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Medicaid probes Planned Parenthood fees

Inspector general eyes Planned Parenthood fees

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REPRINTS

The Illinois Medicaid inspector general is investigating the billing practices of the medical director of Planned Parenthood of Illinois, *Crain's* has learned.

Dr. Caroline Hoke was reimbursed more than \$3 million by Medicaid during the state's 2009 fiscal year, making her the program's second-highest-paid doctor at the time, but the payments fell to zero by 2011, *Crain's* analysis of state records shows.

The state Department of Healthcare and Family Services has withheld payments to Dr. Hoke until "billing issues" are resolved, a DHFS spokesman confirms. He declines to comment on the details of the case.

Planned Parenthood of Illinois CEO Carole Brite denies any wrongdoing, calling the inquiry a "routine review." She says the organization will have to repay the state, but she declines to say how much.

The nonprofit is a key provider of abortions, contraceptives and other health care services to women, particularly the poor. The probe raises questions about an important source of funding for the organization, which received about half of its \$25 million revenue from Medicaid in the fiscal year ended June 30, 2011, the most recent data available.

The Quinn administration, which in May vowed to step up audits to root out Medicaid abuse, is now confronted with a difficult test case. Appearing soft would likely provoke outrage among some Republicans and anti-abortion advocates, while seeming to punish Planned Parenthood harshly would alienate the group's Democratic supporters.

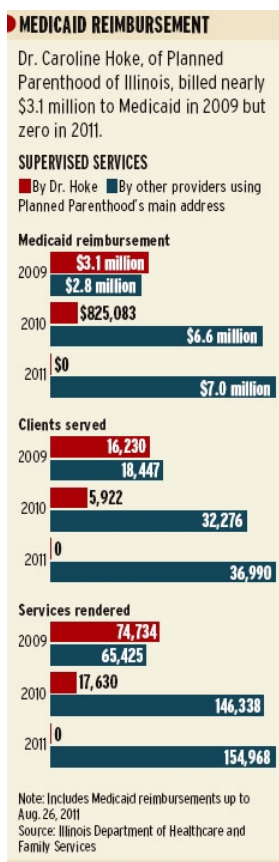
“Because of the national debate and the acrimony on the national level, you want to be sure of everything you do,” says political consultant Thom Serafin, CEO of Chicago-based Serafin & Associates Inc. “You know everyone is watching.”

POLITICAL ACTION

As a staunch defender of abortion rights, Planned Parenthood's clout extends beyond its political action committees, which have given more than \$380,000 to various candidates since 1999.

Planned Parenthood Illinois Action PAC gave \$21,000 in contributions to Gov. Pat Quinn from 2009 to 2011, campaign records show. A predecessor PAC gave a total of \$850 to DHFS Director Julie Hamos from 2003 to 2006, when she was a state representative.

The PAC is separate from the nonprofit, Ms. Brite says.



Political considerations don't influence any case handled by the inspector general, who is independent of DHFS, a department spokesman says.

“We are committed to reaching a fair outcome that protects the taxpayers,” he says.

Crain's analyzed Medicaid records of more than 30,000 physicians for the 2009-11 state fiscal years, which end on June 30.

Dr. Hoke's reimbursements plunged by more than 70 percent, to \$825,083, in 2010, from nearly \$3.1 million in 2009. She received no payments in 2011. Her 2009 reimbursement included payments for services she provided as well as those billed by her but provided by others. It is common for a billing provider like Dr. Hoke to submit claims for providers she supervises.

Much of the money likely flowed to the organization. Her annual compensation of about \$300,000 hasn't changed since 2008, the year after she became medical director, tax records show.

A graduate of the University of North Carolina School of Medicine in Chapel Hill, N.C., Dr. Hoke completed her residency at a health system associated with the school in 2004. She declines to comment.

Planned Parenthood of Illinois was formed by the March 2008 merger of five regional chapters. It now has 18 offices, including nine downstate.

After the merger, Dr. Hoke's reimbursements rose because DHFS instructed the organization to bill services at all locations under her name, Ms. Brite says. But the agency changed its position, effective February 2009, advising the organization to bill providers separately, she says. The inspector general's examination began in April 2010, she adds.

"There's no fraud, no wrongdoing," Ms. Brite says. "We came to an agreement long ago—we're just waiting for the final paperwork."

As Dr. Hoke's billings have faded, payments have grown to the other providers who use Planned Parenthood's Chicago headquarters address. In fiscal 2009, those 52 providers were paid \$2.8 million, records show. By 2011, the number of providers rose to 62 while payments shot up to \$7 million.

Dr. Hoke continues to treat Medicaid patients, expecting that reimbursements will resume eventually, Ms. Brite says.

Medicaid officials typically suspend payments only when additional payments would be improper, says Linda Gombac, an auditor at Lafayette, Ind.-based BlickenStaff LLC, a health care compliance consulting firm.

"Especially if they end up taking back some money," she says.

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