No-bid Texas Medicaid fraud contracts raising questions

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By J. David McSwane - American-Statesman Staff

As Texas' top health officials steer $110 million in no-bid contracts to an Austin tech company they say is revolutionizing Medicaid fraud investigations, the state's top contract manager says those contracts are too loosely written and raise questions about what taxpayers are receiving in return.

"It's just so generic," said Mary Cheryl Dorwart, a top contract official at the Department of Information Resources, the state's primary vehicle for purchasing everything from printers to telecommunications software.

21CT CEO Irene Williams presented the company's fraud detection software in a demonstration in August.

Dorwart was referring to the state's initial contract with 21CT, a cyberdefense contractor that, despite having no prior experience with Medicaid, was tapped by state Medicaid fraud investigators in 2012 to do something they said no one else could.

21CT promised to gather, clean and analyze vast amounts of messy data languishing in state servers not only to find needles in countless haystacks, but to predict fraud before it happens.

Irene Williams, CEO of 21CT, on Friday defended the deals to the American-Statesman and said her company is living up to its promise and has provided benefits to Texas "beyond the scope" of what the contract stipulates.

"We have bent over backwards and happily served the customer," she said of 21CT's ongoing work with the state, which has cost about $20 million so far. "This has been an incredibly successful project."

The customer, the Office of Inspector General, and its parent agency, the state Health and Human Services Commission, have reported positive reviews as they have worked to secure an additional $90 million contract with 21CT.

The promise of 21CT's technology was enthusiastically relayed by state officials to the federal Centers for Medicare and Medicaid Services in June, according to confidential planning documents obtained by the Statesman.

Torch, a Web-based data analytics platform developed by 21CT, is being used by Texas Medicaid fraud investigators.

"Our contractor obtained, analyzed, loaded and mapped data faster than even we had hoped and certainly faster than other potential contractor promises gave us any right to expect," wrote Kay Ghahremani, the state Medicaid director.

But Dorwart, examining a previously concealed copy of 21CT's first contract, obtained by the Statesman last week through the Texas Public Information Act, called the deal "out of the ordinary" because it lacks clear deliverables — quantifiable goods or services — and allows too much wiggle room for 21CT.

"What are the responsibilities?" Dorwart said. "What are the outcomes that are expected? You know, you want to put the vendor on the hook for delivering whatever it is they're contracting."

Her office hadn't seen the contract before the Statesman provided it.

In both deals, the state is purchasing some version of LYNXeon, 21CT's principal software, which links sets of data to find otherwise invisible connections.

It has been praised as a new power tool for the Office of the Inspector General, which is facing an ongoing legislative inquiry into myriad missteps, including an investigation into one of its own actuaries after he admitted to falsifying numbers used to make cases against alleged fraudsters. A state audit last month found the office failed to reclaim substantial taxpayer dollars despite having alleged hundreds of millions of dollars in possible fraud each year.

Since 2012, that office has increasingly leaned on 21CT to build a more efficient system to manage its cases and guide its investigations.

The initial contract shows the inspector general purchased LYNXeon for $6.3 million through a perpetual software license, meaning the state owns use of the product forever.

But documents pertaining to the pending $90 million deal — dated about a year after 21CT began work for the state — show Texas plans to purchase something called LYNXeon II solution, this time at a cost of $42.4 million and for a period of only three years. Of that, $25.1 million is listed as LYNXeon licenses.

The Texas Health and Human Services Commission awarded a $19.8 million contract to 21CT.

What did Texas buy?

The company's CEO says Texas is getting a great deal in its purchase of "the LYNXeon suite of products."

The contract between 21CT and the Health and Human Services Office of Inspector General is heavily redacted.

"To date, I can tell you that there's 88 people at the company who are working on these efforts for HHSC," Williams said. "What we're supposed to deliver is clear, the fact that there are deliverables is clear, and the fact we have been delivering and performing and providing substantial results is clear."

The primary product the state hopes to purchase is Torch, a browser-based interface for LYNXeon, which the company advertises as capable of querying data in real time and displaying patterns and connections, all with ease akin to a Google search. Investigators without data expertise can use Torch to pinpoint fraud early and often, the company says.

But so far, Williams said, only a test version of Torch is available to "select investigators." Earlier versions of LYNXeon purchased by the state are available to a handful of investigators, but despite the initial intentions of the contract, LYNXeon cannot be accessed at the Office of the Inspector General.

Instead, a team of data crunchers at 21CT's office in West Austin is "using the product on behalf of the customer," she said.

In August, the company presented a demo of Torch for the Statesman, touting it as the result of its initial $20 million deal with Texas. Inspector General Douglas Wilson also celebrated the software as an immediate success that helped his team "find the unknown unknowns."

But, although that early version of Torch has been available to the inspector general, the state hadn't actually purchased it, Williams said. The state has purchased only an earlier version of that software. The company, she said, was doing a favor for the state by allowing investigators to test it.

Although Texas investigators are the first to use it, Williams said Torch wasn't developed as part of its deal with Texas.

Jennifer Stansbury, who directs Medicaid data analytics in the Office of the Inspector General, said the reason Texas is paying so much more in licensing fees — about four times the perpetual fee for only three years of use — is that 21CT is customizing LYNXeon to fit fraud

investigators' needs, including wrangling an ever-expanding pool of data behind the state's $28.3 billion slice of Medicaid.

How 21CT got the job

Both 21CT deals were drawn without any formal bidding process in which other companies with Medicaid and data analytics experience could compete. Instead, state officials asked vendors for presentations and picked their favorite.

Stephanie Goodman, spokeswoman for the Health and Human Services Commission, said 21CT was picked because it offered graph pattern analysis that other vendors couldn't offer.

That isn't unusual, said Dorwart, whose office in the Department of Information Resources streamlines tech purchases by approving "master contracts" with vendors; those vendors can then be picked out of a sort of catalog by government departments that then send out a statement of work to those potential vendors. The department is designed as a way for government offices to be able to purchase technology while working around the state's otherwise strict purchasing laws, which require a lengthy competitive bidding process before large contracts can be awarded.

In this case, Medicaid fraud investigators had their sights on a vendor that wasn't in the catalog for contracts of more than $10 million.

Williams said the company was approached in the spring of 2011 by Wilson and Jack Stick, then-deputy inspector general and now the top lawyer for the state's umbrella health agency. The process sped up from there.

21CT was awarded its master contract through the Department of Information Resources in May 2012, state records show. By August, state officials had submitted a draft contract with 21CT to the federal government to secure matching funds.

By December, 21CT had submitted its first $1 million purchase order, with Stick listed as the customer.

Both deals include purchases for the construction of a case management system — also a product with which 21CT had no previous experience — that later was mostly subcontracted to another company, Austin-based BP3.

The Statesman first requested 21CT's contract from the Health and Human Services Commission in August, but the document was so heavily redacted that it was impossible to tell what, specifically, the state was paying for. The redactions, state officials and 21CT executives said, were necessary because the contract included proprietary information.

The state attorney general issued an opinion that disagreed with that argument, and 21CT filed suit to seal the contract. Under a temporary injunction, the contract has been sealed, and a trial is set for May.

After the Statesman challenged the state's withholding of a public document, and at the behest of 21CT, the state released a more sparsely redacted contract this month.

"Looking at it, I would hope that there are a lot more documented requirements and more detail for the statement of work than what it is presented here," Dorwart said.

How one Texas official directed millions to Austin tech firm 21CT

Posted: 7:13 p.m. Saturday, Dec. 13, 2014

By J. David McSwane - American-Statesman Staff

During a March 2012 webinar, a top Texas health official said his office was implementing a revolutionary tool to help Medicaid fraud investigators find bad guys: graph pattern analysis.

"Graph pattern analysis is really the next line of defense for this office," said Jack Stick, then-deputy inspector in the state health agency's Office of Inspector General, speaking to the National Conference of State Legislatures.

Stick's presentation touted technology developed by Austin data analytics company 21CT, which had no experience with Medicaid and at the time wasn't eligible to compete for such a lucrative contract in Texas.

The Office of Inspector General had been courting two qualified vendors who did have experience in the field, but, just months after that presentation, 21CT completed the paperwork to become eligible and quickly got the job. Meanwhile, state Medicaid officials urged their federal counterparts to approve a $20 million contract with 21CT, which was awarded without any formal bidding process. A $90 million extension of that no-bid contract was set to be finalized until Friday, after questions raised by an American-Statesman investigation prompted officials to cancel it.

Stick resigned Friday as chief counsel for the Health and Human Services Commission amid the Statesman investigation, which found that Stick and other state officials have eagerly tried to get 21CT yet more work beyond the company's experience, while both the company and state officials downplayed the partnership's enormous challenges and misrepresented it as more successful than it actually is.

- Interactive: 21CT and Medicaid fraud initiative timeline

The newspaper reviewed dozens of state and federal records, which reveal inconsistencies and misrepresentations by officials handling deals with that company, as well as three [presentations Stick gave to national conferences](#) for state officials, which indicate a clear preference for 21CT over other vendors competing for state work.

The Statesman conducted more than a dozen interviews and spoke with current and former 21CT employees as well as former state employees who describe an unusually cozy relationship between 21CT and the Health and Human Services Commission's inspector general office — the subject of a legislative inquiry for [numerous missteps under Stick's command.](#)

Kyle Janek, executive commissioner of the Health and Human Services Commission, said Friday he canceled the state's business with 21CT after his office, responding to questions from the Statesman, found the company had been held to lower standards than competitors during the contract procurement.

"I have not seen that anybody had done anything illegal. I just don't like it," Janek told the Statesman. "It's not worth sacrificing the integrity of the agency so that we can get this done expeditiously."

Stick, through an agency spokeswoman, declined interview requests. He was earning more than $200,000 a year after being promoted to the agency's top lawyer job in February.

But in an email, Stick said he preferred 21CT technology because the company offered a better product than competitors, and he said the contract with the company followed the rules.

"21CT has been successful in meeting or exceeding the terms and conditions of its contract with the state," he said. "No one has questioned that relationship except you, former employees who were fired for ethics violations, employees who did not want to be accountable to the strict performance measures the 21CT project brings, or competitors to 21CT."

The company's CEO, Irene Williams, on Friday defended its deals with Texas and said 21CT has fallen victim to efforts by bigger companies that wanted 21CT's business.

"For two years, 21CT has used the normal state contracting process to win good work and earn the trust of our customer at HHSC. 21CT serves the state of Texas by targeting health care fraud in a way that benefits the state and our health care providers," Williams said.

"What Texans are witnessing is a local startup business with patented anti-fraud technology being smeared by big, multinational corporations afraid of the competition," she said.

What does $110 million buy?

In August, as the Statesman first asked about [the initial $20 million contract](#), 21CT's CEO declined an interview unless it included Douglas Wilson, who is the inspector general and Stick's boss.

In that interview, both Williams and Wilson praised each other's work. At one point, Williams deferred to Wilson to answer a question about how the deal came together.

Both Wilson and Williams described 21CT's technology, a variant of 21CT's principal LYNXeon software, called Torch, as a dashboard in which Medicaid fraud investigators can type in a name and, almost instantly, connections across myriad data sets would appear on the screen as webs and graphs. The tool could provide analytics in real-time, they said, and could potentially predict fraud before it happens.

"It allows us to find the unknown unknowns," the inspector general told the Statesman.

But two people who have worked on the project said Torch isn't nearly as effective as the company or the inspector general have said. Both individuals spoke on condition of anonymity, citing nondisclosure agreements they signed.

"I don't think it's where they represented it to be," one of them said, adding that the company had never worked with Medicaid data before and people working on the project realized early on that LYNXeon wasn't getting the job done.

The company's success with LYNXeon as a cybersecurity tool is well documented, especially in providing social network analyses, as the company did for federal defense agencies looking for terrorist networks. But its application to Medicaid was untested and has been far from smooth.

Thus far 21CT has ingested only a small fraction of the total Medicaid data into its software, [state records show.](#)

A significant hurdle is the state's transition from a traditional fee for service model — a provider serves a patient and bills Medicaid — to a model using managed care organizations, or MCOs. In that model, a group of providers bills Medicaid a set amount based on the volume of patients assigned to them.

Data coming in from MCOs is exceptionally problematic for 21CT's technology to handle, state officials and company executives agree, because each cluster of physicians tracks, stores and reports data differently — and that's if those organizations supply useful data at all.

In concept, it's as if analysts gathered customer shopping data from H-E-B, Wal-Mart, Walgreens, Target and so on, lumped it all together and asked a program to find an individual's shopping patterns and display them graphically. Tweaking those disparate data sets to identify potential fraud, 21CT executives conceded, is a Herculean and potentially quixotic challenge.

But one of the two people who spoke with the Statesman said, "I don't know if or when we'll be done with it, if we'll ever be done with it. I can't imagine an end in sight."

With more than 20 MCOs in Texas, more than 80 percent of the state's Medicaid data falls into this category, [state records show,](#) and that percentage is rising.

"The problem is that Torch as promised, as it is, they haven't actually done the hard work of data integration," one of the two people said. "It's not even a market-ready product."

Both sources said they believe there is value to Torch, but only if it had been developed before it was sold to Texas and there was reliable data streaming into it.

Meanwhile, state officials have confirmed that a team of 21CT analysts are crunching numbers the old-fashioned way from the company's headquarters and sending leads to the inspector general, where despite the contract's initial promise, investigators don't have direct access to software.

"There's a lot of really low-level SQL analysis going on," one of the sources said, referring to Structured Query Language, the standard programming language for working with multiple data sets, which is a far cry from so-called graph pattern analysis.

Before its deal with 21CT, the inspector general's office already had a team of analysts tasked with performing those sorts of queries — and it still does.

'A unique relationship with Texas'

The contract between the inspector general and 21CT was criticized last month as "generic" and vague by a director at the Department of Information Resources, the state's clearinghouse for agencies that want to buy everything from iPads to multimillion-dollar software.

The inspector general contracted with 21CT through that department, essentially an efficiency mechanism that allows state agencies to bypass strict purchasing rules and buy from preapproved vendors. But any contract that exceeds $10 million can't be purchased through the program without either a competitive bid process or proof that the vendor is the only company that offers a certain product or service.

That agency was unaware that either the initial $20 million contract or the pending $90 million extension had been completed via the Department of Information Resources process until the Statesman provided the documents.

Stephanie Goodman, a spokeswoman for the Health and Human Services Commission, said 21CT avoided the usual competitive bid process because it was the only company that offered graph pattern analysis — the technology Stick had presented as the future of fraud investigations in March 2012.

Other companies courted by the agency in 2011 through fall 2012, however, offer products and services similar or comparable to 21CT's. But they don't call it "graph pattern" analysis.

Those companies — tech giants LexisNexis and SAS (pronounced "sass") — offer "graph analysis" and "social network analysis" respectively, according to their websites, which both advertise their products as solutions for rooting out insurance fraud, waste and abuse.

Goodman earlier this month said LexisNexis, SAS and two other companies played with sample Medicaid claims data and provided proofs of concept to the commission, but were ultimately not chosen for the job.

But on Friday, in explaining why the 21CT contract was canceled, Goodman said 21CT hadn't used Medicaid claims data when it auditioned for the job.

"In the case of 21CT they did a proof of concept, but in looking into that, they did not use Medicaid claims data," Goodman said. "The fact that the process was not the same for everyone is of course the concern. While it is acceptable and legal to go through the (Department of Information Resources), we don't consider that best practice.

"There were a number of things that were just raising alarms."

Among the alarms was [a presentation Stick gave in 2013 to the National Association for Medicaid Program Integrity](#) in Baltimore, which the Statesman obtained and provided to state officials.

In that presentation, Stick criticizes the proofs of concept from 21CT's competitors, saying, "POCs actually lost us money and cases," while several slides feature 21CT's technology.

When asked how the standard procurement process had lost cases and money, Goodman said that isn't true, adding, "That presentation is inappropriate in both tone and content."

Janek said it's not uncommon for him or other members of the commission to discuss products or services purchased from vendors, but he said, "I'm usually conscious not to show their names. If it's given as an example of what a company can do, that's different than product endorsement."

At 21CT, one of the two people who have worked on the project and spoke with the Statesman on condition of anonymity, said it's common to hear executives be blasé about the Texas contract.

"They have been depending on the fact that the contract is very loosely written," the source said. "There is nothing by the letter of the law that could hold them to this or that. We have a unique relationship with Texas. That's been said before."

'A blank check'

Last spring, Stick nearly extended 21CT's work beyond Medicaid fraud, according to a former investigator with the Office of Inspector General.

Joe Carrizal Jr., overseeing the vital statistics fraud unit at the time, said he was sent to 21CT's office to see how its software could help with investigations

"One day my manager called me and said, 'Hey, the deputy inspector general wants us to go to a meeting with 21CT,'" Carrizal said. "I asked, 'So what is this company about?' He said that Jack Stick was using the company to try to target Medicaid fraud."

"He pretty much told me we have a blank check, man, if we want this, then all you have to do is say 'yes,' and it's ours," Carrizal said his supervisors told him.

"We showed up, and they rolled out the red carpet for us."

After the presentation, Carrizal decided not to endorse spending taxpayer money on 21CT products.

"I really didn't understand how it was going to work on the Medicaid side," he said. "But I knew for sure on the vital statistics side that it wasn't going to help us."

Carrizal was fired July 16 and has filed a whistleblower suit against the Office of Inspector General. In his lawsuit, he claims supervisors retaliated against him because he protested an order to only superficially review the job performance of Child Protective Services caseworkers when children were killed.

Overblown fraud claims

Both 21CT and the inspector general have said about $200 million in suspicious transactions were identified through the anti-fraud initiative, but confidential correspondence obtained by the Statesman shows the state has been slow to open cases and has yet to recover anywhere near that amount.

At an industry conference in 2013, Stick, featuring 21CT's technology prominently, said the program had found more than $200 million that it was highly confident were overpayments and $180 million in transactions highly probable to be fraudulent, all in its first six weeks.

In June correspondence with federal Medicaid managers, however, officials said the program had identified only $41 million in highly suspicious transactions and $138 million in transactions highly probable to be either waste or abuse.

The reason, state officials told the Centers for Medicare and Medicaid Services, is because 21CT has analyzed only small amounts of data and because the state is grappling with inconsistent, late and messy data from managed care organizations.

Those varying and inconsistent numbers are notable because the Office of Inspector General has been frequently criticized for overblown estimates of fraud while it recovers only pennies on the dollar from those claims.

That correspondence, signed by state Medicaid Director Kay Ghahremani, also credits 21CT with identifying fraud in several sectors to varying degrees, some of which are either old cases or cases the inspector general already knew about.

For instance, [state officials claim that LYNXeon identified $8.4 million in unnecessary services billed by Houston-area ambulances]() "who billed for mental health services but actually provided spaghetti dinners and movies to weak and vulnerable people."

But it appears the inspector general and 21CT were long ago scooped by the Houston Chronicle, which in October 2011 [reported in a three-part series]() how ambulance companies there were billing the federal government for inappropriate transporting of the vulnerable and mentally ill, including for spaghetti dinners.

The story so far

Following a series of American-Statesman stories over two months investigating state contracts with Austin tech company 21CT, a top health official resigned Friday and a pending $90 million deal with the company was canceled.

Health, Human Services chief said he was misled in 'dubious' 21CT deals

Posted: 9:58 p.m. Tuesday, Dec. 23, 2014

By J. David McSwane - American-Statesman Staff

Now embroiled in a contract scandal and criminal investigation, the top official at the Texas Health and Human Services Commission said Tuesday he was misled by the Office of Inspector General when he approved $110 million in questionable deals with an Austin tech company.

Executive Commissioner Kyle Janek said he is responsible for his agency's brokering of no-bid deals with data analytics company 21CT, whose software was billed as the future of Medicaid fraud detection.

 "I never forget that, ultimately, I'm responsible," Janek told reporters during a two-hour meeting Tuesday, as he sought to answer mounting questions raised by an American-Statesman investigation into the 21CT's work.

"I still believe the culpability lies with the (Office of Inspector General)," he said.

Janek said the way state officials steered two deals to 21CT was "dubious" because state officials skirted purchasing laws, avoided routine oversight and mischaracterized the nature of 21CT's services as a way to avoid a competitive bidding process.

- Read the lawsuit filed by 21CT against James Frinzi

- Embattled tech firm 21CT fights for state money, sues newspaper source

21CT's original $20 million contract with the inspector general had been procured outside the competitive bidding process before Janek started as head of Health and Human Services in fall 2012. Janek said he approved a $90 million contract extension this year at the urging of the commission's top lawyer, Jack Stick, who resigned under pressure Dec. 12.

The Statesman first reported on the state's business with 21CT in August, and after a series of stories investigating the deals this month, a criminal investigation was launched by the Travis County district attorney's Public Integrity Unit.

Stick's former boss, Inspector General Doug Wilson, resigned under pressure Friday. Three other high-level employees have been placed on administrative leave, including Stick's chief of staff and the wives of Wilson and Stick, who also work within Health and Human Services.

Kyle Janek, executive commissioner of the Texas Health and Human Services Commission, said Tuesday he takes responsibility for $110 million in questionable deals brokered under his watch with Austin tech firm 21CT. But he also said he was misled by his chief counsel within the Office of Inspector General.

Janek said Stick and other officials misled him by attributing the discovery of $80 million in possible fraud to the work of 21CT and its technology, Torch, which the company touted as capable of linking disparate and massive sets of data to find patterns and predict fraud.

But Janek said Tuesday that a commission employee actually found that possible fraud — apparent overbilling of Medicaid by chain pharmacies.

"If that $80 million is bogus, if Torch — 21CT's product — did not identify it, then I think I was misled," Janek said. "Originally, I was told that Torch found it."

'Not taking anyone's word'

Whether 21CT technology detected that possible fraud is a key question, because that discovery was sold as proof that the company's software was worth spending tens of millions in taxpayer money.

Janek said those findings were used by Stick and the Office of Inspector General to make the case for a $90 million contract extension with 21CT, which Janek approved earlier this year only to cancel it this month.

"What came to me was Torch was really the future," Janek said. "Now, the issue in front of me is do I believe that dollar amount? I don't know yet."

Stick declined an on-the-record phone interview Tuesday, but in an email to the Statesman, he defended 21CT's software as "leading-edge, useful technology."

"There is now a coordinated investigation by highly respected investigative agencies in Texas," Stick wrote. "I welcome that investigation and know that in the fullness of time, the public will be reassured nothing illegal or unethical took place."

Janek says he has doubts as he waits for reviews by the State Auditor's Office, which is working in tandem with the Public Integrity Unit.

"I'm not taking anyone's word at this point after I know that I've been misled on this project," Janek said. "I cannot afford to be misled. And I need to know that those dollar amounts are real and legitimate."

Echoing concerns raised by industry competitors, Janek also said he didn't buy the argument used by Stick and other officials when they shut out other vendors to steer contracts to 21CT: Only 21CT offered "graph pattern analysis."

"It is hard to believe that there is only one company that does graph pattern analysis," Janek said. "In today's world, I just refuse to believe that they're the only ones that could do that. And, in fact, if that were the case, then a competitive bid would have borne that out."

A misleading contract

Stick and other officials channeled the contract through the Department of Information Resources, which essentially manages a catalog of pre-approved vendors from which government agencies can purchase services and technology, such as computers.

That department, designed to speed up transactions and save money, was misused, Janek said.

Because 21CT primarily offered services and manpower, it should have been purchased through a type of contract that can't exceed $10 million and which typically would include competition among vendors. That type of contract is how most technology services would be purchased.

Instead, 21CT's services were primarily portrayed as expensive software licenses, which gave the impression the contracts fell into a different category — one that allowed a $20 million payday with no competition.

"I believe this one went outside went outside normal parameters," Janek said.

Neither the initial $20 million contract nor the $90 million extension were reviewed by two interagency boards designed by state statute to vet solicitations and contracts between the state and vendors.

Moving forward, Janek said his office will directly review any contract of more than $1 million, and he has paused the agency's purchases through the Department of Information Resources.

Who's accountable?

The Office of Inspector General, though housed under Janek's umbrella agency, is an independent investigative branch whose director is appointed by the governor.

With Wilson's ouster, the unit — plagued in recent years by documented fraud investigation failures and a volley of criticism — will be administered by an outsider until Gov.-elect Greg Abbott chooses a replacement.

Quinton Arnold, a former Army command inspector general who was recently hired by the commission as director of risk and control analysis, will fill in.

The future of OIG is in limbo as it faces intensified scrutiny from the Sunset Advisory Commission, a legislative panel tasked with fixing or nixing beleaguered state agencies. A recent state audit detailed myriad missteps that occurred under Wilson and Stick, who was Wilson's deputy from June 2011 until February.

Janek, citing that audit, said he is in some ways responsible for the agency and yet in others he has no authority over its operation.

Janek admits problems also have involved his office. His chief of staff, Erica Stick, worked alongside her husband, whom Janek hired to be the agency's top lawyer. Frianita Wilson, the wife of the ousted inspector general, works in the purchasing department of the Department of Family and Protective Services, which also had contracted with 21CT.

Janek bristled at rumors that he had hired Jack Stick in February at the behest of his chief of staff, saying, "that decision was mine alone." He said he didn't see their working together as a conflict of interest because they were on the same team.

But in light of Stick's resignation and questions about his relationship with 21CT, Janek said: "I'll question that in hindsight."