's total criminal and civil recoveries to over $4.1 billion dollars in 43 years."

(For more information, see the 2024-25 Annual Report, available under "Publications" at https://www.oag.state.va.us/programs-outreach/medicaid-fraud)

Statutory Authority

In 1981, the Virginia General Assembly enacted Chapter 9, §§ 32.1-310 through 32.1-321 of the Code of Virginia to regulate medical assistance in the Commonwealth. This Chapter authorizes criminal sanctions for specific acts of Medicaid fraud and abuse. The duties and responsibilities of the Unit are set forth in § 32.1-320.

In 1982, the Medicaid Fraud Control Unit (Unit) was established within the Office of the Attorney General (OAG) in accordance with federal requirements. This Unit is separate and distinct from the Department of Medical Assistance Services (DMAS), which is the single state agency in the executive branch responsible for the administration of the Medicaid program.

In 1995, the General Assembly significantly amended the Medicaid fraud statutes by converting Virginia Code § 32.1-314 from a larceny offense to a false-claims offense. The change eliminated the requirement that the Commonwealth prove $200 or more was wrongfully taken from the program in order to secure a felony conviction. Under the amended statute, the Commonwealth need only prove that a materially false statement was made in an application for reimbursement under the program.

In 2007, the MFCU/OAG submitted a proposal to increase the penalty for abuse or neglect of an incapacitated adult that resulted in death to a Class 3 felony. This increased the term of imprisonment to not less than five years nor more than 20 years and a fine of not more than $100,000. 2007 Va. Acts cc. 562,653. Before this amendment, all abuse of an incapacitated adult resulting in serious bodily injury or disease was a Class 4 felony punishable by a term of imprisonment of not less than two years nor more than 10 years and a fine of not more than $100,000.

Also in 2007, the General Assembly enacted a number of changes to health care fraud statutes in Virginia to ensure Virginia would be deemed compliant with the federal Deficit Reduction Act of 2005 (DRA). If deemed compliant, Virginia would be allowed to keep an additional 10% of the money recovered from restitution. Among those changes the Assembly:

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- Amended Virginia Code § 8.01-216.3 to increase the minimum civil penalty to $5,500 and increase the maximum penalty to $11,000;

- Amended Virginia Code § 8.01-216.3 to allow the Virginia Attorney General's Office to recover attorney fees and costs incurred in its investigation and prosecution of qui tam actions;

- Amended Virginia Code § 8.01-216.9 to prevent defendants from denying civil liability if they are convicted in a criminal proceeding based on the same transaction or occurrence; and

- Amended Virginia Code §§ 32.1-312 and 32.1-313 to extend the statute of limitations and allow Virginia to bring a civil action for fraud against health care subcontractors that provide services or goods to Medicaid recipients, but do not contract directly with Virginia's state provider (DMAS) pursuant to a provider agreement.

- 2007 Va. Acts, c. 569. The United States Department of Health and Human Services, Office of the Inspector General issued a ruling on March 13, 2007 that found Virginia's statutory regime was in compliance with the DRA.

In 2011, the General Assembly made several additional amendments to the Health Care Fraud statutes to facilitate investigations and recoveries. One such change amended Virginia Code § 32.1-314 to mandate that restitution be ordered to the victim, DMAS, upon conviction under the statute. Another amendment expanded the jurisdiction of the MFCU to investigate "complaints alleging abuse or neglect of persons in the care or custody of others who receive payments for providing health care services under the state plan for medical assistance, regardless of whether the patient who is the subject of the complaint is a recipient of medical assistance."

The General Assembly also enacted changes to the Virginia Fraud Against Taxpayers Act (VFATA) that track changes to the Federal False Claims Act. The amendments to VFATA are designed to encourage the filing of qui tams, (commonly known as "whistleblower" complaints), facilitate the investigation of fraud allegations and seek to keep Virginia compliant with the DRA. Among those changes:

- Amended Virginia Code § 8.01-216.8 to expand the protection of whistleblower employees, contractors or agents from adverse employment actions taken as a result of the lawful acts of the whistleblower;

- Amended Virginia Code § 8.01-216.10 to allow the Attorney General's designee to issue a civil investigative demand, and to share information thus obtained with qui tam relators where necessary to pursue false claims investigations; and

- Amended Virginia Code § 8.01-216.2 and § 8.01-216.3 to broaden the scope of conduct covered by the VFATA.

In 2012-2013, the General Assembly amended § 32.1-320 of the Code of Virginia to expedite health care fraud investigations and litigation. The revisions clarify existing authority for the Medicaid Fraud Control Unit to subpoena health records under the Health Privacy Act. Further, the amendments codified protections for attorney work product and privileged investigative files developed in the course of MFCU investigations and litigation. The codification provides a statutory basis to assert protection for such materials during the course of litigation. As many qui tams are filed in jurisdictions outside of Virginia, this change provides additional protections of attorney work product and investigative materials in matters filed in jurisdictions with differing practices and case law as to the extent of such privileges.

In 2015, the General Assembly amended § 32.1-314 of the Code of Virginia to expand venue in Medicaid Fraud cases to include "the county or city in which (i) any act was performed in furtherance of the offense or (ii) the person charged with the offense resided at the time of the offense.

In 2023, the General Assembly passed § 32.1-320.1 which authorizes the Attorney General to designate up to 30 MFCU investigators as sworn law enforcement officers. Virginia has joined 41 other MFCU units across the country that use sworn law enforcement personnel in their investigations.

Noteworthy Virginia MFCU Cases

Commonwealth v. Cheryl Brinson - On September 4, 2025, in Chesterfield County Circuit Court, Cheryl Brinson (Brinson) was sentenced on one count of Medicaid Fraud and on one count of Obtaining Money by False Pretenses. She was sentenced to twenty years with five years suspended and fifteen years stayed with five years of probation on both charges. Additionally, she was ordered to pay $78,871.75 in restitution and court costs. Brinson was the sole owner/operator of a service facilitation agency from 2013 to 2018. She was selected by Medicaid recipients enrolled in the consumer-directed waiver program to provide assessments or visits no more than once a month and to review the care provided by their attendants. Brinson submitted numerous claims per month for services not provided and, when audited/reviewed twice, she did not have sufficient documentation for services billed. After Brinson stopped performing visits in 2017, she continued to submit claims to Medicaid and was paid an additional $19,962.80. The total Medicaid loss is $78,871.76.

United States v Jacquelyn Farrish - (United States District Court in Roanoke) - On August 27, 2025, Jacquelyn Farrish (Farrish) was sentenced on one count of Health Care Fraud. She was sentenced to five years supervised probation, 12 months home confinement, and 200 hours of community service. Farrish was ordered to pay $116,536.25 in restitution and a $100 special assessment. Farrish was eligible to receive Medicaid services. She enrolled in the consumer directed waiver program and served as her own employer of record (EOR). Investigation established that Farrish initially hired her husband to provide care. In October 2018, Farrish's husband moved to Triangle, VA which is more than three hours away from their home in Danville, VA. Thereafter, Farrish began submitting, and approving, timesheets to Medicaid claiming that her husband was still providing her care in the home. Farrish continued to submit timesheets to Medicaid until February 2023. When interviewed, Farrish admitted to submitting timesheets to Medicaid for services that were not provided. She admitted that she knew what she did, was having financial troubles and needed the money to buy things. As a result of the fraudulent timesheets that Farrish submitted, Medicaid paid $116,536.25 for services that were not provided.

Commonwealth v. Karen Machelle Brooks – (Smyth County Circuit Court) - On June 23, 2025, Karen Machelle Brooks (Brooks) pled guilty to one count each of Medicaid Fraud, Obtaining by False Pretenses, Computer Fraud, and Identity Theft. She was sentenced to 22 years with all time suspended. She was placed on three years active probation and ordered to pay $47,809.81 in restitution. Brooks was hired to provide personal care services to a Medicaid recipient. Brooks stopped providing services on August 9, 2021. Brooks continued to bill in her name, as well as the name of her then-boyfriend, without his knowledge. Brooks approved all the hours using the recipient's employer of record login information.

Out and About in Virginia

The Culpeper TRIAD held their kickoff meeting on August 14th at the Culpeper Senior Center. In the photo above are (l-r) Culpeper Police Officer Jason Smith; MFCU Northern Virginia Community Liaison Officer Patti Menders; Culpeper Senior Center Director Gladys Williams; Culpeper Sheriff Timothy Chilton; and Culpeper Deputies Rikki Guerrero and Sonia Perez. Patti spoke on behalf of Attorney General Jason Miyares' efforts to combat Medicaid fraud and protect seniors from crime.

MFCU Western Virginia Community Liaison Officer Casey Taylor joined the Roanoke County Sheriff's Office in July for "Coffee with a Vet" at Friendship Richfield Living in Salem. There were about 12 vets there and six representatives from the Sheriff's Office, including Sheriff Eric Orange (standing, right, in photo above). Casey (at center in photo), shared her role with MFCU and passed out crime prevention resources.

The Virginia MFCU is funded through a grant totaling $19,509,524 for Federal Fiscal Year 2025, from the U.S. Department of Health and Human Services-Office of Inspector General. The Federal Share of these funds is 75% totaling $14,632,143. The State Matching Share of these funds is 25% totaling $4,877,381 and funded by Virginia.

How to Contact your MFCU Community Liaison Officers

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