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## **Press Release**

### **Lifeline Ambulance Accounting Software Vendor Discovers \$6.5M Embezzled by CFO**

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Computer software company Ortivus, which primarily produces emergency medical services billing software package known as Amazon, the leading industry package for 20 years, discovered the digital whereabouts of long sought-after ambulance claims by billing supervisor Sara Midkiff after becoming suspicious in mid-2008 about the possibility of wrongdoing.

Midkiff was troubled by the cash flow dip and unable to account for certain classes of ambulance claims for billing, as if they "disappeared." The CFO was fired in 2006 for a long list of "willful misconduct of such magnitude" not in the best interests of the company. She was the systems administrator of the accounting systems with very broad control and the highest level of trust over the operations, including access to data.

No one suspected the CFO was up to no good until late 2005, and no one had any idea she was capable of something like this until a bank financial analyst caught up with her. An outside CPA was brought in and determined "some people just retire on the job," and a more detailed review was needed in the interim. That review revealed almost \$1M in claims were sent to outside billing companies in Tennessee and Florida for reasons unknown.

Those companies reported it was for a "trial run," but the CFO never responded to them after they began and never sent Lifeline any payments. They kept the funds.

In May 2012, after Lifeline notified the Virginia State Police, who came up empty-handed after being stalled by the local prosecutor, Midkiff thought this was the end of the billing problems of the era and expected the CFO's termination, arguing at the Virginia Employment Commission (see December 2006). It was just the tip of the iceberg.

After realizing things were not quite back to normal with cash flow, Midkiff began a deeper dive into the claims. With up to 160,000 claims to reconcile—a tall task—she began comparing the global counts with the computer-aided dispatch system and accounting against physical inventory of call sheets.

This is where she discovered a serious discrepancy—around 6,500 claims were "suspended or stolen." Frustrated and shocked by the revelation, she resigned, as none of it made sense. These job records were company property and an "inside job" undoubtedly took place, for there was an accounting of them at one time under policy, and they disappeared soon after.

Midkiff was already under stress with the Centers for Medicare and Medicaid Services' boot in May and the loss of provider number data, taking 80% of the company's cash flow. "Sensitive" was an understatement. She left, unaware her level of data access was restricted by the CFO, leading to a huge ruse and embezzlement.

By October 2008, Lifeline had to transfer its day-to-day calls to a colleague. In early 2012, the CEO came across personal files between the CFO and her personal lawyer that included company reports he had never seen before. Those financials were starkly different from the ones he was familiar with. They indicated huge swings in receivables that could not be explained as naturally occurring. This is when he shared them with Ortivus account manager Karla Hageman, who was out in 2007 to perform a "checkup" on the systems and brief update on Amazon to the staff.

Customer data is patient data and not part of the "checkup." How claims move through the system processes was her expertise, not auditing. Report discrepancies can be "frustrating," given the volume we speak of here. It's like looking for a "box of needles dumped in a haystack" after realizing the box is missing. After a few days of research and involvement of a software engineer, they discovered the missing claims "tucked away."

There was no reason to suspect this kind of heinous crime. They had employees steal run sheets before in revenge for firing and prosecuted them, but not on this grand scale. Removing the originals was a treasonous act. They were reconciled from the ambulance crews through dispatch into billing and stolen. That's a two-person inside job, and one had been fired in November 2005 and the CFO in April 2006.

Hageman's first words were, "Have we called someone yet?" referring to law enforcement. All was locked down and reported once again. These claims were never reported anywhere like the bank or CEO. They were intentionally hidden in a "deactivated" account, unaware such an action could take place. No one had access to those accounts but the system administrator. The engineers had "no idea someone could do that."

Whose fingerprints?

The next question was Who, What, When, Where? We speak of a brain teaser. Amazon has a required built-in Health Insurance Portability and Accountability Act (HIPAA) security system for tracking the need to access a patient's account. In the setting, a user had to pick a reason to look at the record, and the system logs that event to prevent abuse. Amazon also records user activity like login and keystrokes.

For example, when the CFO was fired, the CEO looked and saw she was logged into Amazon less than 5 hours in 7 weeks from September to November 2006. Totally unacceptable and guilty as charged! As claims are moved around, they are tracked and tagged to the event, the same as a GPS history.

These call sheets are company property under 24-hour guard and have at least three sets of locks. They contain legal promissory notes, medical necessity signatures, and permission to bill authorizations. If an insurer or government asks to see them and they were billed, there is a problem.

Using the HIPAA logs, one can see exactly when the CFO moved them around and placed them in that "deactivated schedule," as she did in 2006 with the other ones. That required access and the schedule name, which no one knew or had access to. Same theory as accessing classified documents, not new technology, a roadmap from entered to paid in full. The schedule had the same log, which was photographed as this audit went on, and everything to prosecute, down to the second.

All was locked down once again. These are financial instruments like currency, easily converted with the right know-how. Healthcare providers sell their receivables all the time; Lifeline never did that, as far as we know. All that was really needed was the digital file. Cooking the books or theft or conversion are all crimes of embezzlement.