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# **News Release**

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## **Former state employee pleads guilty to health care fraud**

A former Minnesota Department of Human Services (DHS) employee pleaded guilty today in federal court to charges of health care fraud.

Kim Joann Austen, 47, Hudson, Wisc., pleaded guilty to one count of health care fraud. She entered her plea Jan. 15 in Minneapolis before United States District Court Judge James Rosenbaum. Austen was indicted on Oct. 7, 2008.

According to Austin's plea agreement, she admitted that from August 2003 through September 2008 she knowingly and willfully executed a scheme to defraud Medicaid, a federal health care benefit program, by obtaining through false representations money owned by and under the custody and control of Medicaid, in connection with the payment for health care benefits and services.

Specifically, Austen used her position of employment within the DHS to fraudulently cause the State of Minnesota to issue 23 checks payable to an adult male, who is not a Medicaid provider. After the checks were issued, Austen admitted that they were cashed and converted to personal use. The total gross amount of funds disbursed in connection with the scheme was more than \$1.1 million.

The Medicaid program provides medical care and services to low-income persons who meet certain income and other eligibility criteria, and is administered in Minnesota by the DHS, which contracts with health care providers to provide health care goods and services to Medicaid recipients.

Austen faces a potential maximum penalty of 10 years in prison on the health care fraud count. Judge Rosenbaum will determine her sentence at a future date. This case is the result of an investigation by the U.S. Department of Health and Human Services-Office of Inspector General, the Federal Bureau of Investigation, the Social Security Administration-Office of Inspector General and the Minnesota Department of Human Services, and is being prosecuted by Assistant U.S. Attorney David M. Genrich.