

1 IN THE DISTRICT COURT FOR THE STATE OF ALASKA
2 FOURTH JUDICIAL DISTRICT AT BETHEL

3 STATE OF ALASKA,

4 Plaintiff,

5 vs.

6
7 CHIN S. KIM
8 DOB: 05/16/1960
9 APSIN ID: 7337219
10 DMV NO.: 7232925 AK
11 ATN: 115745607

12 MI AE YOUNG
13 DOB: 03/19/1962
14 APSIN ID: 7598294
15 DMV NO.: 7381789 AK
16 ATN: 115745589

17 TUNDRA SUITES, LLC
18 APSIN ID: 9112655
19 ATN: 115745598

20 Defendants.

21 No. 4BE-18-_____ CR (Chin S. Kim)
22 No. 4BE-18-_____ CR (Mi Ae Young)
23 No. 4BE-18-_____ CR (Tundra Suites, LLC)

24 INFORMATION

25 I certify this document and its attachments do not contain the (1) name of a victim of a sexual offense listed in AS 12.61.140 or (2)
26 residence or business address or telephone number of a victim of or witness to any offense unless it is an address identifying the place of a
27 crime or an address or telephone number in a transcript of a court proceeding and disclosure of the information was ordered by the court.
The following counts charge a crime involving DOMESTIC VIOLENCE as defined in AS 18.66.990:

Count I - AS 47.05.210(a)(1)
Medical Assistance Fraud
Chin S. Kim - 001, Tundra Suites, LLC - 001

Count II - AS 47.05.210(a)(2)
Medical Assistance Fraud

1 Mi Ae Young - 002

2 Count III - AS 11.46.600(a)(2)

Scheme To Defraud

3 Chin S. Kim - 002, Mi Ae Young - 003, Tundra Suites, LLC - 002

4 Count IV - AS 47.05.210(a)(5)

5 Medical Assistance Fraud

6 Mi Ae Young - 004

7 THE OFFICE OF SPECIAL PROSECUTION CHARGES:

8 COUNT I

9 That in the Third Judicial District, State of Alaska, on or between July 1, 2017
10 and January 18, 2018, at or near Bethel, Alaska, CHIN S. KIM and TUNDRA SUITES,
11 LLC, knowingly submitted or authorized the submission of a claim to a medical
12 assistance agency for property, services, or a benefit with reckless disregard that the
13 claimant was not entitled to the property, services, or benefit, and the value of the
14 property, services or benefit was more than \$25,000.

15 All of which is a Class B Felony offense being contrary to and in violation of
16 AS 47.05.210(a)(1) and against the peace and dignity of the State of Alaska.

17 COUNT II

18 That in the Third Judicial District, State of Alaska, on or between July 1, 2017
19 and January 18, 2018, at or near Bethel, Alaska, MI AE YOUNG knowingly prepared or
20 assisted another person in preparing a claim for submission to a medical assistance
21 agency for property, services, or a benefit with reckless disregard the claimant was not
22 entitled to the property, services or benefit, and the value of the property, services or
23 benefit was more than \$25,000.

24 All of which is a Class B Felony offense being contrary to and in violation of AS
25 47.05.210(a)(2) and against the peace and dignity of the State of Alaska.

26 COUNT III

1 That in the Third Judicial District, State of Alaska, on or between July 1, 2017
2 and January 18, 2018, at or near Bethel, Alaska, CHIN S. KIM, MI AE YOUNG, and
3 TUNDRA SUITES, LLC, engaged in conduct constituting a scheme to defraud one or
4 more persons of \$10,000 or to obtain \$10,000 or more from one or more persons by false
5 or fraudulent pretense, representation, or promise and obtained property or services in
6 accordance with the scheme.

7 All of which is a Class B Felony offense being contrary to and in violation of AS
8 11.46.600(a)(2) and against the peace and dignity of the State of Alaska.

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COUNT IV

That in the Third Judicial District, State of Alaska, on or between July 1, 2017
and January 18, 2018, at or near Bethel, Alaska, MI AE YOUNG knowingly made a false
entry or falsely altered a medical assistance record.

All of which is a Class A Misdemeanor offense being contrary to and in
violation of AS 47.05.210(a)(5) and against the peace and dignity of the State of Alaska.

The undersigned swears under oath this Information is based upon a review of
the investigative materials developed to date in Medicaid Fraud Control Unit
investigation number 0680278.

In January 2018, the Medicaid Fraud Control Unit (“MFCU”) received a referral
from the Program Integrity Unit of the Alaska Department of Health and Social Service’s
Medicaid program based on concerns that a Medicaid provider, Tundra Suites, was
billing for lodging Medicaid recipients who were not actually staying at Tundra Suites.

The Alaska Medicaid program will pay for recipients to travel for medically-
necessary care when such care is not available in the recipient’s home community.
Following pre-approval for such travel, Medicaid will pay for costs associated with the
travel by issuing vouchers to cover lodging, meals, and taxi rides to and from lodging and
medical appointments or the airport. These vouchers come in paper “packets,” which

1 contain one original and three carbon copies, for a total of four Medicaid vouchers per
2 packet; each packet has the same authorization number which appears on all four
3 vouchers. Each of the four vouchers in the packet can be used by a Medicaid recipient for
4 one of the pre-approved services by giving that voucher to the provider (i.e., taxi driver,
5 hotel, etc.). In order to be able to accept Medicaid vouchers, a hotel or taxi company
6 must enroll as a “Medicaid provider”; once it is enrolled, a provider can accept vouchers
7 in lieu of direct payment from recipients and then bill Medicaid by submitting claims
8 directly to Medicaid.

9 The Program Integrity unit (“P.I.”) is a part of the State’s Medicaid program and is
10 tasked with ensuring that Medicaid payments are properly made. P.I. oversees regular
11 audits of Medicaid providers and conducts reviews of payments to ensure that providers
12 do not receive payments that they are not entitled. In January 2018, P.I. reported to
13 MFCU that it had opened an investigation into Tundra Suites after receiving complaints
14 from five separate Medicaid provider hotels, each one complaining that Medicaid had
15 denied payment for a claim submitted by the provider hotel. Each provider was told by
16 Medicaid that payment had been denied because the “service authorization units” had
17 already been used (i.e., that another provider had already billed and been paid for
18 providing the lodging services authorized by the recipient’s voucher). The P.I.
19 investigation reviewed Medicaid records and found that in each of the five complaints,
20 Tundra Suites had already billed Medicaid for services allegedly provided under the
21 voucher number in question, thereby utilizing all of the service authorization units and
22 resulting in the denied claims to the other hotel providers.

23 Tundra Suites operates a hotel in Bethel, Alaska, that has 13 rooms, five of which
24 are two-room suites. Tundra Suites was enrolled with Medicaid and signed a provider
25 enrollment agreement agreeing to follow the program’s regulations.

26 P.I. staff reviewed several of the challenged claims, and requested that the
27 complaining providers and Tundra Suites all submit the vouchers underlying the claims

1 in question. P.I. staff also interviewed several of the involved Medicaid recipients about
2 their medical travel. P.I. staff noted numerous irregularities in the claims linked to
3 Tundra Suites, including dates where Tundra Suites billed for providing lodging services
4 to more recipients than Tundra Suites has rooms, and instances where more than four
5 vouchers were submitted by the various providers with the same voucher number (as
6 noted above, vouchers are issued in carbon copy “packs” of four; therefore, there can be
7 no more than four vouchers with the same voucher authorization number).

8 In response to P.I.’s request, Tundra Suites also provided vouchers that indicated
9 that on several occasions Tundra Suites claimed that more than one Medicaid recipient
10 (sometimes along with one or both of the recipients’ escorts) were staying in the same
11 room or suite, despite differences in age, sex and originating communities (and no
12 apparent familial connection). For instance, on December 18, 2017, Tundra submitted
13 one voucher stating that a 69-year old male recipient stayed in Room five on that night,
14 as well as an additional voucher stating that a 20-year old female recipient from a
15 different community stayed in the same room on the same night. Tundra Suites billed
16 Medicaid for each recipient separately. Another recipient’s escort was contacted; the
17 escort stated that they had stayed in Anchorage, not Bethel, during their medical travel.

18 Based on concerns that Tundra Suites was billing for services not provided, P.I.
19 referred the case to MFCU and provided MFCU with their investigation materials to date.
20 The MFCU forensic accountant pulled all the claims Tundra Suites filed with Medicaid
21 from January 2017 through January 2018. The data showed that Tundra Suites’ Medicaid
22 billing increased exponentially within the span of a year—from an average of \$4000 per
23 month at the start of the year to almost \$57,000 of claims submitted in December of 2017
24 alone.

25 Based on the MFCU accountant’s review, during the course of 2017, Medicaid
26 reimbursed Tundra Suites for the following amounts each month:

1	Jan	\$	5,874.00
	Feb	\$	6,764.00
2	Mar	\$	4,005.00
	Apr	\$	4,806.00
3	May	\$	7,209.00
	Jun	\$	5,340.00
4	Jul	\$	15,130.00
	Aug	\$	32,129.00
5	Sep	\$	36,490.00
	Oct	\$	32,574.00
6	Nov	\$	42,008.00
	Dec	\$	56,604.00

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8 After P.I. referred the case to MFCU, P.I. suspended Tundra Suites' ability to bill
9 Medicaid for services. Tundra Suites appealed this decision, and a hearing before an
10 Administrative Law Judge was held on February 20, 2018. Kim testified at that hearing,
11 and his testimony was summarized in a proposed order by Administrative Law Judge
12 Mandala on March 6, 2018. *See* OAH No. 18-0128-MPC.

13 Kim's testimony indicated that he was billing Medicaid for a recipient and a
14 recipient's escort separately, despite regulations which generally forbid doing so. Kim
15 testified under oath that in April or May 2017 he was asked by "a young lady from the
16 government agency" to stop billing separately for recipients and escorts who shared the
17 same room. However, he continued to bill for recipients and escorts separately after that
18 date. Kim's testimony also raised concerns that, at least in certain situations, he was
19 charging Medicaid more for lodging for its recipients than he was charging non-Medicaid
20 clients, which is similarly barred by Medicaid regulations.¹

21 Moreover, in Kim's testimony he claimed that unrelated Medicaid recipients
22 regularly shared a hotel room or suite, either because the hotel was full and they agreed to
23 do so at Kim's request, or because the recipients met at the hospital, and then requested to
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26 ¹ Kim testified that if two recipients and each of their escorts were put in the same room, he would bill \$89 for each
27 person, or a total of \$356 per night. In addition to billing for escorts separately, which is barred by Medicaid
regulations, this is more than the \$320 that he testified he charges non-recipients if there are four occupants of a
suite, and as such is further barred by Medicaid regulations.

1 share a room or suite. A P.I. employee testified at the hearing that in her experience, she
2 was unaware of any situation where unrelated recipients had chosen to share a room, and
3 that she was similarly unaware of a shortage of Medicaid lodging in Bethel that would
4 necessitate such sharing. Notably, Medicaid recipients do not have to pay any of the
5 room charge while traveling for medical care, so there is no financial incentive for
6 recipients to share a hotel room.

7 Following the administrative hearing, MFCU investigators and other law
8 enforcement officers traveled to Bethel in March of 2018 to serve search warrant number
9 3AN-18-807 SW on Tundra Suites. As part of the execution of this search warrant,
10 MFCU investigators obtained a large volume of records pertaining to Tundra Suites’
11 billing for Medicaid recipients, including the original Medicaid travel vouchers (a
12 provider is not required to provide the original vouchers to the Medicaid program at the
13 time of billing, but must retain the vouchers). The investigative team also interviewed
14 multiple taxi drivers in Bethel, and served demand letters on several taxi drivers who are
15 enrolled as providers (as a condition of being an enrolled Medicaid provider, pursuant to
16 7 AAC 105.240, a provider must provide certain records to MFCU, absent a warrant,
17 when requested).

18 While in Bethel in March 2018, investigators also interviewed Mi Ae Young, who
19 admitted to submitting many of Tundra Suites’ Medicaid claims, as well as the Medicaid
20 claims for at least one cab driver, Yeong Jin. Mi Ae Young was previously enrolled as a
21 Medicaid provider as the owner of a Bethel taxi company. Young was excluded from
22 participating in Medicaid in April 27, 2017 based on a pattern of over-charging Medicaid
23 for taxi rides; in addition to being excluded from the Medicaid program, she currently
24 owes the Medicaid program \$248,034.00 for those overcharges. Based on her exclusion,
25 Young is not permitted to participate in any activity related to Medicaid, including
26 providing services under another provider’s Medicaid identification number or billing for
27 services on behalf of another provider.

1 During the investigators' recorded interview with Young in March 2018, she made
2 several phone calls in Korean while in the presence of the investigators. During one of
3 the calls, she spoke to an individual later discovered to be Yeong Jin, an enrolled
4 Medicaid taxi cab provider. The audio recording of Young's side of these phone calls
5 was later translated and transcribed. The translation revealed that while the investigators
6 were with Young, she made a call to Jin and instructed him to contact Tundra Suites and
7 tell them that investigators were with her and would be going to Tundra Suites. Young
8 told Jin to pass on the message that Tundra Suites should get the papers ready for the
9 investigators, except for the ones that they had changed; Young told Jin that they should
10 hide those altered vouchers. Unbeknownst to Young, other investigators were already at
11 Tundra Suites collecting documents at the time of this phone call.

12 After review of many of the records obtained in March, MFCU staff noted
13 additional discrepancies with Tundra Suites' billing. A MFCU investigator also called 51
14 recipients or escorts for whom Tundra Suites billed Medicaid. Of the 51 recipients or
15 escorts contacted, 39 reported that they had not stayed at Tundra Suites during the
16 relevant medical travel. However, many, if not all, had taken taxi cabs while in Bethel
17 during their medical travel period.

18 After reviewing these records and the translation of the conversation with Young,
19 MFCU investigators and other law enforcement officers again traveled to Bethel in May
20 of 2018. During an interview with Young, she admitted that she began billing for Tundra
21 Suites in order to help Kim, because Tundra Suites was struggling financially. Young
22 admitted that she, on behalf of Tundra Suites, began fraudulently billing for Medicaid
23 services that were not provided as early as July 2017. Young admitted that she increased
24 the fraudulent billing slightly until November and December of 2017, at which point she
25 drastically increased the fraudulent claims. Young stated that she billed for
26 approximately 115 fraudulent vouchers, and estimated the amount of the fraudulent
27 billing to be approximately \$70,000.

1 Young stated that Kim did not know of the fraud until approximately November of
2 2017, at which point she told him what she had been doing. Young stated that Kim was
3 concerned about her actions and wanted to stop the fraudulent billing, but that they
4 continued to fraudulently bill through November and December. Notably, the fraudulent
5 billing continued until Medicaid suspended Tundra Suites from billing in mid-January.

6 Kim was also interviewed and admitted that he knew of Young's actions regarding
7 the fraudulent billing beginning around November or December of 2017. Kim claimed
8 that it was Young's idea, but that he had not reported it or stopped it upon learning of the
9 fraudulent billing, and indeed continued to fraudulently bill through November and
10 December of 2017. Kim said that he believed there had been approximately \$70,000 in
11 fraudulent billing based on approximately 100 fraudulent vouchers. Kim admitted that he
12 knew the billing was fraudulent, as the patients that they submitted claims for had not
13 stayed at Tundra Suites.

14 Both Kim and Young stated the fraudulent billing ended in December. Due to the
15 current investigation, Tundra Suites was suspended from billing Medicaid on January 17,
16 2018; however, up to that date of suspension, Tundra Suites had submitted \$28,569.00 in
17 claims to Medicaid for lodging allegedly provided in January of 2018. This number is in
18 line, proportionally, with the increased level of billing submitted in December of 2017.

19 Both Kim and Young denied that Young received payment for the fraudulent
20 billing.

21 Although the investigation remains ongoing to determine the precise extent of
22 Tundra Suites' fraudulent billing, at this point the MFCU accountant has reviewed
23 fraudulent claims submitted by Tundra Suites that total more than \$100,000.

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26 Dated at Anchorage, Alaska, this 12th day of June, 2018.

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