IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

In re:	JORDAN LITVAK	)	
	ROBERT VYVERBERG	)	OEIG Case # 08-00310
	PATRICK KNEPLER	)	
	LORRIE RICKMAN-JONES	)	

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Commission to redact information from this report that may reveal the identity of witnesses, complainants or informants and "any other information it believes should not be made public." 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report's factual allegations or legal conclusions before the Commission.

The Executive Ethics Commission ("Commission") received a final report from the Governor's Office of Executive Inspector General ("OEIG") and a response from the agency in this matter. The Commission redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor's Executive Inspector General and to Jordan Litvak, Robert Vyverberg, Patrick Knepler and Lorrie Rickman-Jones at their last known addresses.

These recipients were given fifteen days to offer suggestions for redaction or provide a response to be made public with the report. The Commission, having reviewed all suggestions received, makes this document available pursuant to 5 ILCS 430/20-52.

FINAL REPORT

I. Initial Allegation and Subsequent Allegations

The Office of Executive Inspector General ("OEIG") received a complaint alleging that Illinois Department of Human Services ("DHS") employee Jordan Litvak violated the Illinois Procurement Code by permitting DHS to enter into a Community Service Agreement ("CSA") for Fiscal Year 2008 with Downstate Transportation Services, Inc. ("Downstate"), despite knowing Downstate had a felony conviction.

During the course of the investigation, the OEIG discovered evidence that DHS employee Patrick Knepler and Mr. Litvak violated the Illinois Administrative Code by permitting DHS to issue Downstate CSAs for Fiscal Years 2007 and 2008, despite knowing that Downstate had its Medicaid certification terminated and later was found guilty of Medicaid fraud. The investigation also revealed that DHS employee Robert Vyverberg violated the Illinois Administrative Code by allowing Mr. Knepler and Mr. Litvak to permit DHS to issue Downstate CSAs for Fiscal Years 2007 and 2008, despite knowing Downstate had its Medicaid certification terminated and later was found guilty of Medicaid fraud. In addition, the investigation revealed that Lorrie Rickman-Jones violated the Illinois Administrative Code by authorizing Downstate's Fiscal Year 2008 CSA despite knowing that Downstate had been found guilty of Medicaid fraud.

II. Background

A. Subjects' Duties and Responsibilities

At all relevant times, Patrick Knepler was the Legislative and Legal Liaison for DHS's Division of Mental Health. His duties and responsibilities included co-chairing the DHS Patient Transportation Committee.

At all relevant times, Jordan Litvak was the Regional Executive Director for Regions Three and Four of DHS's Division of Mental Health. His duties and responsibilities included co-chairing the DHS Patient Transportation Committee. Mr. Litvak was DHS's designated point of contact for Downstate.

At all relevant times, Lorrie Rickman-Jones was the Director of DHS's Division of Mental Health. Her duties and responsibilities included reviewing and authorizing contracts relating to the Division of Mental Health.

At all relevant times, Robert Vyverberg was the Chief of Staff of DHS's Division of Mental Health and was Mr. Knepler's and Mr. Litvak's supervisor.

B. Information Relating to Downstate

For reference, a chronological timeline detailing Downstate's relationship with DHS is included with the report as Addendum A.

i. Downstate's Involvement with DHS

Illinois law requires that DHS provide transportation for civilly committed individuals to appropriate mental health facilities. 405 ILCS 5/3-605. Downstate is a not-for-profit transportation organization that entered into CSAs with DHS for mental health patient transportation services in Fiscal Years 2006, 2007, and 2008. During that time, Downstate received approximately $2.2 million from DHS for transporting civilly committed individuals in

all but eight Illinois counties. Downstate does not have any current agreements with DHS or any other State agency.

On July 1, 2006, DHS issued Downstate an $825,457.80 CSA to transport civilly committed individuals to mental health facilities ("Fiscal Year 2007 CSA"). Attachment G(VI)(A) of the Fiscal Year 2007 CSA required that, among other things, Downstate maintain Illinois Medicaid Provider Certification.

On April 17, 2007, DHS approved Downstate a $935,000 CSA for services identical to the previous year ("Fiscal Year 2008 CSA"). Paragraph 6 of the Fiscal Year 2008 CSA required Downstate to certify it did not have a felony conviction. Attachment B(VII)(D)(2) of the Fiscal Year 2008 CSA also required that Downstate maintain Illinois Medicaid Provider Certification. The Fiscal Year 2008 CSA took effect on July 1, 2007. In addition, DHS financial records indicate that, between February 13 and April 5, 2008, DHS reimbursed Downstate for $21,647.32 above the CSA amount for Medicaid expenses that the Department of Health and Family Services ("HFS") denied.

DHS listed Mr. Litvak as the point of contact for both the Fiscal Year 2007 and the Fiscal Year 2008 CSAs. A DHS contract review panel comprised of then-Secretary Carol Adams, then-Chief Operating Officer Jerome Butler, Assistant Secretary Grace Hou, Division of Mental Health Director Lorrie Rickman-Jones, Chief Counsel Mary-Lisa Sullivan, and State Procurement Officer Curtis Thompson approved both CSAs as part of a CSA renewal for all Division of Mental Health vendors that cumulatively exceeded $150 million each year. The contract review panel did not receive copies of the original CSAs or any documentation reflecting criminal convictions or other potential problems that arose during Fiscal Year 2007. During Fiscal Year 2007, DHS protocol did not require that the contract review panel receive or review those documents.

ii. Medicaid Fraud by Downstate

On March 28, 2006, HFS, which is Illinois's Medicaid certification agency, terminated Downstate's Medicaid certification after an audit revealed that Downstate overbilled HFS for Medicaid expenses. On July 12, 2006, Downstate and its owner Richard Wallace were indicted in United States District Court for the Southern District of Illinois for one count of Health Care Fraud and seventeen counts of Mail Fraud. The indictment charges arose from Downstate's fraudulently identifying unloaded miles (miles in which the patient was not in the vehicle) and billing Medicaid for those miles as well as for miles that were never driven. *United States v. Wallace*, 531 F.3d 504 (7th Cir. 2008). On August 8, 2006, HFS sent Downstate a letter reflecting the Medicaid certification termination and notifying Downstate of its right to a hearing. A jury returned a guilty verdict on all eighteen counts against Downstate and Mr. Wallace on February 9, 2007. Following a series of continuances, United States District Judge G. Patrick Murphy entered the judgment against Downstate and Mr. Wallace on December 20, 2007. Judge Murphy ordered Downstate to pay over $400,000 in restitution to the State of Illinois; Mr. Wallace was sentenced to 36 months imprisonment. On January 17, 2008, HFS denied Downstate's objection to its Medicaid decertification.

III. Investigation

A. Downstate's Criminal Conviction

i. Review of DHS Regional Executive Director Litvak's Email Archive

OEIG investigators obtained and reviewed Jordan Litvak's DHS email archive for dates between January 1, 2006 and June 30, 2008. A review of the emails revealed the following messages relating to Downstate's conviction for Health Care Fraud and Mail Fraud:

Date, Sender, and Recipient[1]	**Relevant Text**
January 22, 2007 Teri Beasley (Downstate Acting CEO) to Litvak	Currently [Downstate] is expected to have a February 6 [2007] court date.
February 12, 2007 Beasley to Litvak	Friday the jury gave a verdict as guilty. However, at this time the Judge has openly refused to accept the verdict and is still considering our motion to dismiss. The judge has said openly that he feels this is NOT a criminal case and appears to be a civil case because of the misinterpretation. We are hoping that he will dismiss this case shortly, however at this time our case is still open.
February 14, 2007 Litvak to Knepler	[T]heir (sic) continues to be several motions not ruled on by Judge Murphy, one to dismiss the case and one for a new trial ... [s]o for now [DHS] will continue to do business as usual with [Downstate] until further notice.
February 14, 2007 Knepler to Litvak and Vyverberg	Before we do more we need to be sure that Lorrie [Rickman-Jones] and the Secretary and/or Grace [Hou] is (sic) informed.
February 14, 2007 Knepler to Litvak, Rickman-Jones, and Vyverberg	Jordan and I explained that at this point we were gathering information (and he is sending me a copy of the indictment and other documents), but ... there are (sic) some contracting language concerning vendors with convictions. At this point our plan is ... [m]onitor the motion to dismiss/for a new trial. With the existing guilty verdict, determine at what point does [Downstate] become a non-responsible vendor.
September 11, 2007 Beasley to Litvak	Downstate legal issues: The sentencing date has been postponed due to the need for further information. The civil court is waiting upon the completion from the federal court before setting a trial date.
December 19, 2007 Litvak to Beasley and Vyverberg	I spoke with Teri Beasley of [Downstate] just a little while ago. She said that [Downstate] was fined $500,000.

[1] Some emails were sent to various other DHS employees, none of whom were involved with the execution of any of Downstate's CSAs.

ii. Interview of DHS Legislative Liaison Knepler Regarding Downstate's Conviction

On May 12, 2008, OEIG investigators interviewed DHS Legislative Liaison Patrick Knepler. During the interview, Mr. Knepler said that he worked on Downstate's Fiscal Year 2006 CSA and the subsequent CSAs. Mr. Knepler recalled that he learned Downstate was convicted of health care fraud shortly after the February 9, 2007 jury verdict. Mr. Knepler stated that he sent an email in which he outlined DHS's potential course of action following the verdict. Investigators presented Mr. Knepler with Downstate's Fiscal Year 2008 CSA. After reviewing the document, Mr. Knepler acknowledged that he knew the agreement required Downstate to certify that it had not been convicted of a felony. When asked why DHS approved the Fiscal Year 2008 CSA, Mr. Knepler said he did not know, but advised that Downstate was "the only company willing to do the job."

iii. Interview of DHS Chief of Staff of Division of Mental Health Robert Vyverberg Regarding Downstate's Conviction

On May 15, 2008, OEIG investigators interviewed Robert Vyverberg. During the interview, Mr. Vyverberg said that he was not involved in the CSA recommendation process. Mr. Vyverberg noted that he learned that Downstate was convicted of health care fraud, but could not recall when he was informed of the conviction. Mr. Vyverberg relayed that Mr. Knepler sent him (Mr. Vyverberg) an email that outlined a seven-step plan for DHS to address potential issues relating to Downstate's guilty verdict. Mr. Vyverberg also said that Mr. Knepler "took the lead with keeping the communication going" regarding Downstate's legal issues and its CSA. Mr. Vyverberg relayed that DHS never suspended or prohibited Downstate from continuing its CSAs and noted that Downstate did "a beautiful job." Mr. Vyverberg also stated that Downstate was the only organization that was willing to provide transportation services. When asked why DHS issued Downstate's Fiscal Year 2008 CSA despite the guilty verdict against it, Mr. Vyverberg responded that he believed a restructured organization, not Downstate, received the Division of Mental Health transportation CSA that year.

iv. Interview of DHS Director of Division of Mental Health Lorrie Rickman-Jones

On June 2, 2008, OEIG investigators interviewed DHS Director of Division of Mental Health Lorrie Rickman-Jones. During the interview, Ms. Rickman-Jones said that she reviews DHS contracts, but was not involved with the recommendation or approval of Downstate's Fiscal Year 2008 CSA. Ms. Rickman-Jones stated that she did not learn of the guilty verdict against Downstate or its conviction until early 2008. When asked if she took any steps to monitor the outcome of Downstate's criminal case, Ms. Rickman-Jones responded that she did not. Ms. Rickman-Jones explained that she waited for individuals involved with Downstate's agreement, such as Mr. Knepler, to advise her of the outcome. Investigators presented Ms. Rickman-Jones with a copy of the February 14, 2007 email relating to Downstate's conviction, on which she was copied. After reviewing the email, Ms. Rickman-Jones said she did not recall receiving the message.

v. Interview of Downstate Acting CEO Teri Beasley Regarding Downstate's Federal Conviction

On June 10, 2008, OEIG investigators interviewed Downstate Acting CEO Teri Beasley. During the interview, Ms. Beasley said that a federal jury found Downstate guilty of Medicaid Fraud in February 2007 and that the District Court entered its judgment December 2007. Ms. Beasley recalled that she apprised DHS of developments relating to Downstate's prosecution throughout the trial and that Downstate was not trying to hide anything.

vi. Interview of DHS Regional Executive Director of the Division of Mental Health Jordan Litvak Regarding Downstate's Conviction

On June 17, 2008, OEIG investigators interviewed DHS Regional Executive Director of the Division of Mental Health Jordan Litvak. During the interview, Mr. Litvak said that he and Mr. Knepler co-chaired the DHS Patient Transportation Committee and that he consulted Mr. Knepler before making any decisions relating to contracts. Mr. Litvak recalled that Mr. Knepler, Mr. Vyverberg, and DHS employee Joan Wilson jointly decided to permit Downstate to obtain a Fiscal Year 2008 CSA. Mr. Litvak informed investigators that, in early 2006, he learned that Downstate was indicted for "state benefits fraud." Mr. Litvak said he followed the trial closely and that Ms. Beasley emailed him regarding Downstate's conviction in February 2007. Mr. Litvak informed investigators that he kept Assistant Secretary Grace Hou, Chief Operations Officer Jerome Butler, and Division of Mental Health Director Lorrie Rickman-Jones apprised of any developments relating to Downstate's indictment. In addition, Mr. Litvak stated that Downstate had performed its duties satisfactorily, which justified issuing it the Fiscal Year 2008 CSA.

vii. Additional Witness Interviews Regarding Downstate's Conviction

OEIG investigators interviewed numerous additional witnesses to determine whether Mr. Litvak's supervisors knew of Downstate's indictment and subsequent conviction: Joan Wilson on July 1, 2008; Jerome Butler and Grace Hou on July 3, 2008; and Robert Connor on November 13, 2008. During his interview, Mr. Connor said he was not involved in the recommendation or selection process for Downstate's Fiscal Year 2008 CSA. Mr. Butler and Ms. Hou each said they participated in the CSA authorization, but were not involved in the recommendation process. Ms. Wilson said she reviewed financial documents relating to the Fiscal Year 2008 CSA, but at the time she did not know of the guilty verdict against Downstate. Each said they did not know that a jury returned a guilty verdict against Downstate prior to DHS issuing it the Fiscal Year 2008 CSA.

B. Downstate's Medicaid Decertification

i. Review of Jordan Litvak's DHS Email Archive

During the review of Mr. Litvak's DHS email archive, OEIG investigators discovered the following messages relating to Downstate's Medicaid decertification:

Date, Sender, and Recipient	Relevant Text
April 7, 2006 Litvak to Knepler and Vyverberg	I just talked with Teri Beasley from [Downstate] and she indicated that Dick Wallace, CEO just came back from Chicago yesterday to talk with HFS. Teri reported that HFS said they would reinstated (sic) within a week or so.
May 16, 2006 Beasley to Litvak	Our attorney has just notified us that the state is wanting to reinstate our provider number and is asking to renegotiate. As I have not spoken with our attorney myself, my feeling is that the state is going to ask that we pay a specific amount back each month. We are not willing to do this however, and are asking for the audit to be reevaluated with the approved billing rate.
February 14, 2007 Litvak to Knepler	There are also a number of decisions in the Administrative Law- Medicaid decertification process which have not be ruled on yet. So for now [DHS] will continue to do business as usual with [Downstate] until further notice.
February 14, 2007 Knepler to Litvak and Vyverberg	[T]he statute the contract is based upon requires the contractor be Medicaid certified. At this point our plan is [to m]onitor the decertification hearing.

ii. Interview of Robert Vyverberg Regarding Downstate's Medicaid Decertification

During his May 15, 2008 OEIG interview, Mr. Vyverberg said that Downstate was terminated as a Medicaid provider. Investigators presented Mr. Vyverberg with a copy of the Fiscal Year 2008 CSA. After reviewing the agreement, Mr. Vyverberg stated that it required Downstate maintain Medicaid certification.

iii. Interview of Teri Beasley Regarding Downstate's Medicaid Decertification

During her June 10, 2008 OEIG interview, Ms. Beasley said that Downstate's Medicaid certification was terminated in March 2006. Ms. Beasley acknowledged that Downstate's CSAs with DHS required that it maintain Medicaid certification. Ms. Beasley explained that she believed that the Medicaid decertification was not final until Downstate exhausted its appeals.[2]

iv. Interview of Jordan Litvak Regarding Downstate's Medicaid Decertification

During his June 17, 2008 OEIG interview, Mr. Litvak said that he knew that DHS transportation providers were required to be Medicaid certified. Mr. Litvak recalled that he received an email from Ms. Beasley regarding Downstate's Medicaid decertification in May 2006.

[2] On May 30, 2008, OEIG investigators interviewed HFS employee [redacted]. [Identifying information redacted.] During the interview, [redacted] confirmed that HFS terminated Downstate's Medicaid certification in 2006, even though a hearing was pending.

v. Second Interview of Patrick Knepler Regarding Downstate's Medicaid Decertification

On June 26, 2008, OEIG investigators reinterviewed Patrick Knepler. During the interview, Mr. Knepler said that he learned of Downstate's Medicaid decertification in April 2006.

IV. Analysis

A. Illinois Administrative Code Fiscal Standards Provision

The Illinois Administrative Code requires that DHS "be managed in a manner consistent with sound fiscal standards." 89 Ill. Admin. Code 509.30.

i. Patrick Knepler and Jordan Litvak

Patrick Knepler and Jordan Litvak did not act in accordance with sound fiscal standards when they supported DHS's continued business relationship with Downstate despite its Medicaid decertification and the guilty verdict against it. The Fiscal Year 2008 CSA required Downstate to certify that it did not have a felony conviction. On February 9, 2007, a jury in the United States District Court for the Southern District of Illinois returned a guilty verdict against Downstate for one count of Health Care Fraud and seventeen counts of Mail Fraud. These charges arose because Downstate fraudulently billed the Medicaid system for unloaded miles and for miles that were never driven. All eighteen counts are felonies. On February 12, 2007, Downstate Acting CEO Teri Beasley emailed Mr. Litvak to inform him of the guilty verdict. Mr. Litvak relayed the information to Mr. Knepler two days later. On February 14, 2007, in an email discussing the jury verdict, Mr. Litvak wrote to Mr. Knepler that DHS "will continue to do business as usual" with Downstate despite knowing that a jury had found Downstate guilty of defrauding Medicaid for more than $400,000. Later that day, in an email to Mr. Litvak and Ms. Rickman-Jones, Mr. Knepler wrote that DHS would "monitor" the criminal case in light of the guilty verdict and "determine at what point does [Downstate] become a non-responsible vendor." Thereafter, Mr. Knepler and Mr. Litvak, the co-chairs of the DHS Patient Transportation Committee, continued to support DHS continuing its business relationship with Downstate. Moreover, while Mr. Litvak and Mr. Knepler did inform some members of DHS senior management of the guilty verdict in February 2007, neither apparently took any steps to make sure senior management was aware of the guilty verdict in April 2007 when they approved Downstate's Fiscal year 2008 CSA. As a result of Mr. Knepler and Mr. Litvak's failure to take appropriate action following the guilty verdict, DHS agreed to pay an additional $935,000 to an organization found by a jury to have already defrauded the Medicaid system out of $400,000.

Moreover, both the Fiscal Year 2007 and 2008 CSAs required, among other things, that Downstate maintain Illinois Medicaid Provider Certification. HFS terminated Downstate's Medicaid certification on March 28, 2006. Mr. Litvak and Mr. Knepler both knew of the termination within ten days of HFS's decision, as evidenced by the emails they exchanged regarding the decertification. Nonetheless, Mr. Litvak and Mr. Knepler supported DHS's

continued "business as usual" relationship with Downstate, which included the issuances of two CSAs that provided Downstate more than $1.7 million of DHS funds, some of which were for services covered by Medicaid, after the Medicaid decertification. Because Downstate could not receive Medicaid payments, DHS paid Downstate over $20,000 that would have been paid by Medicaid if those services had been performed by a Medicaid certified company. By failing to conduct themselves in accordance with sound fiscal standards following Downstate's Medicaid decertification and later guilty verdict, Mr. Knepler and Mr. Litvak violated the Illinois Administrative Code.

Mr. Knepler and Mr. Litvak each said Downstate was the best vendor available because of the scope of services it provided and its past performance. This praise for Downstate's performance would be better taken if it were not for the fact that Downstate's past performance included defrauding the Medicaid system of $400,000. In any event, no matter how well Downstate may have performed, allowing DHS to continue its relationship with an organization that a federal jury found guilty of defrauding Medicaid of over $400,000 does not under any set of circumstances appear to be fiscally sound.

Based on the evidence obtained during the OEIG investigation, the allegation that Patrick Knepler and Jordan Litvak failed to follow sound fiscal standards in relation to DHS's business relationship with Downstate following the guilty verdict is **FOUNDED**.

ii. Robert Vyverberg

Robert Vyverberg, Mr. Knepler's and Mr. Litvak's supervisor, was also aware of Downstate's Medicaid decertification and guilty verdict. Yet he to failed to take any action to stop DHS's "business as usual" relationship with Downstate. The review of Mr. Vyverberg's DHS email archive revealed that he knew of Downstate's Medicaid decertification before DHS issued the CSAs for Fiscal Years 2007 and 2008; the emails also indicated that Mr. Vyverberg knew of the guilty verdict against Downstate before DHS issued the Fiscal Year 2008 CSA. During his interview, Mr. Vyverberg said he knew Downstate had a contract with DHS. Nonetheless, Mr. Vyverberg also took no action to stop the "business as usual" relationship between DHS and Downstate, which resulted in providing more than $1.7 million of DHS funds to an organization that Mr. Vyverberg knew had committed Medicaid fraud. As Mr. Knepler's and Mr. Litvak's supervisor, Mr. Vyverberg could have directed them to obtain a different provider or apprise DHS senior management of Downstate's Medicaid decertification and guilty verdict. Therefore, the allegation that Robert Vyverberg did not adhere to sound fiscal standards when supervising Patrick Knepler's and Jordan Litvak's work is **FOUNDED**.

iii. Lorrie Rickman-Jones

Lorrie Rickman-Jones authorized Downstate's Fiscal Year 2008 CSA despite having been apprised that Downstate was found guilty of Medicaid fraud. On February 14, 2007, Mr. Knepler copied Ms. Rickman-Jones on an email which stated that a jury had returned a guilty verdict in Downstate's felony trial. On April 18, 2007, Ms. Rickman-Jones signed a Contract Approval and Authorization Form that granted Fiscal Year 2008 CSAs for, among other organizations, Downstate. During her OEIG interview, Ms. Rickman-Jones said she did not

know of Downstate's guilty verdict or conviction until early 2008 and that she relied on others who were involved in the contract preparation, like Mr. Knepler, to inform her of any relevant developments. However, Mr. Knepler informed Ms. Rickman-Jones of the guilty verdict by email before she authorized the Fiscal Year 2008 CSA. While it is apparent neither Mr. Knepler nor Mr. Litvak took appropriate steps to ensure that the DHS personnel responsible for approving this contract had all of the relevant information, Mr. Knepler did inform Ms. Rickman-Jones of the guilty verdict against Downstate. Approving a CSA for an organization with a pending guilty verdict for Medicaid fraud of $400,000 is not sound fiscal judgment. Therefore, the allegation that Lorrie Rickman-Jones violated the Illinois Administrative Code is **FOUNDED**.[3]

B. Illinois Procurement Code Purchase of Care Provision

The Illinois Procurement Code states "unless otherwise provided, no person or business convicted of a felony shall do business with the State of Illinois or any State agency ..." 30 ILCS 500/50-10. "Purchases of care" are expressly exempt from the Procurement Code. 30 ILCS 500/1-10(b)(3). A "purchase of care" is any "contract with a person for the furnishing of medical, educational, psychiatric, vocational, rehabilitative, social, or human services directly to a recipient of a State aid program." 30 ILCS 500/1-15.68. Because purchases of care are expressly exempt from the Illinois Procurement Code, the provisions relating to felony convictions do not apply to those agreements.

Because the Fiscal Year 2008 CSA provided medical services directly to recipients of State aid, i.e. transportation to the inpatient facilities, it was a purchase of care and not subject to the Illinois Procurement Code's restrictions on business with felons. Therefore, the allegation that Jordan Litvak violated the Illinois Procurement Code by recommending DHS issue Downstate's Fiscal Year 2008 CSA is **UNFOUNDED**.

V. Recommendations

Following due investigation, the OEIG issues these findings:

- **FOUNDED** – Patrick Knepler and Jordan Litvak violated the Illinois Administrative Code by failing to follow sound fiscal standards regarding DHS's business relationship with Downstate following Downstate's Medicaid decertification and guilty verdict.
- **FOUNDED** – Robert Vyverberg violated the Illinois Administrative Code by failing to follow sound fiscal standards regarding his supervision of Patrick Knepler and Jordan Litvak.
- **FOUNDED** – Lorrie Rickman-Jones violated the Illinois Administrative Code by authorizing Downstate's Fiscal Year 2008 CSA despite having been informed that Downstate was found guilty of eighteen felonies.

[3] The OEIG investigation did not reveal sufficient evidence to find that Ms. Rickman-Jones knew or had reason to know of Downstate's Medicaid decertification.

- **UNFOUNDED** – Jordan Litvak violated the Illinois Procurement Code by recommending that DHS issue Downstate's Fiscal Year 2008 CSA.

The OEIG recommends that Patrick Knepler and Jordan Litvak be subject to discipline for failing to follow sound fiscal standards.

The OEIG also recommends that Robert Vyverberg be counseled for failing to adequately supervise Mr. Knepler and Mr. Litvak in accordance with sound fiscal standards.

The OEIG recommends that Lorrie Rickman-Jones be counseled to more closely monitor information relating to DHS vendors.

No further investigation is required and this matter is considered closed.

Addendum A
Chronological Timeline of Downstate's Relationship with DHS

Date	Event
July 1, 2005	DHS executes a Fiscal Year 2006 CSA with Downstate, valued at $397,092.16.
March 28, 2006	HFS terminates Downstate's Medicaid certification.
April 7, 2006	Mr. Knepler and Mr. Litvak begin discussions relating to Downstate's Medicaid decertification.
July 1, 2006	DHS executes a Fiscal Year 2007 CSA with Downstate, valued at $825.457.80.
July 12, 2006	Downstate and CEO Richard Wallace are indicted in the United States District Court for the Southern District of Illinois for eighteen counts of benefit fraud.
August 8, 2006	HFS issues Downstate a letter reflecting its March 28, 2006 Medicaid decertification.
January 22, 2007	Downstate Acting CEO Teri Beasley informs Mr. Litvak via email of Downstate's February 6, 2007 trial date.
February 9, 2007	The District Court jury returns a guilty verdict on all eighteen counts against Downstate and Mr. Wallace.
February 12, 2007	Ms. Beasley informs Mr. Litvak of the guilty verdict.
February 14, 2007	Mr. Knepler, Mr. Litvak, and Mr. Vyverberg initiate discussions relating to Downstate's CSA.
April 17, 2007	DHS approves a Fiscal Year 2008 CSA with Downstate, valued at $935.000.
July 1, 2007	Downstate's Fiscal Year 2008 CSA takes effect.
September 11, 2007	Downstate's sentencing hearing is continued.
December 4, 2007	HFS Medicaid Fraud Unit informs Mr. Knepler that it will seek $300,000 in restitution from Downstate.
December 19, 2007	Ms. Beasley informs Mr. Litvak that U.S. District Judge Murphy entered the conviction against Mr. Wallace and Downstate. Mr. Wallace was sentenced to 36 months imprisonment and Downstate was fined $500,000.
December 20, 2007	Judge Murphy enters Mr. Wallace's and Downstate's conviction.
January 17, 2008	HFS denied Downstate's objection to its Medicaid decertification

Pat Quinn, *Governor*

Illinois Department of Human Services

Michelle R.B. Saddler, *Secretary*

Office of the Secretary
401 South Clinton Street • Chicago, Illinois 60607
100 South Grand Avenue East • Springfield, Illinois 62762

August 22, 2011

Mr. Ricardo Meza
Executive Inspector General
Office of the Executive Inspector General
For the Agencies of the Illinois Governor
32 West Randolph Street, Suite 1900
Chicago, Illinois 60601

RE: OEIG Case #08-00310

Dear Inspector General Meza:

We have reviewed the Final Summary Report issues by your office in the referenced case. The Department of Human Services places a high priority on correcting the issues noted in your investigation. Of great concern were the findings related to contract due diligence and sound fiscal procedures. As a result, we have taken the following corrective action through and with the assistance of the DHS Chief Financial Officer.

Our programs are now required to conduct a background check to include corporate standing with the Office of the Secretary of State, criminal, and Medicaid certification standing. Through a certification attached to the Contract Approval Form (CAAF), staff will certify that adequate due diligence was performed prior to submitting a CAAF to Executive Staff for signature. This control will minimize the risk identified in your report and prevent signing in violation of the Illinois Administrative Code and relevant fiscal standards of fiduciaries of the State.

1. Effective immediately, FY2012 CAAF packets must include a screen printout indicating the vendor has been checked on the Excluded Parties List System (https://www.epls.gov) and has not been determined to be ineligible for contracting. Additionally, a screen printout from http://www.cyberdriveillinois.com/departments/business_services/corp, the Illinois Secretary of State's website, is required. This indicates whether the vendor is in good standing with that Office. The Excluded Parties List (EPL) must be reviewed and the respective contract file will note suspended or debarred vendors who are prohibited from contracting with federal funds. This control will prevent contracting with unauthorized parties. Certification and attached screenshots of the due diligence used to ensure compliance with applicable fiduciary responsibility will be included with the CAAF prior to PBC and Roundtable approval.
2. DHS completed a retrospective review of all FY2011 payments to determine if DHS had additional exposure not yet identified. This was accomplished by working with the Department of Healthcare and Family Services (HFS) Office of the Inspector General. The HFS OIG maintains the official "sanction file" of all vendors found guilty of Medicaid or Medicare fraud.
3. During the week of August 8, 2011 and again during the week of August 15, 2011 DHS submitted a file to the HFS OIG listing all vendors contracted with and/or paid for services without a contract during FY2011 and FY2012

year to date. That file was matched against the "sanction" file. The results of the matching process identified one vendor who was under contract to a DHS facility. The vendor was a dentist under contract to the Singer Mental Health Center in Rockford, Illinois. This information was shared with the Division of Mental Health and the Singer facility for review and follow-up action as required.

4. We have also convened a work group to develop an on-going automated process to check all DHS payments against the HFS sanction file from this date forward. Kelly Turner, CARS Administration, is working with the HFS OIG Office to set up and test that process at this time. We expect to have a regular nightly process in place within the next 30-60 days which will prevent any payments being processed to ineligible vendors.
5. A second work group will be established by close of September to develop a process for screening vendors for ineligibility prior to contracts being issued by the Community Services Agreement (CSA) system developed by DHS MIS.

In terms of accountability, the attached presentations are a representative sample of training material that will be distributed and made available for reference. All staff will be reminded to follow the Illinois Administrative Code as well as all relevant rules and regulations. Finally, DHS will ensure adequate fiscal standards are followed through the implementation of a series of fiscal and budgetary controls.

Recommended Disciplinary Action

The Department continues to consider the appropriate discipline for the individuals involved in this matter, and will supplement this letter by providing specifics in the very near future. We take this matter very seriously. In the meantime, we wanted you to be aware of the fiscal controls being implemented.

Sincerely,

Michelle R.B. Saddler
Secretary

Pat Quinn, *Governor*

Illinois Department of Human Services

Michelle R.B. Saddler, *Secretary*

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401 South Clinton Street • Chicago, Illinois 60607
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August 30, 2011

Mr. Ricardo Meza
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32 West Randolph Street, Suite 1900
Chicago, Illinois 60601

RE OEIG Report #08-00310

Dear Inspector General Meza:

On August 22, 2011, the Department of Human Services advised your office of the contract/fiscal oversight measures undertaken in response to your findings in the referenced case. At that time, DHS was still in the process of reviewing the recommended discipline, and we advised you the matter continued to be given serious consideration. This letter supplements our previous letter and advises you of the action taken by DHS.

1. Jordan Litvak was counseled and a written notice to the effect was placed in his file.
2. Dr. Robert Vyverberg was counseled and a written notice to that effect was placed in his file.
3. Patrick Knepler and Dr. Lorrie Jones were both counseled, but no written notice was placed in their files.

The Department followed your recommendations with respect to Mr. Litvak and Dr. Jones. The Department followed your recommendation by counseling Dr. Vyverberg, but also decided it was appropriate under the circumstances to also place a written notice to the effect in his file. Mr. Knepler was counseled, as recommended by your office, but DHS chose not to place a written notice to that effect in his file. After a careful and considered review of your findings, the Department believes that Mr. Knepler acted within the expectations of his job – and that it was Mr. Litvak and Dr. Vyverberg should have been more diligent in their respective duties.

If you have any additional questions or concerns, please let me know.

Sincerely,

Michelle R.B. Saddler
Secretary

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

IN RE: ROBERT VYVERBERG) 08-00310

RESPONDENT'S SUGGESTIONS FOR REDACTION / PUBLIC RESPONSE

Please check the appropriate line and sign and date below. If no line is checked the Commission will not make your response public if the redacted report is made public.

X Below is my public response. Please make this response public if the summary report is also made public; or

_____ Below are my suggestions for redaction. I do not wish for these suggestions to be made public.

Respondent's Signature

12/9/2011
Date

Instructions: Please write or type suggestions for redaction or a public response on the lines below. If you prefer, you may attach separate documents to this form. Return this form and any attachments to:

Illinois Executive Ethics Commission
401 S. Spring Street, Room 513 Wm. Stratton Building
Springfield, IL 62706

In considering my public response to the publication of the Summary Report of OEIG Case # 08-00310, several points seemed worthy of noting. First and foremost, throughout the entire timeline covered by the Case, we were ever cognizant of our obligation to meet the statutorial requirement of providing transportation services to persons

in need of such services in the process of their being admitted to a State-operated Hospital. Also throughout the timeline covered by this Case, the Service Vendor provided those services with a consistently high level of quality, and without incident or injury, to the persons served.

Second, as we had many significant concerns and questions about the implementation of the Medicaid decertification process and appeals, we were continually in search of alternate Service Vendors to become bidders to provide transportation services. Unfortunately, none could be found. Subsequently, however, when a qualified Service Vendor bidder was identified,

we worked diligently, following all proper protocols and procedures, to assure that service provision would in no way be jeopardized or compromised.

And finally, once a new Service Vendor was selected, we work collaboratively and supportively with all of the involved system partners, to assure that communication and data reflecting the service provision outcomes were shared in an open, timely and appropriate manner

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

IN RE: JORDAN LITVAK) 08-00310

RESPONDENT'S SUGGESTIONS FOR REDACTION / PUBLIC RESPONSE

Please check the appropriate line and sign and date below. If no line is checked the Commission will not make your response public if the redacted report is made public.

X Attached ~~Below~~ is my public response. Please make this response public if the summary report is also made public; or

_____ Below are my suggestions for redaction. I do not wish for these suggestions to be made public.

[signature] 11/28/11
Respondent's Signature Date

Instructions: Please write or type suggestions for redaction or a public response on the lines below. If you prefer, you may attach separate documents to this form. Return this form and any attachments to:

Illinois Executive Ethics Commission
401 S. Spring Street, Room 513 Wm. Stratton Building
Springfield, IL 62706

Memo response is attached

Memorandum

To: Illinois Executive Ethics Commission

From: Jordan Litvak

Date: 11/28/11

Re: Response to OEIG Case No. 08-00310

First, it is evident that our efforts to seek clear guidance from persons within DMH regarding Downstate transportation's legal problems and to keep them fully informed of our concerns fell short of the mark. Rest assured that lessons have been learned to seek thorough and complete follow through should related events arise in the future.

Second, it should be noted that the driving influence in all of our activities related to Patient Transportation was and is centered on the safety and welfare of the individuals involved in over 3000 transports each year for persons in need of transport and admission to psychiatric facilities. Our perception of events and decisions made were in the context of concern for this most marginalized population.

Third, as a point of clarification, the Medicaid fraud for which Downstate Transportation was convicted was not related to the performance of duties under the CSAs for Fiscal Years 2007 or 2008.

In adjusting to the circumstances of this investigation, key changes to operations and policies have been made within DMH:

1. Clear articulation of contract responsibility between DMH Fiscal Services and all other administrative oversight.

2. The centralization of DMH Fiscal Services regarding all fiscal contracting obligations, including review and payment of all billing submissions and expenditures under this program.

3. Remaining administrative oversight of vendor policy and procedures, continuous quality improvement, community relations and incident report processing occur at the regional level with periodic and continuous flow of communications to DMH fiscal, clinical and administrative units as is required and appropriate.

Thank you for your consideration of these remarks.

Jordan Litvak,, Regional Executive Director for Regions 3 and 4

Department of Human Services / Division of Mental Health