



State of North Carolina

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October 19, 2012

North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Thom Tillis
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator Harry Brown
Senator Thom Goolsby
Representative James Boles, Jr.
Representative Leo Daughtry
Representative Pat Hurley
Representative Shirley B. Randleman
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: Asset Forfeiture Request

Dear Members:

As you may know, the North Carolina Medicaid Investigations Division ("MID") of the North Carolina Department of Justice ("DOJ") participates in the Equitable Sharing of Federally Forfeited Property Program with the U.S. Department of Justice and the U.S. Department of Treasury. The MID is grateful for the availability of federal forfeiture funds to enhance our health care fraud and patient abuse enforcement capabilities. For the state fiscal reporting year of July 1, 2011 to June, 30, 2012, our MID recovered over \$52 million in restitution, penalties, and interest. Your support of these important efforts is greatly appreciated.

Pursuant to applicable law, the MID reports its intent to use federal forfeiture funds for the following purposes.

MID Federal Asset Forfeiture Request

(Further Explanation Provided in Attachment A)

<u>Item</u>	<u>Amount</u>
EQUIPMENT	
Computer Server and Related Equipment	\$119,000
Forensic Computer and Related Equipment	21,250
Automobiles (5)	109,000
Laptop Computers (2)	4,000
AED	2,000
Total	\$255,250

As of October 16, 2012 the MID Federal Forfeiture Fund had an unencumbered balance of \$234,479.69. We also had \$21,214.08 of unspent funds from two previous requests to use asset forfeiture funds which we will combine with our unencumbered balance for a total of \$255,693.77. When the above expenditures are made, there will be a new balance in this fund of \$443.77.

We will be happy to respond to any questions you may have regarding this request.

Very truly yours,


Kristi Hyman
Chief of Staff

KH:kds

cc: Kristine Leggett, NCGA Fiscal Research Division
Nels Roseland, NCDOJ, Deputy Chief of Staff

ATTACHMENT A

MID FEDERAL ASSET FORFEITURE REQUEST

EQUIPMENT:

1. Computer Server and Related Equipment:

The Medicaid Investigations Division ("MID") intends to replace its current computer servers and incorporate them with the other servers in the IT Network Operations Center. One of the current servers went out of warranty in August 2012. One current server is 92% full and the other is 65% full. To keep the amount of physical storage space needed to a minimum, we are scanning documents. MID is also utilizing electronic copies of business and medical records when possible while investigating providers. In addition, it is anticipated that by 2014 most medical providers will maintain their medical records in electronic form. With the increase in the amount of electronic medical and business records we will be receiving in conjunction with our investigations additional electronic storage space will be required for MID operations. An upgrade to the communication switches will be required as a result of moving the servers to the IT Network Operations Center. A breakdown of the estimated costs is as follows:

Estimate of Costs of Computer Servers and Related Equipment			
Item	Unit Cost	Quantity	Estimated Cost
600 GB server	\$50,000	1	\$50,000
2 TB Data Storage	60,000	1	60,000
Communication Switch	4,500	2	9,000
Total			\$119,000

2. Forensic Computer and Related Equipment:

The MID intends to purchase a forensic computer, related equipment used for copying computer hard drives, and portable hard drives for maintaining the copied hard drives. As stated above by 2014 most medical providers will maintain their medical records in electronic form. As a part of a typical investigation we need to obtain electronic medical records and store them on media for review at our office. In the past some of our investigations required computer forensics to search computers for hidden data, for documents needed to prove our allegations, for data to assist in the identification of who submitted claims, and for other electronic evidence. The purchase of this computer forensics equipment will enhance existing equipment and provide more flexibility in investigations and enable the Division to make more efficient use of

investigators time and resources in conducting investigations. A breakdown of the estimated costs is as follows:

Estimate of Costs of a Forensic Computer and Related Equipment			
Item	Unit Cost	Quantity	Estimated Cost
Forensic Computer	\$15,000	1	\$15,000
Portable Hard Drives	250	15	3,750
Forensic Data Copier	2,500	1	2,500
Total			\$21,250

3. Automobiles:

The MID intends to purchase five automobiles for use by the Division's staff. Mileage is increasing on our existing vehicles and repairs are becoming more frequent. Three of our current vehicles are in need of repairs. The repairs to these three vehicles would cost more than their value; therefore, we intend to replace these three vehicles. In addition, since our last vehicle purchase was in June 2008 we have added 23 new staff positions. As a result we are actively working a higher number of cases throughout the state. There is a great need for additional vehicles for the new staff. The purchase of two additional vehicles for new staff will assist in meeting this need.

4. Laptop Computers:

As per standards set by ITD laptop computers have to be replaced every five years. New laptops will have more memory and will be able to process a greater volume of data at a quicker speed. The new laptops will be fully warrantied so there will be no concerns if something should fail. We are requesting the purchasing of two new laptops at this time with asset forfeiture funds.

5. Automated External Defibrillator (AED):

In an effort to offer to our staff the safest possible working environment we have, and in conjunction with training being offered to our sworn employees, made CPR / AED training available to all staff members of our Division. We encouraged staff from both the Charlotte and Raleigh office to attend. With the training of 12 of our staff we intend to purchase an AED machine for our Charlotte office so that each of our office has at least one of these life saving devices.