



**JONATHAN E. FIELDING, M.D., M.P.H.**  
Director and Health Officer

**CYNTHIA A. HARDING, M.P.H.**  
Chief Deputy Director

**Substance Abuse Prevention and Control**

**Wesley L. Ford, M.A., M.P.H.**  
Director  
1000 South Fremont Avenue  
Building A-9 East, Third Floor  
Alhambra, CA 91803  
TEL (626) 299-4193 • FAX (626) 458-7637

[www publichealth lacounty gov](http://www.publichealth.lacounty.gov)

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July 24, 2014

**TO:** Each Health Deputy

**FROM:** Wesley L. Ford, M.A., M.P.H, Director  
Substance Abuse Prevention and Control *WLF*

**SUBJECT: MEDIA REPORT: MEDICAL DIRECTOR PLEADED GUILTY TO BILLING FRAUD**

On July 1, 2014, the Center for Investigative Reporting published an article entitled, "Doctor pleads guilty to billing fraud at Los Angeles-area rehab clinic." Dr. Leland Whitson was the medical director for a number of Drug/Medi-Cal (DMC) providers since 1999 and was reportedly responsible for \$46 million in fraudulent medical claims.

The Department of Public Health Substance Abuse Prevention and Control (SAPC) became aware of the article on the same day and immediately conducted an internal review to identify DMC contracted providers that had employed Dr. Whitson as their medical director. SAPC identified 12 DMC providers, eight of which were either suspended by the State or terminated by SAPC within the last year. The remaining four active DMC providers (Divine Healthcare Services, Inc., HACC, Inc., Los Angeles New Life Center, Inc., and Seeking Peaceful Solutions, Inc.) employed Dr. Whitson until he resigned on March 1, 2014, and subsequently hired a new medical director.

In May 2014, while conducting a program monitoring audit at Divine Healthcare Services, SAPC found that the medical director who replaced Dr. Whitson was on probation for sexual misconduct until June 2013. The provider was instructed to terminate the medical director due to his probation status. Following the release of the article on July 1, 2014, SAPC contacted the other three providers and discovered that all three had hired the same medical director that was on probation.

By contract, providers are required to notify SAPC when a medical director position becomes vacant. Additionally, the providers are required to submit the name of key staff, such as medical directors, prior to hiring to have them live scanned. None of the four DMC providers notified

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SAPC when the medical director position was vacated and subsequently filled. Failure to notify SAPC of these actions is a serious violation of their County contracts. Furthermore, the County contract prohibits all staff employed by contractors and subcontractors to be on active probation or parole within the last three years.

The four DMC providers were instructed to discontinue providing DMC services until a new medical director is identified and approved by SAPC. The four providers were further advised that all services provided by the medical director on probation will be disallowed. Additionally, SAPC is conducting program monitoring audits to determine whether to take additional enforcement actions, including termination.

If you have any questions or need additional information, please let me know.

WLF:dhd

c: Jonathan E. Fielding, M.D., M.P.H.  
Cynthia A. Harding, M.P.H.  
Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller