

DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

Med-QUEST Division  
Finance Office  
P.O. Box 700190  
Kapolei, Hawaii 96709-0190

April 19, 2022

MEMORANDUM:

MEMO NO.

QI-2143A

[Addendum to Memo QI-2143]

TO: QUEST Integration (QI) Health Plans

FROM: Judy Mohr Peterson, PhD *JMP*  
Med-QUEST Division Administrator

SUBJECT: PAYMENT SUSPENSION LIFTED – PAC MED

The State of Hawaii has reached a settlement and release with PAC MED (NPI #1811971872), and therefore the payment suspension lifted (QI-2143). The attached settlement agreement outlines the conditions (*see* Section III), what PAC MED can and cannot bill for, etc. This agreement is being shared with the Health Plans so the plans know what should or should not be done with any suspended claims as well as any claims for that time period that PAC MED may try to bill for.

The provider's payment suspension is lifted from the effective date of the settlement agreement of March 4, 2022 going forward, and the provider is removed from the suspension list.

If you have any questions, please contact Mr. Clinton "Kelii" Billington, Investigator at (808) 692-7999 or by email at [cbillington@dhs.hawaii.gov](mailto:cbillington@dhs.hawaii.gov).

Attachments

C: AG

## SETTLEMENT AND RELEASE AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between Plaintiff STATE OF HAWAI‘I (“State”), by and through its ATTORNEY GENERAL, Holly T. Shikada (“Attorney General”), the State of Hawai‘i Department of Human Services Med-QUEST Division (“HI Medicaid”), Independent Living Equipment and Services Inc., f.k.a Pacific Medical Healthcare and Supply Company, d.b.a PACMED (“PACMED”), and Keith T. Matsunaga (“Matsunaga”); hereinafter collectively referred to as “the Parties”), in connection with the action entitled State of Hawaii v. Independent Living Equipment and Services Inc., doing business as Pacific Medical Healthcare and Supply Company or PACMED and Keith T. Matsunaga; Civil No. 21-1-0839.

### I. RECITALS

1. The State is a sovereign governmental entity existing under the Constitution and the laws of the State of Hawai‘i.
2. The Attorney General is authorized to bring legal action on behalf of the State by virtue of Hawai‘i Revised Statutes (“H.R.S.”) §§ 28-1, § 661-21 et. seq. and § 346-59.6.
3. PACMED is a Hawai‘i corporation that is a Medicaid program provider (Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 - 1396w-5) authorized to provide durable medical equipment, goods and services to Medicaid beneficiaries, as well as to bill the State for such goods and services.
4. Matsunaga is PACMED’s owner, president, and director of PACMED, and exercises authority over PACMED’s operations.
5. PACMED and Matsunaga are responsible for generating and submitting accurate claims to the Medicaid program for services and goods rendered, and maintaining records documenting the services and goods for which payment is sought. PACMED and Matsunaga, and each of them, are required to submit claims that used the correct billing codes, and to comply with all of the requirements for the use of each such code.
6. The State of Hawai‘i Department of Human Services Med-QUEST Division (“HI Medicaid”) is the State agency that is responsible for administering the State Medicaid Program (“Medicaid program”).

### II. CONDUCT COVERED BY THE AGREEMENT (“Covered Conduct”)

The State contends that it has civil claims, damages, actions or causes of action against PACMED and Matsunaga under the Hawai‘i False Claims Act H.R.S, § 661-21 et. seq., arising out of PACMED’s submission of claims to Wellcare dba Ohana Health for the period of February 2009 through May 2016 seeking payment for the rental and repair of semi-electric hospital beds provided to Medicaid beneficiaries (collectively, “PACMED’s E0260 Claims”). Generally, the State contends that such claims were inaccurate and violated Medicaid rules as follows:

1. PACMED submitted claims for the rental of hospital beds, using billing code E0260 with modifier “RR,” after such beds had been rented for ten months. Under Medicaid

rules, a bed was deemed to be owned by a beneficiary after ten months, and no further rental claims were permitted.

2. PACMED submitted claims for the maintenance and service of hospital beds using billing code E0260 with modifier “MS,” while such beds were being rented to Medicaid beneficiaries. Under Medicaid rules, a provider may bill for maintenance and service fees only after a bed is owned by a Medicaid beneficiary, such fees could be billed only twice a year, and required prior authorization from a Medicaid managed care organization. The State contends that PACMED submitted 125 such claims which violated Medicaid rules, sought payment for maintenance services not actually rendered, which resulted in the payment of \$18,023.25 to which PACMED was not entitled.

The State’s allegations are more particularly described in the Complaint dated June 29, 2019 filed in Civil No. 1-21-0839 in the Circuit Court of the First Circuit, State of Hawai‘i (“Complaint”). PACMED and Matsunaga dispute the allegations asserted in the Complaint.

Pursuant to H.R.S. §§ 346-59.6, H.A.R. § 17-1736-33, and 42 C.F.R. § 455.23, HI Medicaid withheld payments of PACMED Medicaid claims bearing billing code E0260 for the period of July 23, 2018 to the present (“2018 Partial Payment Suspension”). PACMED appealed the 2018 Partial Payment Suspension.

On August 17, 2020 an administrative hearing regarding PACMED’s appeal of the 2018 Partial Payment Suspension was held. On October 6, 2020, the State Administrative Appeals Office issued a Notice of Administration Hearing Decision which upheld the 2018 Partial Payment Suspension, finding that HI Medicaid “correctly imposed a partial suspension of payments” on PACMED, in accordance with 42 C.F.R. §§ 455.14; 455.15; 455.23; H.A.R. §§ 17-1704-5; 17-1736-17.”

PACMED and Matsunaga contend that they each have potential civil claims against the State and/or HI Medicaid relating to and/or resulting from the aforementioned State investigation and withholding payment of PACMED Medicaid claims pursuant to the 2018 Partial Payment Suspension. Generally, PACMED and Matsunaga allege:

1. PACMED timely submitted an administrative appeal of the 2018 Partial Payment Suspension on August 22, 2018; and
2. Notwithstanding H.A.R. § 17-1736-33(b), which provides that “[w]here a provider makes a timely request for an administrative hearing, the provider shall not be terminated or suspending until the hearing has been held and a decision has been rendered,” the 2018 Partial Payment Suspension remained in place between the time PACMED submitted an administrative appeal and a decision in the appeal was pending.

The State and HI Medicaid dispute the allegations made by PACMED and Matsunaga.

The State's civil claims as stated in the Complaint, as well as PACMED and/or Matsunaga's potential civil claims described above shall be collectively referred to in this Agreement as the "Covered Conduct."

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation over the Covered Conduct, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as set forth herein.

### III. TERMS AND CONDITIONS

1. NO ADMISSION. The Parties expressly deny each other's allegations related to the Covered Conduct and deny any wrongdoing or liability for the submission of false claims for payment, for conducting an investigation related to allegations that PACMED and/or Keith T. Matsunaga submitted false claims for payment, and/or for the partial suspension or denial of payment of PACMED and/or Matsunaga pursuant to the 2018 Partial Payment Suspension. Neither this Agreement, or the performance of any obligations under it, including any payments, or the fact of settlement, is intended to be, or shall be understood as, an admission of liability or wrongdoing, or an evaluation of the merits of the dispute between the Parties.
2. FINANCIAL PAYMENT CONSIDERATION FOR THIS SETTLEMENT AND RELEASE AGREEMENT. PACMED and Matsunaga agree to pay the total sum of \$28,000.00 ("Settlement Amount") to the State of Hawai'i as a financial settlement of any potential civil liability arising from the Covered Conduct. Terms and conditions of payment shall include:
  - 2.1. A single payment in the amount of \$28,000.00 shall be made at the time of PACMED and Keith T. Matsunaga's execution of this Agreement, by check to the "State of Hawai'i Director of Finance" and delivered to the State of Hawai'i Medicaid Fraud Control Unit, located at 707 Richards St., Suite 402, Honolulu, Hawai'i, 96813.
  - 2.2. The Settlement Amount has been negotiated as a full and final resolution of all disputes between the Parties concerning the Covered Conduct. PACMED and Matsunaga understand that the State and/or HI Medicaid will not make any payments for claims that were suspended, withheld and/or denied to PACMED and/or Matsunaga by any Medicaid contractor (e.g. Medicaid contractor, fiscal intermediary, carrier), or any State of Hawai'i payer (including but not limited to Alohacare, Hawai'i Medical Service Association ("HMSA"), Wellcare dba Ohana Health, and UnitedHealthcare), related to PACMED's E0260 Claims.
  - 2.3. PACMED and Matsunaga agree not to resubmit to any Medicaid contractor, or any State of Hawai'i payer any previously denied claims related to PACMED's E0260 Claims and agree not to appeal such denial of payment.
3. HI MEDICAID PAYMENT SUSPENSION AND AUDITING OF PACMED RELATED TO THE COVERED CONDUCT. Upon PACMED and Matsunaga's payment of the Settlement Amount,
  - 3.1. HI Medicaid agrees to cease the 2018 Partial Payment Suspension initiated by HI Medicaid described in Section II, "Covered Conduct" set forth above.
  - 3.2. HI Medicaid agrees to not conduct further audits and investigation of PACMED relating to the PACMED's E0260 Claims described in Section II, "Covered Conduct" set forth above.

4. DISMISSAL OF CIVIL NO. 1-21-0839. The State agrees to dismiss its claims against PACMED and Keith T. Matsunaga with prejudice in Civil No. 1-21-0839 in the Circuit Court of the First Circuit, State of Hawai'i.
5. RELEASES
  - 5.1. Subject to the exceptions in Section 5.4 (Excluded Claims) of this Agreement and conditioned upon and in consideration of PACMED and Matsunaga's full payment of the Settlement Amount, the State and HI Medicaid hereby fully and finally release, dismiss, and forever discharge PACMED and Matsunaga, together with its current and former corporations, and their owners, directors, officers and employees from all civil or administrative monetary claims the State of Hawai'i has or may have had growing out of the Covered Conduct under the State of Hawai'i False Claims Act, Chapter 661 of the Hawai'i Revised Statutes, or the common law theories of payment by mistake, unjust enrichment, or fraud.
  - 5.2. PACMED and Matsunaga each hereby fully and finally releases, dismisses, and forever discharges the State of Hawai'i and its departments, agencies, employees, servants, attorneys, and agents from any and all civil claims, causes of action, liabilities, losses and damages, including attorney's fees, costs, and expenses, of any kind and every nature whatsoever, regardless of legal theory and however denominated, whether known or unknown, suspected or unsuspected, which PACMED and Matsunaga have asserted or could have asserted related to or arising from the Covered Conduct, and/or the investigation, administrative handling, prosecution and/or negotiation of claims concerning the Covered Conduct.
  - 5.3. This Agreement is intended to be for the benefit of the Parties and their members, agents, officers, directors, and employees only. The Parties do not release any claims against any other person or entity except to the extent provided for in this Agreement.
  - 5.4. Excluded Claims. Notwithstanding the releases stated in Section 5.1 this Agreement, the following claims of State of Hawai'i are specifically reserved and are not released:
    - 5.4.1. Any liability based on conduct or omissions not part of the Covered Conduct;
    - 5.4.2. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
    - 5.4.3. Any liability based upon obligations created by this Agreement;
    - 5.4.4. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services, or liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.
6. UNALLOWABLE COSTS. PACMED agrees to the following:
  - 6.1. Unallowable Costs Defined. All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. 31.205-47; and the Titles XVIII and XIX of the Social Security Act, 42 U.S.C. 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of PACMED, its present or former officers, directors, employees, members and agents in connection with:
    - 6.1.1. Matters covered by this Agreement;

- 6.1.2. Audit(s) and civil investigation(s) conducted by the State of Hawai'i concerning the matters covered by this Agreement;
- 6.1.3. PACMED's investigation, defense, and corrective actions undertaken in response to the audit(s) and investigation(s) conducted by the State of Hawai'i concerning matters covered by this Agreement (including attorney's fees);
- 6.1.4. PACMED's claims for payment including but not limited to payments sought in any cost report, cost statement, information report, payment requests, previously sought from the United States, Medicare, TRICARE, Federal Employees Health Benefits Program, State of Hawai'i Medicaid Program, or any State of Hawai'i Medicaid payer (including but not limited to AlohaCare, HMSA, Wellcare dba Ohana Health, and UnitedHealthcare) relating to PACMED's E0260 Claims;
- 6.1.5. The negotiation and performance of this Agreement; and
- 6.1.6. Payment PACMED makes to the State of Hawai'i pursuant to this Agreement; are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program ("FEHBP").
- 6.2. Future Treatment of Unallowable Costs. Unallowable Costs shall be separately determined and accounted for by PACMED, and PACMED shall not charge such Unallowable Costs directly or indirectly to any contracts within the State of Hawai'i or any state Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement or payment requests submitted by PACMED or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.
- 6.3. Nothing in this Agreement shall constitute a waiver of the rights of the State to audit, examine or re-examine PACMED and/or Matsunaga's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.
7. EXPENSES, FEES AND COSTS. Each Party shall each bear its own costs, expenses, and fees (including but not limited to attorney's fees) incurred in connection with this matter, including the preparation and performance of this Agreement; except as set forth in this Agreement.
8. SEVERABILITY. If any term, covenant, or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be declared illegal, void, invalid, ineffective or unenforceable for any reason by any court or other authority of competent jurisdiction, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held illegal, void, invalid, ineffective, or unenforceable shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.
9. MODIFICATION. Any modifications to this Agreement must be set forth in writing and signed by all Parties.
10. SETTLEMENT KNOWING AND VOLUNTARY.

- 10.1. Matsunaga understands, admits, and agrees that this Agreement has been drafted by counsel for the State, that such counsel does not represent Matsunaga, and that the interests of the State, HI Medicaid, and PACMED in this matter are adverse to the interests of Matsunaga.
- 10.2. The Parties understand, admit, and agree that they have not relied on any statement of fact or opinion made by the State, or anyone acting on behalf of the State, to induce execution of this Agreement, other than expressly set forth in this Agreement.
- 10.3. The Parties understand, admit, and agree that this Agreement is executed freely, voluntarily, without inducement and without any degree of duress or compulsion whatsoever.
11. NO DRAFTER FOR PURPOSES OF INTERPRETATION. The Parties understand, admit, and agree that for purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.
12. NO PREJUDICE TO MEDICAID AND OTHER PARTICIPATION.
  - 12.1. This Agreement shall not bar, preclude, nor prejudice PACMED's participation in the Hawai'i Medicaid Program.
  - 12.2. Following execution of this Agreement, and payment of the settlement amount, PACMED shall not be subject to the partial suspension of payments based on the Covered Conduct described in Section II, "Covered Conduct" set forth above.
13. COMPLETE BAR. The Parties hereto agree that the execution of this Agreement is a complete an final bar to any and all claims, actions, causes of action, claims for relief, liability, liabilities, costs, expenses, fees, demands, injuries, losses, special, general, punitive and any other damages of whatsoever name or nature by and between them and in any manner arising, growing out of, or connected with or in any manner involving, concerning, or relating to the Covered Conduct; and this Agreement forever and finally compromises, settles and terminates any and all disputes, claims, claims for injury, loss damage, costs, expenses and fees of whatever nature, known or unknown, in any manner arising, growing out of, or in connection with, or in any manner involving, concerning or relating to the Covered Conduct.
14. MERGER. This Agreement contains the entire Agreement between the Parties. The terms of this Agreement are contractual and not a mere recital. All undertakings of the Parties hereto are supported by good, valuable and adequate consideration.
15. GOVERNING LAW AND JURISDICTION. This Agreement is governed by the laws of the State of Hawai'i. Exclusive jurisdiction and venue for any dispute arising under this Agreement shall be the Circuit Court of the First Circuit, State of Hawai'i.
16. ENFORCEMENT. In the event of any litigation concerning or relating to the matters within the scope of this Agreement, the Parties hereto agree that any party may file an enforcement action in the Circuit Court of the First Circuit, State of Hawai'i to enforce any provision of this Agreement. The Circuit Court of the First Circuit, State of Hawai'i shall have exclusive jurisdiction, and all matters at issue and all questions concerning the interpretation of this Agreement shall be decided and construed in accordance with the laws of the State of Hawai'i,

- and the court may enter any order consistent with its jurisdiction and powers, including but not limited to recovery of damages and assessing attorney's fees and costs to the prevailing party.
17. JOINT AND SEVERAL. The use of the collective term Parties in this Agreement shall mean and be deemed to include the named Parties individually, singularly, collectively, severally, jointly, and jointly and severally.
  18. GENDER. In this Agreement, the use of any one gender shall include all genders.
  19. NUMBERS. In this Agreement, the singular shall include the plural and the plural the singular, as the case may be.
  20. HEADINGS. The heading included in this Agreement are for convenience only and do not in any way limit, alter, or affect the matters contained in this Agreement and shall not be deemed to be a part of the text of this Agreement.
  21. REPRESENTATIVES AUTHORIZED. The Parties hereto expressly warrant and represent that they are the owners of all claims, rights, demands, and causes of action, released herein and that they possess the authority to bind and do so bind themselves and their successors, transferees, heirs, and assigns to the terms of this Agreement.
    - 21.1. The individual(s) signing this Agreement on behalf of PACMED represents and warrants that they are authorized by PACMED to execute this Agreement.
    - 21.2. The individual(s) signing this Agreement on behalf of Matsunaga represents and warrants that they are authorized by Matsunaga to execute this Agreement.
    - 21.3. The State signatories represent that they are signing this agreement in their official capacities and that they are authorized to execute this Agreement.
  22. REPRESENTATION BY LEGAL COUNSEL. The Parties understand, admit, and agree that this Agreement is the product of mutual negotiation between the Parties, all of whom have been afforded the opportunity to seek the advice of, and/or be represented by legal counsel prior to execution of this Agreement.
  23. PARTIES' KNOWLEDGE. The Parties make this compromise with full knowledge of the facts and possibilities of the Covered Conduct, have been afforded the opportunity to seek the advice of, and/or be represented by legal counsel, and execute and deliver this Agreement being fully informed as to its terms, content, and effect.
  24. NON-WAIVER. The waiver by the Parties of any breach of any terms, covenant or condition herein contained shall not be deemed a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.
  25. BINDING AGREEMENT. The Parties understand and expressly agree that this Agreement shall bind the Parties heirs, owners, officers, directors, affiliates, successors, transferees and assigns.
  26. DISCLOSURE. The Parties agree and consent to the disclosure of this Agreement, and the information about this Agreement, by the State of Hawai'i to the public.
  27. FINAL AGREEMENT. This Agreement represents the full and final civil agreement between the Parties. There are no other representations or agreements that have been made by the Parties except for those provisions expressly set forth in this Agreement.



28. EXECUTION IN COUNTERPARTS. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
29. EFFECTIVE DATE. This Agreement shall become final and binding upon its full execution by the Parties. The Effective Date of this Agreement is the date of signature of the last signatory to the Agreement. Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for the purposes of this Agreement.

FOR THE STATE OF HAWAI'I

HOLLY T. SHIKADA  
State of Hawai'i Attorney General

DATED: Honolulu, Hawai'i \_\_\_\_\_, 2022.

BY: \_\_\_\_\_  
LAUREN M. NAKAMURA  
DAVID D. DAY  
Deputy Attorneys General  
Department of the Attorney General  
State of Hawai'i

DATED: Honolulu, Hawai'i \_\_\_\_\_, 2022.

BY: \_\_\_\_\_  
JUDY MOHR PETERSON, Ph.D  
Med-QUEST Division Administrator  
Department of Human Services  
State of Hawai'i

FOR KEITH T. MATSUNAGA

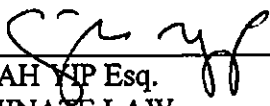
DATED: Honolulu, Hawai'i February 28, 2022.

BY:

  
\_\_\_\_\_  
KEITH T. MATSUNAGA

DATED: Honolulu, Hawai'i February 28, 2022.

BY:

  
\_\_\_\_\_  
ELIJAH YIP Esq.  
LUMINATE LAW  
Counsel for KEITH T. MATSUNAGA

FOR INDEPENDENT LIVING EQUIPMENT AND SERVICES INC., f.k.a PACIFIC  
MEDICAL HEALTHCARE AND SUPPLY COMPANY, d.b.a PACMED

DATED: Honolulu, Hawai'i February 28, 2022.

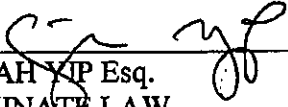
BY:

  
\_\_\_\_\_  
KEITH T. MATSUNAGA

Its President

DATED: Honolulu, Hawai'i February 28 2022.

BY:

  
\_\_\_\_\_  
ELIJAH YIP Esq.  
LUMINATE LAW  
Counsel for Independent Living Equipment  
and Services Inc., f.k.a. Pacific Medical  
Healthcare and Supply Company, d.b.a.  
PACMED



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DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**  
Med-QUEST Division  
Quality and Member Relations Improvement Section  
P. O. Box 700190  
Kapolei, Hawai'i 96709-0190

December 29, 2021

MEMORANDUM

MEMO NO.

QI-2143 [Replaces QI-1812A]

TO: QUEST Integration (QI) Health Plans

FROM: Judy Mohr Peterson, PhD *JMP*  
Med-QUEST Division Administrator

SUBJECT: PAYMENT SUSPENSION TO PROVIDER – EFFECTIVE JULY 23, 2018

The following provider payment suspension has remained, and continues to remain, operative since its effective date of July 23, 2018. The purpose of this memorandum is merely to inform the health plans that memorandum QI-1812A, which was previously issued on August 10, 2018 and which superseded and replaced memorandum QI-1812, both of which served to notify the health plans of said provider payment suspension, is now replaced with this memorandum as part of an MQD memo re-issuance project. This memorandum preserves the notification of its predecessors and contains a few updates. The following content applies under the QI contract RFP-MQD-2021-008.

All HCPCS Code E0260 Medicaid payments to PAC MED (NPI #1811971872, NPI #1093841835, MQD #539455, MQD #250062) have been temporarily suspended as of July 23, 2018. A copy of the notice sent to the provider is attached for your reference. Please be informed, this partial payment suspension is effective regarding all HCPCS Code E0260 payments to PAC MED, regardless of provider identification number used by PAC MED.

The Federal regulation at 42 C.F.R. § 455.23(a)(1) requires that Medicaid payments be suspended to a provider after Med-QUEST determines there is a credible allegation of fraud for which an investigation is pending, unless Med-QUEST determines that there is good cause not to suspend payments or to suspend payment only in part. At present, the Med-QUEST Division is unaware of any circumstances that constitute good cause not to suspend the payments

Memo No. QI-2143 [Replaces QI-1812A]

December 29, 2021

Page 2

suspended as enumerated at 42 C.F.R. § 455.23(e) and (f). This suspension applies to all pending or scheduled Medicaid payments.

The QI Health Plans will be notified if the payment suspension may be lifted, or if PAC MED's status as a Medicaid provider shall be changed. Should the payment suspension be lifted, the provider would be entitled to receive any payments, which were held in abeyance during the suspension period.

Should you have any question, please contact Kelii Billington, Investigator at (808) 692-7999 or by email at [cbillington@dhs.hawaii.gov](mailto:cbillington@dhs.hawaii.gov).

Attachment

DAVID Y. IGE  
GOVERNOR



PANKAJ BHANOT  
DIRECTOR

CATHY BETTS  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

Med-QUEST Division  
Finance Office  
P.O. Box 700190  
Kapolei, Hawaii 96709-0190

August 10, 2018


MEMORANDUM

MEMO NO.

QI-1812A

[supersedes to QI-1812]

TO: QUEST Integration (QI) Health Plans

FROM:  Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator

SUBJECT: PAYMENT SUSPENSION TO PROVIDER - EFFECTIVE JULY 23, 2018

The memorandum dated July 23, 2018, is being superseded and replaced by this memo.

The purpose of this memorandum is to notify all QUEST Integration Health Plans that all HCPCS Code E0260 Medicaid payments to PAC MED (NPI #1811971872, NPI #1093841835, MQD #539455, MQD #250062) have been temporarily suspended as of July 23, 2018. A copy of the notice sent to the provider is attached for your reference. Please be informed, this partial payment suspension is effective regarding all HCPCS Code E0260 payments to PAC MED, regardless of provider identification number used by PAC MED.

The Federal regulation at 42 C.F.R. § 455.23 requires that Medicaid payments be suspended pending the investigation of a "credible allegation of fraud" against any individual or entity, unless the state determines that there is good cause not to suspend payments. At present, the Med-QUEST Division is unaware of any circumstances that constitute good cause as enumerated in such federal regulations. This suspension applies to all pending or scheduled Medicaid payments.

The QUEST Integration Health Plans will be notified if the payment suspension may be lifted, or if PAC MED's status as a Medicaid provider shall be changed. Should the payment suspension be lifted, the provider would be entitled to receive any payments, which were held in abeyance during the suspension period.

Should you have any questions, please contact Kelii Billington, Investigator at (808) 692-7999 or by email at [cbillington@dhs.hawaii.gov](mailto:cbillington@dhs.hawaii.gov).

Attachments

AN EQUAL OPPORTUNITY AGENCY

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STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

Med-QUEST Division  
Finance Office  
P.O. Box 700190  
Kapolei, Hawaii 96709-0190

July 23, 2018

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
7017 3380 0000 0615 8463

Mr. Keith Matsunaga  
PAC MED  
420 Kuwili Street, Suite 101  
Honolulu, Hawaii 96817

Re: Notice of Partial Suspension of Medicaid Payments

Dear Mr. Matsunaga:

In accordance with 42 C.F.R. § 455.23, all E0260 Medicaid claim payments to PAC MED are being suspended by the Med-QUEST Division (MQD) effective as of July 23, 2018, due to allegations of fraud against the Medicaid program, including but not limited to failure to make available without reasonable justification, all records required to be maintained by Hawaii Revised Statute §346-40.

This suspension is for a temporary period and will not continue after either MQD or the prosecuting authorities determine that there is insufficient evidence of fraud, or legal proceedings related to PAC MED's alleged fraud are complete.

PAC MED has the right to submit written evidence for consideration by MQD to the address listed within the letterhead of this letter and to my attention.

Further, pursuant to Hawaii Administrative Rules (HAR) Title 17 Subtitle 12 Chapter 1736 Subchapter 3, including but not limited to HAR §17-1736-33, PAC MED may request an administrative hearing within 30 days from the date of this letter. There shall be no required format for PAC MED's written request for an administrative hearing, though PAC MED must clearly state that an administrative hearing is requested. At the time PAC MED requests an administrative

AN EQUAL OPPORTUNITY AGENCY




PAC MED  
July 23, 2018  
Page 2

hearing, PAC MED shall include with the request all documents and written evidence that PAC MED wishes to be considered at the hearing. Where PAC MED makes a timely request for an administrative hearing, PAC MED shall not be suspended until the hearing has been held and a decision has been reached.

If you have questions, you may contact Kelli Billington, Investigator at (808) 692-7999 or by email at [cbillington@dhs.hawaii.gov](mailto:cbillington@dhs.hawaii.gov).

Sincerely,

  
for Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator

C: QI Health Plans  
MFCU  
HCSB  
FO/FIS

DAVID Y. IGE  
GOVERNOR



PANKAJ BHANOT  
DIRECTOR

CATHY BETTS  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**


Med-QUEST Division  
Finance Office  
P.O. Box 700190  
Kapolei, Hawaii 96709-0190

July 23, 2018

MEMORANDUM

MEMO NO.  
QI-1812

TO: QUEST Integration (QI) Health Plans

FROM:  Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator

SUBJECT: PAYMENT SUSPENSION TO PROVIDER - EFFECTIVE JULY 23, 2018

The purpose of this memorandum is to notify all QUEST Integration Health Plans that all E0260 Medicaid payments to PAC MED – NPI #1811971872 have been temporarily suspended as of July 23, 2018. A copy of the notice sent to the provider is attached for your reference.

The Federal regulation at 42 C.F.R. § 455.23 requires that Medicaid payments be suspended pending the investigation of a "credible allegation of fraud" against any individual or entity, unless the state determines that there is good cause not to suspend payments. At present, the Med-QUEST Division is unaware of any circumstances that constitute good cause as enumerated in such federal regulations. This suspension applies to all pending or scheduled Medicaid payments.

The QUEST Integration Health Plans will be notified if the payment suspension may be lifted, or if PAC MED's status as a Medicaid provider shall be changed. Should the payment suspension be lifted, the provider would be entitled to receive any payments, which were held in abeyance during the suspension period.

Should you have any questions, please contact Keli Billington, Investigator at (808) 692-7999 or by email at [cbillington@dhs.hawaii.gov](mailto:cbillington@dhs.hawaii.gov).

Attachments