



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
JANUARY 18, 2011

CONTACT: U.S. ATTORNEY'S OFFICE  
ELLEN DAVIS,  
EDELI RIVERA,  
JESSIE ERWIN  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

**MANHATTAN U.S. ATTORNEY ANNOUNCES \$18 MILLION CIVIL  
FRAUD SETTLEMENT WITH NEW YORK'S LARGEST OPERATOR  
OF FACILITIES FOR ADULTS WITH DEVELOPMENTAL  
DISABILITIES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that the United States has filed and simultaneously settled a civil fraud lawsuit against YOUNG ADULT INSTITUTE, INC. ("YAI"), and several of its current and former officers for submitting false claims for Medicaid reimbursement. The Government's Complaint alleges that YAI and its officers improperly shifted and miscategorized its costs in order to receive Medicaid funding to which it was not entitled. The settlement, approved today in Manhattan federal court by U.S. District Judge RICHARD M. BERMAN, requires YAI to pay \$18 million in civil damages under the False Claims Act.

YAI is the largest operator of residential facilities and other programs for developmentally disabled individuals in New York State, and receives the bulk of its funding from Medicaid, through the New York Office for People with Developmental Disabilities ("OPWDD"). Medicaid reimburses providers for the cost of care for Medicaid recipients, including the cost of the residence and treatment of developmentally disabled adults in residential facilities.

Manhattan U.S. Attorney PREET BHARARA said: "Medicaid has long been a lifeline for people with developmental disabilities, and every penny in that program must be put to its best and proper use. As federal and state budgets continue to shrink, it is more important than ever that we vigilantly police the Medicaid program against overbilling and improper diversion of precious dollars. We will continue to work vigorously with our federal, state, and local partners, including New York State Attorney General Eric Schneiderman's Medicaid Fraud Control Unit, to protect the Medicaid program against waste, fraud, and abuse."

According to the Complaint filed today in Manhattan federal court:

From 1999 through 2010, YAI repeatedly submitted to OPWDD consolidated fiscal reports ("CFRs") that falsely inflated the costs of certain residential facilities in order for YAI to obtain additional Medicaid funding to which it was not entitled. The Complaint alleges that, among other things, (i) YAI improperly shifted the costs of certain employees' salaries and fringe benefits to facilities where they did not work; (ii) YAI improperly categorized its senior program administrative staff and other unlicensed or uncertified persons as clinical social workers; and (iii) YAI improperly categorized its fund-raising staff as administrative employees. The Complaint further alleges that these shifts and misallocations were in violation of the instructions for submitting CFRs and appeals, and that they resulted in YAI receiving inflated Medicaid reimbursements.

Medicaid is a joint federal and state program that provides financial assistance to individuals with low incomes so that they can receive medical care. Under Medicaid, the federal and state government share the costs of that care. Accordingly, YAI is also entering into a settlement agreement today with New York State ("NYS") and into a Corporate Integrity Agreement ("CIA") with the NYS Office of Medicaid Inspector General. They will pay \$7.2 million of the \$18 million settlement amount to the United States, and the remainder to the State of New York. Under the CIA, YAI will be required to hire an independent monitor and take numerous steps to ensure that its submissions to OPWDD are accurate in the future.

In the settlement approved today, YAI does not admit the allegations in the complaint.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and the U.S. Department of Health and Human Services's Office of Inspector General. He also thanked the New York State Attorney General's Office.

This case is being handled by the Office's Civil Frauds Unit. Assistant U.S. Attorneys REBECCA C. MARTIN and JEAN-DAVID BARNEA are in charge of the case.