

AG Paxton Recovers Record \$236 Million for Texas in Medicaid Fraud Settlement

Attorney General Ken Paxton today announced that Xerox Corporation and several of its former subsidiaries – including Conduent, Inc. – agreed to a \$235.9 million settlement with the State of Texas to resolve a lawsuit brought under the Texas Medicaid Fraud Prevention Act (TMFPA) and other grounds regarding the processing of prior authorization requests by dentists to deliver orthodontic services to Medicaid patients.

The announced settlement represents the largest single resolution in a case filed by the attorney general’s office for Medicaid-related claims.

Xerox and its companies were responsible for reviewing and approving or denying requests by Medicaid providers to deliver orthodontic services between January 2004 and March 2012. Under Texas law, only those requests that meet strict Medicaid program requirements are allowable. The Medicaid program does not pay for braces for cosmetic purposes.

The attorney general’s office determined that employees of Xerox, Conduent and related companies rubber-stamped orthodontic prior authorization requests without assuring the required review of each request by qualified clinical personnel, which violated its responsibilities. As a result, expensive, taxpayer-funded orthodontic work was performed on thousands of children who either didn’t meet the Medicaid standard for braces or didn’t require treatment.

“Misconduct by employees of Xerox and its related companies compromised the integrity of the Medicaid program – the very program Texas hired the Xerox defendants to safeguard through the administration of a proper prior authorization review,” Attorney General Paxton said. “We’re proud of this recovery of taxpayer money. My office is committed to ensuring that Medicaid dollars are preserved for those who need it most.”

Attorney General Paxton credited the close cooperation, support and assistance of the Texas Health and Human Services Commission – which runs the state Medicaid program – for helping his office achieve a final settlement.

The settlement is the culmination of investigative work and litigation by Attorney General Paxton's Civil Medicaid Fraud Division. In April 2012, it launched a formal investigation into Xerox. In May 2014, the attorney general's office filed a lawsuit against the Xerox defendants. Last year, the Texas Supreme Court ruled that Xerox was responsible for its conduct and could not deflect its liability by blaming the dentists who submitted the prior authorization requests in the first place.

Though the settlement with the Xerox defendants is final, Attorney General Paxton's office still has pending litigation against dental and orthodontic providers who allegedly committed unlawful acts under the TMFPA in connection with their requests for reimbursement for delivering orthodontic services.

Since 2000, the Civil Medicaid Fraud Division of the attorney general's office has recovered more than \$2 billion for taxpayers under the Texas Medicaid Fraud Prevention Act.

View a copy of the settlement [here](#).