

MAYOR'S AD HOC COMMITTEE ON
STRUCTURED SOBER LIVING HOMES
WEDNESDAY AUGUST 10, 2016
PRESCOTT, ARIZONA

MINUTES OF THE MEETING OF THE CITY OF PRESCOTT'S MAYOR'S AD HOC COMMITTEE ON STRUCTURED SOBER LIVING HOMES HELD ON WEDNESDAY AUGUST 10, 2016, in the COUNCIL CHAMBERS, located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

A. Call to order.

Meeting was called to order by Glenn Martin, Chairman at 5:01 p.m.

Roll call.

COMMITTEE MEMBERS PRESENT:

Glenn Martin, Chair man

Phil Goode, Co-Chair

Constance Cantelme, Member

Tom Montague, Member

Lauren Newington, Member (absent)

Jeri Smith-Fornara, Member (absent)

Sue Jordan, Member

Doug Dolan, Member

B. Approve July 13, 2016, minutes

Chair Martin asked for questions or changes to the minutes of July 13, 2016. Member Sue Jordan requested that in section F to include ft to the number 800. Member Goode requested that in section H the insurance company Heath Net should be capitalized. Corrections made.

C. Chair Martin asked for Molly McGinn to come forward being first topic on the agenda. Not present. Chair Martin then asked for Paladini to come forward to briefly give information on citizens taking photos and or videos of violations taking place. Paladini stated that if a violation is taking place and one is able to establish that the violation by taking photos and or taking a video.

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Chair Martin then asked Deputy Chief Bonney if she would like to add anything. DC Bonney stated that as much as the police department wants to work in partnership with the community, however there are some things that while using cell phones for capturing that evidence you cannot trespass on someone property to do so nor should you put yourself in danger to capture that evidence. The department cautions people to do that and that the department would respond as quickly as they can within reason to witness what is going on.

- D. Chair Martin moved on to New Business and welcomed Dan Kreitman, Centene Corp. Director of Special Investigations Unit. Kreitman started with the background of Centene Corp. Kreitman stated he wanted to give background as to what has gone on the last several months with Health Net. Centene acquired Health Net in March of this year. Centene has approximately 85 investigators. They have been in Prescott on two separate occasions working investigations that work around sober home living. The recently noticed a very large billing spike in sober home living facilities here in Prescott as well as California. Kreitman stated it was as much as of a 500% spike in 12 months. Centene is looking at what they consider to be a fraud investigation at this point. They are aware of what these facilities are doing to commit fraud against Centene Corp. They are not only looking a dollar amount fraud they are looking at a safety issue for the members. They currently have sober living facilities in the Prescott area that are not cooperating with the investigation. Centene is working with Department of Insurance of Arizona to actively prosecute any facility that has committed a crime; false claims act, conspiracy. Some of the homes are in fact cooperating. Centene has changed their payment method and since then over a 100 homes have closed their doors in the Prescott area. Cenente has had litigation filed against them and they are pursuing counterclaims and will defend themselves. From their investigation and speaking to members that are in the homes after being approached of potential crimes that have been committed under the False Claims Act that is a federal and state offense they are working with Centene to bring those to justice. Centene will be cooperating with the local police department and reporting any criminal violations. Centene will be a presence in this town.

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Co-Chair Goode asked Centene their scope of coverage. Kreitman shared they are based out of St Louis, Missouri. They are a company that is the largest provider of Medicaid services in the Country. (Medicaid, Medicare and commercial) They have 20 different health plans located throughout the Country. This scope falls under what they consider commercial policy. They have offices in the Phoenix area. Goode asked about the 100 homes no longer in operation, are they Health Net facilities that were reimbursed. Kreitman stated the majority of the facilities had Health Net members that were going there. The facilities were charging Centene Corp up to \$2,000 a day to do a urine drug screening 7 days a week. Heroin stays in your system for up to 72 hours. Sober home facilities are now purchasing labs because they can charge up to \$2,000 a day to do these urine drug screens. There have some facilities that charge up to \$5,000 a day to do equine therapy; to go out and pet horses. There are members in this area that have been in the facilities for 14 or 15 months with no end in sight. Looking at it from a Health care perspective they try to get them in network facilities. They are finding their members being shuffled around facilities in the Prescott area. They have found facilities that do not feed the members and have them go to homeless shelters to have lunch. Centene has found the facilities charge them \$8,000 to \$10,000 for the members to stay there and they are not feeding them. Centene has gained enough evidence to get these facilities assist them in telling them how they have been able to perpetrate this fraud. Centene will either give the information to the Prescott Police Department, the FBI or the California Department of Insurance. Goode asked what the normal charge for a urine test would be. Kreitman stated \$29, it's a dip test that could be purchased at Walgreens for probably \$5.

Member Dolan introduced himself being a facility owner, Recovery in the Pines. He stated he also has a sober living component. He started off by thanking Centene by cleaning up the ones that are abusing the system. Dolan believes that there is fraud, theft and waste that need cleaning up. Dolan asked if Centene was paying sober living homes or paying licensed clinics. Kreitman stated that there is no license required for sober living homes in the state of Arizona. Dolan shared that as a treatment center he must get credentialed. To get credentialed he must supply certain documentation to show that he has the capability and licensure to be able to provide the service to bill the insurance company. Kreitman commented that these are all out of network facilities.

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Centene has to pay under mental health parity act they have to pay out of network PPO facilities for charges they have provided them; to sober living home in addition to clinic because they have found a loop hole within Centene Corps underwriting of PPO structure. Centene has come across multiple sober living homes that are owned by addicts that are felons that have criminal histories. They have found there is no licensing; they are not CLIA certified to administer medication to members. Dolan asked if Centene is currently ongoing with the investigation or at a repair stage. Kreitman shared that from the repair stage they have stopped paying the ridiculous charges; they have restructured the payment process to what would be a more Medicare payment structure. Kreitman shared that if a facility spiked 500% there is a chance that they would see a Centene member at their doorstep if they didn't spike 500%, charging \$3.6 million for a 10 month period. From that perspective they do believe that there are good providers out there. Kreitman shared that there are members that are scared and intimidated of being in these sober home facilities.

Member Cantelme welcomed Centene Corp to Prescott and shared that she does not own a facility but has many around her. Cantelme shared how she has always been a big advocate of accountability. She questioned if they will be limiting the amount of times the members visit the facilities. Kreitman mentioned that is part of the scheme, going from one facility to another because they can milk the insurance company tens of thousands of dollars. Member Dolan then gave credit for putting the time and energy into HB2107 to Noel Campbell and Mary Beth Hrin. We need greater supervision and greater oversight.

Member Goode asked for clarification about CLIA and authorized labs being set up in the homes. Kreitman shared that they are also setting up their own labs to bill themselves so they can keep as much money in house as they can.

Member Jordan then inquired about what happens at the end of the investigation and how the information gets out to the City and seeing the list goes down. Kreitman is in hopes they will continue to get prosecutions out of this. They would assume the state or local authorities would get the information out.

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Chair Martin then called up and welcomed John Morris, Chief of Adult Probation for Yavapai County. Morris wanted to firstly address that Molly McGinn was unaware of speaking this evening and he read a text aloud that Molly sent him, the class at Yavapai college class for September 9 is almost full and there are already signups for the October class. Morris shared that the focus group had a great turn out of approximately 40 or so people. Morris wanted to clarify that they have nothing to do with parolees. Morris asked for any questions that the committee may have. Member Cantelme mentioned that near where she lives is the entrance to Acker Park. Routinely there are kids there who hang out for a few days and camp out. Cantelme asked what is the procedure for when individuals get released from jail. Morris was unaware of the particular individuals Cantelme was referring to. He went on to say that adult probation monitors them and they are on case loads. Morris shared that he himself did work in the treatment field before he became a probation officer and that he moved here to go through treatment himself and stayed in Prescott and that he himself is in long term recovery. Morris found once he started working for Probation he came to find that the individuals who end up on probation have nothing left. They are screened for risk. Low risk folks are put in treatment and need the least resources. Standard probation would have more freedom. If they are on access they try to get them into West Yavapai Guidance clinic as soon as possible. Member Cantelme asked Chief Black if there is coordination between the clinic and the department of corrections. Morris responded that she is referring to individuals coming out on parole. There is a 72 hour check in period for them.

Chief Black asked Chief Morris if he could provide the numbers in terms of clarification of how many that are on probation are in the facilities. Morris replied that right now there are approximate 760 people in the Prescott area who are being supervised in various levels. It's a prison diversion level. Case loads are a ratio of 15 to 1. They have to turn in a schedule 24 hours a day, are on strict monitoring, there are random urine tests and the probation officers have to know where they are 24 hours a day. If they deviate from their schedule they have to get permission. There are case plans, criminogenic needs, criminal history, drug abuse, criminal associates, criminal thinking. Morris said that people that come from out of state, 5 of the 26 currently are in sober living facilities here in Prescott. 167 of the 448 were listed in Prescott on the absconders list.

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Morris went on to share that we are 2nd to Maricopa County of people that are in our interstate compact, we are sending out more people than we are taking in. Probation also has people that get their lives together and move back to where they are from. Morris shared that it costs taxpayers \$100/day to have someone in the jail due to transportation costs included. To have someone in department of corrections its \$65.28/average, to have someone on standard probation costs \$2.38/day. Intensive probation costs \$19.73/day.

Member Cantelme asked Morris about the interstate compact. Morris clarified that there are 760 on probation total. Cantelme asked if they are keeping in mind Prescott's community population and how many that are absorbed. Stats show that 362 went out of the county. Morris stated that they take into consideration before they accept anybody. There is a small percentage that they don't know are here.

Chief Black wanted to clarify numbers. Chief Morris's office supervises 760 people on probation, not Parole in the Prescott area, not Yavapai County. Probation can be in lieu of prison, it's a supervision that keeps people out of prison but keeps them accountable. The supervised probationers in the Prescott area of those from out of state is 26; 5 are living in sober living facilities. About 20% of that 760, the entire population of Prescott that is supervised by Chief Morris' office, about 20% of them are living in sober living facilities. Chief Black and Chief Morris wanted to bring that factual information to what it looks like here in Prescott. Morris responded to Member Cantelme that alcohol is the number one offender. Chief Morris also shared that Arizona went up from 53 to 52 in the United States for treatment resources for mentally ill. Chief Morris welcomed ride-a-longs, attending drug court graduations and see what they do.

E. Public Comment -

Chair Martin then welcomed public comment. Paladini briefly reminded the committee that public comment is fine but he discourages any comment from the committee to the public on anything that is not listed on the agenda for the evening, he also reminded Chair Martin that he has the capability to remind the public what the purpose is of the committee.

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Richard Steelman, Prescott resident first thanked the Mayor and City Council as well as Noel Campbell for their work. In thanking City Council he stated that they stepped away and decided to fund a lobbyist. Steelman said that due to the tight money times we are currently experiencing this was a stretch and for the council to do that he appreciates it. Steelman then directed his question to Chief Black and asked her if she was proactive. Chief Black responded that it was a simple enough question and yes. He then asked the Chief if we currently had a drug dog. Chief responded yes. He then asked if the department needed a warrant if it was something that they could get in front of the judge and get that done. Chief responded yes. Steelman said it was good to know.

Sandra Smith, resident at 701 White Spar a retired nurse commented that she appreciates what everyone has done.

Nancy, Prescott resident worked in the Health care field for 43 years. Nancy shared that she had some concerns about the percentage of parolees in sober homes are only 20%. She feels we have more of a 20% issue. Her questions were what are the credentials of the staff; 24 hour coverage, drug-free managers and how do you know, CPR training, etc. Despite the money lost, it's the lives that have been lost.

Raul Porrata, Prescott resident since 2000, state that not all treatment centers are not all the same. For the past 2 months who have been out of treatment have stayed on his couch. They have since moved to a better place. He does not charge them and when they get out of treatment they need support of the community. Porrata went on to share his concerns about the current sober living treatment center situation and the addicts that are dealing with it.

Chair Martin thanked the council and those that have been in attendance to the meetings and have been at every meeting. Councilwoman Billie Orr, Councilman Sischka, Pro-tem Lamerson, Rep Noel Campbell, Mary Beth Hrin and Mayor Oberg.

Chair Martin state that Member Montague has closing comments. Montague stated that while listening to comments about bad operators, regulation, and oversight; bottom line these illegal operators are giving the good operators a black eye. Montague

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thought about a possible blanket letter explaining what HB2107 is along with the codes, guidelines that are coming out. There is an included website to provide all the information. A letter going out to property owner and operators explaining what the violations are if operating illegally. Paladini commented that HB2107 could now be reference to now as Article 100.38, that is already in statute. They have 3 study sessions on that topic. They are currently working on a draft on the ordinance on the operating standards. The target is September 15 at 4pm to roll it out at that point. There are Fair Housing Act Laws to address.

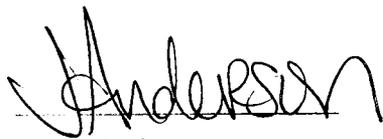
5. Meeting adjourned at 5:00 p.m. Wednesday September 14, 2016, City Council Chambers

6. Meeting adjourned at 6:43 p.m.



Glenn Martin, Chairman

ATTEST:



Julie Anderson,
Public Records Supervisor