

# The Medicare & Medicaid “FAST” Act of 2011

*Fighting Fraud & Abuse To Save Taxpayer Dollars*

No one knows with exact certainty the amount of taxpayer money in Medicare and Medicaid that is lost each year waste, fraud, and abuse. However, AARP President Barry Rand has estimated there may be up to \$100 billion taxpayer dollars lost to waste, fraud, and abuse annually.<sup>1</sup> At a time when organized crime rings are defrauding Medicare and thieves can pilfer stolen beneficiary numbers on the black market, we must make strong policy reforms to fight fraud and abuse, and save taxpayer dollars.

Contained herein is a sampling of more than 100 Medicare and Medicaid fraud stories in the news in recent months. These examples do not pass judgment on the merits of individual charges or the guilt of those entities or individuals charged, but rather illustrate the potential scope of the problem.

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## Medicare Fraud in the News

### **Hollywood Doctors Accused of Using Mentally Ill Homeless People to Defraud Medicare of Over \$5 Million**

In October 2010, Dr. Eleanor Santiago Arthur and Dr. Rodney Stephen Barron were charged with health care fraud for allegedly running a scheme in which recruiters were paid to drive mentally ill homeless people to their North Hollywood clinic. Here, they performed numerous unnecessary tests and procedures and then billed Medicare. Investigators claim the doctors saw between 30 and 50 such “patients” a day from December 2009 to June 2010. Prosecutors are seeking restitution of over \$5 million.<sup>2</sup>

### **Baton Rouge-Area Fraud Scheme Bills Medicare Nearly \$800 Thousand for Unnecessary Equipment**

A New Orleans doctor, Dahlia V. Kirkpatrick, and Emmanuel M. Komandu, the owner of a Baker, LA medical equipment company, pleaded guilty on October 4, 2010, to filing fraudulent Medicare claims of over \$775,000, from which they received over \$302,000 from January 2005 to February 2010. The company, Alpha Medical Solutions, Inc., used prescriptions written by Kirkpatrick to bill Medicare for medically unnecessary equipment, such as power wheelchairs, wheelchair accessories, and feeding nutrients. Kirkpatrick and Komandu were sentenced to 30 and 48 months in prison, respectively on January 6, 2011.<sup>3</sup>

### **Four Men Convicted of Defrauding Medicare of Over \$500,000 with Unnecessary Medical Braces**

Cecil Risher, Jr., of Glenn County, FL, pleaded guilty on January 10, 2010, to conspiring with three others to use phony prescriptions for medical braces to defraud Medicare of over \$500,000. Working with his co-conspirators, Risher filed claims with Medicare for medical equipment, such as braces, which were not medically necessary or were never provided to patients. The scheme was carried out between January 2005 and June 2008.<sup>4</sup>

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<sup>1</sup> [http://articles.orlandosentinel.com/2010-09-29/news/os-ed-medicare-fraud-gingrich-093010-20100929\\_1\\_health-care-fraud-home-health-medicare-and-medicaid](http://articles.orlandosentinel.com/2010-09-29/news/os-ed-medicare-fraud-gingrich-093010-20100929_1_health-care-fraud-home-health-medicare-and-medicaid)

<sup>2</sup> [http://www.dailynews.com/news/ci\\_16471661](http://www.dailynews.com/news/ci_16471661)

<sup>3</sup> <http://neworleans.fbi.gov/dojpressrel/pressrel11/no010611a.htm>

<sup>4</sup> <http://jacksonville.com/news/crime/2011-01-11/story/glynn-county-man-admits-conspiring-defraud-medicare>

### **Medicare Loses \$1.26 Million to Woman for Bogus Psychotherapy Sessions**

Patricia Young, of Newton, Mississippi, pleaded guilty to charges filed on December 15, 2010, of defrauding Medicare of \$1.26 million. Young used a defunct Chicago business called Healthy People 2000, Inc. to submit fraudulent claims of over \$5 million for psychotherapy sessions for Medicare beneficiaries that were never provided, resulting in payments that would eventually total \$1.26 million. The claims were submitted from 2006 to 2008 by Young and an unnamed physician. She faces up to 10 years in prison for one count of healthcare fraud.<sup>5</sup>

### **Doctor Illegally Takes \$1.4 Million for Unused or Unnecessary Equipment**

Dr. Howard Grant, of Houston, and two others, were sentenced on January 4, 2010, to several years each in prison for defrauding Medicare of over \$1.4 million. These individuals were affiliated with a Houston-area company, Onward Medical Supply, that submitted fraudulent claims from 2003 to 2009 for items such as power wheelchairs that were not medically necessary or that were never provided.<sup>6</sup>

### **Business Man Uses Stolen Identifying Information to Steal \$500,000 From Medicare**

Samuel Curtis III, a former Georgia businessman, faces a federal indictment for stealing more than \$500,000 from Medicare from 2006 to 2008. Curtis, then-owner of two medical supply companies, allegedly stole identifying information from various patients and doctors which he and several co-conspirators used to submit fraudulent claims for medical braces and devices that were never provided. If convicted of all charges against him, Curtis could face up to 58 years in federal prison.<sup>7</sup>

### **Fake Doctor Bills Medicare/Medicaid and Pays \$130,000 in Restitution**

Ohio surgeon, Dr. Charles C. Njoku, was sentenced on December 29, 2010, to a year in federal prison for allowing his office manager, Veronica Scott-Guiler, to pose as a doctor and illegally bill Medicare/Medicaid. This scam lasted from January 2005 to March 2009. While Scott-Guiler acted as a physician, "patients with severe medical conditions were unknowingly being diagnosed and treated by an unqualified individual, putting patients at substantial risk of physical harm." Njoku and Scott-Guiler were ordered to pay \$131,000 in restitution.<sup>8</sup>

### **Organized Crime Ring Defrauds Medicare \$163 Million**

A crackdown October 13, 2010, on what was described by the FBI as the "largest Medicare fraud scheme ever committed by a single enterprise," 73 alleged members of an Armenian-American crime organization were charged with defrauding Medicare of over \$163 million. According to the FBI, the identities of several Medicare beneficiaries were stolen and used by the defendants to bill Medicare for services that were never provided. Once the money was deposited into designated bank accounts, it was withdrawn and laundered. When one of the operations was shut down or discovered, the crime ring would simply open another phony clinic elsewhere. The FBI's investigation ultimately uncovered 118 phony clinics in 25 states.<sup>9</sup>

### **Outpatient "Kyphoplasty" Surgery Overcharges Medicare \$101 Million**

In a 2008 whistleblowing lawsuit that continues to grow, some 25 hospitals have agreed on January 4, 2011 to repay the government over \$101 million in restitution for overbilling Medicare for a spinal surgery known as "kyphoplasty." Kyphoplasty, which is used to treat certain spinal compression fractures, often allows patients to resume physical activity only within a matter of hours. Yet the hospitals, instructed by medical supply company, Kyphon Inc., kept kyphoplasty patients overnight "simply for their financial needs," according to attorney Matt Smith of Washington DC.<sup>10</sup>

### **Medicare Tricked Into Overpaying \$34 Million for Inhaler Drugs in Miami**

According to a federal investigation report released December 23, 2010, several South Florida providers scammed

<sup>5</sup> [http://www.justice.gov/usao/iln/pr/chicago/2011/pr0105\\_01.pdf](http://www.justice.gov/usao/iln/pr/chicago/2011/pr0105_01.pdf)

<sup>6</sup> <http://www.chron.com/disp/story.mpl/metropolitan/7367876.html>

<sup>7</sup> <http://www.firstcoastnews.com/news/local/story.aspx?storyid=185049>

<sup>8</sup> [http://www.upi.com/Top\\_News/US/2010/12/30/Sentences-given-in-fake-doctor-case/UPI-95001293739225/](http://www.upi.com/Top_News/US/2010/12/30/Sentences-given-in-fake-doctor-case/UPI-95001293739225/)

<sup>9</sup> <http://www.fbi.gov/news/stories/2010/october/medicare-fraud-organized-crime-bus>

<sup>10</sup> <http://www.earthtimes.org/articles/press/whistleblower-lawsuit-101-million,1601696.html>

Medicare into paying nearly 10 times too much for the inhaler drug arformoterol. From 2008 through early 2009, Medicare paid for 7 million units of arformoterol which cost tax payers \$34 million. "Legitimate sales to patients should have cost about \$3.7 million, and only 750,000 units were sold by the manufacturer and three largest wholesalers the previous 1.5 years."<sup>11</sup>

#### **\$14.5 Million Home Health Care Scheme Busted in Detroit**

As of December 7, 2010, a total of 21 individuals have been charged with conspiracy to commit healthcare fraud as part of an ongoing investigation into a scheme which defrauded Medicare of \$14.5 million from August 2007 to September 2009. Two Detroit-area companies operated by defendants, Patients Choice and All American, billed Medicare for home therapy services that investigators claim were either medically unnecessary or never rendered. In addition, the indictment alleges that patients recruited for the scheme were paid kickbacks for allowing their information to be used.<sup>12</sup>

#### **Taxpayers Foot the Bill for Podiatrist's \$750,000 Fraud**

Michael Akyuz, a former podiatrist in the Rochester, NY area, was sentenced to five years probation on November 3, 2010, for fraudulently billing Medicare almost \$750,000. Over the course of five years, Akyuz tended to patients at nursing homes and retirement centers. Akyuz billed Medicare numerous times for expensive procedures, such as removing ingrown toe-nails, when in reality he merely clipped their toe-nails.<sup>13</sup>

#### **Miami Doctor Writes Phony HIV Prescriptions: Costs Taxpayers More than \$8 Million**

Miami doctor, Ana Alvarez-Jacinto, and her nurse, Sandra Mateos, billed Medicare over \$8 million dollars for unnecessary and expensive HIV infusion treatments from 2003 to 2008. Prosecutors say that the clinic paid kickbacks of about \$150 to patients in exchange for their Medicare numbers. Alvarez was sentenced to 30 years in prison while Mateos was sentenced to 7 years. An appellate court upheld their sentences. This operation was part of an expansive network of clinics controlled by a "trio of Cuban immigrants." The brothers fled to Cuba. They are being charged with "masterminding a \$119 million scheme to defraud Medicare."<sup>14</sup>

#### **Medicare Fraudster Steals \$22 Million, Buy Sport Cars and Jewelry**

Ihosvany Marquez, a former minor league baseball player, pleaded guilty on October 7, 2010, to raking in \$22 million from Medicare with the help of his partners. He and his co-conspirators submitted \$55 million in false Medicare claims, and he was ordered to reimburse Medicare for \$18.3 million. Marquez spent a great portion of the taxpayer money on fancy sport cars, jewelry, mansions, horses, and even a \$30,000 dinner. He was sentenced to 22 years in prison.<sup>15</sup>

#### **Miami Clinic Overbills Medicare for \$16.6 Million**

Yudel Cayro, and his partner Arturo Fonseca, were each sentenced to five years in prison for fraudulently billing Medicare \$16.6 million between 2006 and 2009. Cayro operated Courtesy Medical Group as a front for his scheme. "The company funneled hundreds of diabetic patients to a pair of home health agencies that billed Medicare for costly visits by skilled nurses, but the purported services were not needed or even provided in some instances." Cayro and Conseco were ordered to pay restitution of \$9.8 million in December 2010.<sup>16</sup>

#### **Michigan Physician Over Charges Medicare for High-End Services**

In December 2010, Alan Silber, a Michigan physician, was sentenced to three years in prison for conspiring with others to submit nearly \$1 million in fraudulent claims to Medicare. He billed Medicare for injection services, infusion therapy services, and expensive medications between November 2006 and March 2007. Most of the time, these services were unnecessary or un-rendered. Evidence shows that several of his patients were recruited

<sup>11</sup> <http://www.palmbeachpost.com/news/state/inhaler-drug-south-florida-medicare-fraud-cost-taxpayers-1143313.html?printArticle=y>

<sup>12</sup> <http://www.fiercehealthcare.com/press-releases/four-detroit-area-residents-arrested-connection-145-million-home-health-car>

<sup>13</sup> <http://www.whec.com/iteam/stories/S1821818.shtml?cat=566>

<sup>14</sup> <http://www.miamiherald.com/2010/10/21/1883648/ex-high-court-judge-30-year-term.html>

<sup>15</sup> <http://www.businessweek.com/ap/financialnews/D9IUVBMO0.htm>

<sup>16</sup> <http://www.miamiherald.com/2010/10/08/1862246/convicted-miami-dade-medicare.html>

<sup>16</sup> <http://www.miamiherald.com/2010/12/20/1982874/former-miami-dade-clinic-owner.html>

in exchange for kickbacks. In addition to Silber's jail time, he and his cohorts were ordered to pay \$649,000 in restitution.<sup>17</sup>

#### **Director of a California Cancer Center Bilks Medicare for More Than \$400,000**

Dr. Glen Justice fraudulently billed Medicare and other health insurance providers for \$400,000 to \$1 million between 2004 and 2009. Justice pleaded guilty to billing for expensive cancer drugs in cases where patients received cheaper ones. Justice was the director of the cancer center at Orange Coast Memorial Medical Center in Fountain Valley, CA., and he is to be sentenced in February 2011. He pleaded guilty in May 2010.<sup>18</sup>

#### **New Jersey Psychiatrist Defrauds Medicare and Medicaid for \$50,000**

Dr. Arnold Jacques was ordered to pay \$50,000 in restitution for submitting false claims to Medicare and Medicaid. Between January 2004 and November 2005, Jacques overbilled Medicare for longer therapy sessions than were provided, and for sessions that never took place. While he never rendered the services, Jacques allowed his counterpart to bill Medicare using his provider number. In November 2010, Jacques was sentenced to 3 years in prison.<sup>19</sup>

#### **New York Podiatrist Bills Medicare for Surgery Never Performed**

Dr. William Holley, a New York podiatrist, has pleaded guilty to billing Medicare for a wedge excision foot surgery that he never actually performed in April 2005. When he is sentenced in April 2011, he will be subject to a year in prison and or a \$100,000 fine.<sup>20</sup>

#### **Arizona Magazine Publisher Lauanders \$3 Million For Alleged Medicare Scam**

Former publisher of six different Glendale, AZ magazines, Navasard Petrosyan, was sentenced to 2.5 years in prison for his role in an alleged Medicare scam. Between 2002 and 2007, Petrosyan laundered \$3 million for different Medical businesses including Apollo Diagnostic Ultrasound, Ruz Inc., Intymak Medical and Dr. Peter Shrier. The Medical businesses allegedly used this money to pay kickbacks for Medicare patient referrals and others. Petrosyan wrote checks to himself from the medical businesses, claimed the money as advertising expense on their tax returns, cashed the checks, and then gave the money back to the companies to pay kickbacks and referral fees. The returned cash was never reclaimed as revenue by the medical businesses. Petrosyan claimed his "cuts" as "Advertising revenue" when in fact it wasn't legitimate revenue at all. He was charged in June 2010 and pleaded guilty in August 2010.<sup>21</sup>

#### **New Jersey Doctor Submits \$52 Million in False Claims to Medicare and Private Insurers**

Dr. Amgad Hessein, New Jersey pain management physician and anesthesiologist, allegedly submitted \$52 million in false claims to Medicare and private insurers between January 2006 and June 2009. According to some, he was conspiring with his brother Ashraf Sami to submit the claims. According to a prosecutor in the investigation, Hessein submitted claims for services that were never rendered, or that were rendered when he was actually outside of the country. Often, Hessein's billable hours exceeded the normal 24 hours in a day. Hessein was arrested in November 2010.<sup>22</sup>

#### **Former Chicago Area Cardiologist Defrauds Medicare**

Sushil Sheth, former Chicago area cardiologist, pleaded guilty to defrauding Medicare and other public and private insurers. Sheth admitted to defrauding 30 insurers between January 2002 and July 2007 by billing them for expensive cardiac care when in fact it was never rendered. He used his access at several hospitals to obtain patient information, and then hired people to fraudulently bill Medicare and other providers. In August 2010, Sheth was ordered to pay \$13 million in restitution, \$8.3 million to Medicare and \$5 million to other private and

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<sup>17</sup> <http://www.justice.gov/opa/pr/2010/December/10-crm-1455.html>

<sup>18</sup> <http://www.oregister.com/articles/justice-280808-license-cancer.html>

<sup>19</sup> <http://www.nj.gov/oag/newsreleases10/pr20101129a.html>

<sup>20</sup> <http://www.wivb.com/dpp/news/crime/Podiatrist-admits-false-Medicare-claim>

<sup>21</sup> [http://www.glendalenewspress.com/news/tn-gnp-former-magazine-publisher-sentenced-to-2-12-years-20110131\\_0\\_2338121.story](http://www.glendalenewspress.com/news/tn-gnp-former-magazine-publisher-sentenced-to-2-12-years-20110131_0_2338121.story)

<sup>22</sup> <http://www.newjerseynewsroom.com/healthquest/nj-doctor-amgad-hessein-charged-with-52m-in-health-care-insurance-fraud>

public insurers.<sup>23</sup>

### **Couple Bills Medicare and Medicaid for Services Not-Rendered**

A Lakeland, FL couple was sentenced to several years in prison for defrauding Medicare and Medicaid of almost \$320,000 between April 2006 and June 2009. The couple operated two companies, Lakeland Therapy Providers Inc. and Optimum Therapy Inc., which they used to bill Medicare and Medicaid for therapy services that were never rendered. The couple pleaded guilty in 2010, and they were sentenced in early 2011.<sup>24</sup>

### **Seattle Based Company; MSO Washington Settles Fraud Allegations for \$565,000**

Lakewood medical management and billing firm, MSO Washington, has agreed to pay a \$565,000 settlement over Medicare and Medicaid fraud allegations. MSO handled the billing for several doctors and health-care professionals who saw Medicare and Medicaid patients. MSO allegedly was over billing for services that were never rendered. These allegations emerged during a whistle blower lawsuit that was filed by a former MSO employee. MSO's settlement also calls for a 5 year audit of the company.<sup>25</sup>

### **Arizona Doctor Settles Fraud Allegations for \$92,000**

Dr. Ray Silao, internist out of Yuma, AZ, agreed to settle claims that he overbilled Medicare. Silao allegedly billed Medicare for tests that were performed on qualified Medicare patients, when in fact, the patients weren't qualified at all. Silao settled for \$92,000.<sup>26</sup>

### **Nevada Doctor Allegedly Submits Inflated Healthcare Claims, Pays Federal Government \$1.25 Million**

Dr. Brian Lemper, Nevada anesthesiologist and pain management physician, settled allegations that he submitted inflated claims to TRICARE and the federal program. Lemper allegedly submitted inflated claims for surgical supplies and surgeries. Lemper agreed to pay \$1.25 million as a settlement. Lemper has not admitted to any wrong doing.<sup>27</sup>

### **Oklahoma Man Accused of Bilking Medicare/Medicaid \$5.5 million for Prosthetic Limbs**

Tecumseh, OK man, Lance E. Faulkner, was indicted on charges that he submitted \$5.5 million in fraudulent claims to Medicare and Medicaid between June 2006 and June 2010. Faulkner, through his durable medical supply company Heartland Orthotic Prosthetic Lab, allegedly billed Medicare and Medicaid for patients that did not have prescriptions from a doctor for prosthetic limbs and other equipment. He is also accused of submitting physician names and identification numbers for his patients when in fact, the physicians had never even seen Faulkner's patients or prescribed limbs for them. On multiple occasions, it is alleged that Faulkner submitted claims for expensive, computerized prosthetics, when the patients actually received less expensive ones. If found guilty, Faulkner faces 10 years in prison, up to a \$250,000 fine, and a restitution payment for the money he stole.<sup>28</sup>

### **Houston Medical Supply Company Submits \$1.1 million in False Claims to Medicare for Power Wheelchairs**

Houston residents Oliver Nkuku and Callistus Edozi were sentenced to 120 months and 41 months in prison for their role in a Medicare fraud scheme. Nkuku and Edozie were found guilty of billing Medicare \$1.1 million for durable medical equipment like power wheelchairs that were unnecessary. The power wheelchairs and accessories were billed on behalf of KO Medical Inc., Nkuku and Edozi's Medical Equipment company. Nkuku billed Medicare claiming that his Medicare patients needed new power wheelchairs and equipment because of Hurricanes Katrina, Ike, Gustav, and Rita, when in fact, they did not need or even want them. Nkuku was ordered to pay \$453,112 in restitution for the scheme, and Edozi was ordered to pay \$80,000.<sup>29</sup>

<sup>23</sup> [http://articles.chicagotribune.com/2010-08-11/news/ct-met-physician-sentenced-0812-20100811\\_1\\_insurance-fraud-health-care-insurance-providers](http://articles.chicagotribune.com/2010-08-11/news/ct-met-physician-sentenced-0812-20100811_1_insurance-fraud-health-care-insurance-providers)

<sup>24</sup> <http://www2.tbo.com/content/2011/jan/07/071538/prison-time-for-lakeland-couple-in-health-care-fra/news-breaking/>

<sup>25</sup> <http://www.theledger.com/article/20100727/NEWS/7275068>

<sup>26</sup> [http://www.seattlepi.com/local/432985\\_medicalfraud.html](http://www.seattlepi.com/local/432985_medicalfraud.html)

<sup>27</sup> <http://www.kpho.com/arizona/26250583/detail.html>

<sup>28</sup> <http://www.lasvegassun.com/news/2011/jan/03/doctor-pays-125-million-resolve-fraud-allegations/>

<sup>29</sup> <http://newsok.com/tecumseh-man-who-designs-prosthetic-limbs-accused-of-bilking-more-than-5.5-million-from-medicare-medicaid/article/3539825#ixzz1Dgdlq82r>

<sup>29</sup> <http://www.justice.gov/opa/pr/2010/November/10-crm-1365.html>

### **Former Cuban Army Officer Convicted of Defrauding Medicare Drug Program of \$135,930**

From December 2009 to March 2010, former Cuban Lieutenant Colonel Renier Vicente Rodriguez Fleitas, submitted approximately \$1.8 million in fraudulent Medicare Part D claims via his Miami-area business, Pirifer Medical Supplies. In all, he received \$135,930 from Part D. He was sentenced to 3 years in prison and ordered to repay the full amount.<sup>30</sup>

### **Michigan Doctor Guilty of Fraudulently Submitting False Claims to Medicare for X-Rays not Serviced**

Dr. Ali Makki, a Michigan oral surgeon, pleaded guilty in July 2010 to pocketing \$113,777 from Medicare between July 2004 and September 2009. Makki was found guilty of submitting false claims to Medicare, falsifying documents, and failing to correctly report income. Makki faces up to 30 months in prison.<sup>31</sup>

### **El Paso Doctor Accused of Committing a \$41 Million Health Care Scheme**

Dr. Valdez, owner of the Institute of Pain Management, has been charged with carrying out an estimated \$41 million dollar health care fraud scheme between January 2001 and December 2009. His charges include 21 counts of health care fraud, 20 counts of false statements relating to health care fraud, 21 counts of mail fraud, 16 counts of wire fraud, four counts of unlawful distribution of controlled substances and 16 counts of money laundering. Valdez allegedly was billing Medicare, Medicaid, TRICARE and the Texas Workers' Compensation Commission for peripheral nerve injections, facet injection procedure and office visits which never occurred. Instead, he was allegedly performing prolotherapy, a procedure for which health care programs do not reimburse. If convicted, Valdez faces 10 to 20 years in prison. He was charged in 2010.<sup>32</sup>

### **Nigerian Woman Guilty of Fraudulently Billing Medicare \$840,000 for Braces**

In March 2010, Linda Eteimo Ere Kendabie of Nigeria pleaded guilty to fraudulently billing Medicare \$840,000 for expensive orthotic care and braces, when in fact she supplied Medicare beneficiaries with less expensive products. Kendabie also admitted that most of the products she billed Medicare for were medically unnecessary. Kendabie was ordered to pay \$461,244 in restitution, and she was sentenced to 15 months in prison.<sup>33</sup>

### **Former Commissioner and Wife Bilk \$6.1 Million from Medicare for Ambulette Services**

Former Hidalgo County Commissioner Guadalupe Garces and his wife Araceli Garces were found guilty on multiple counts of health care fraud in April 2010. The Garces operated two ambulette companies, A-Stat Ambulance Inc. and A-Care EMS. Between 2001 and 2006, both companies fraudulently billed Medicare/Medicaid for unnecessary transportation services to and from dialysis centers. They billed the government \$12 million through A-Stat and received \$4.5 million in payments for the claims. After A-Stat was shut down by the government, Mr. and Mrs. Garces incorporated a second company, A-Care EMS, in their son's name. The couple continued to fraudulently bill Medicare/Medicaid \$3 million for unnecessary ambulette services. Mr. and Mrs. Garces will spend 41 and 33 months in prison, and they were ordered to pay \$636,742 in restitution. They were sentenced in August 2010.<sup>34</sup>

### **Airport Medical Supply Bills Medicare for Fake Wheelchairs**

Former accountant Eli Gichon, from Encino, CA pleaded guilty on January 19, 2011, to health care fraud and tax fraud charges. Gichon was the owner of Airport Medical Supply, and he was ordered to pay \$4.1 million in restitution to Medicare for preparing false claims for medical equipment. From 2004 through 2006, Gichon would charge Medicare for hospital supplies such as power wheelchairs, hospital beds, and mattresses. The claims were submitted using information from people who were recruited in exchange for cash and free medical equipment. In addition, Gichon failed to report almost \$1 million in income to the IRS. Gichon was ordered to pay an additional \$1.4 million to the IRS, and he was sentenced to 51 months in prison. He will be spend 3 years on

<sup>30</sup> <http://channel6newsline.com/2011/01/u-s-sentences-former-cuban-army-official-to-more-than-3-years-in-prison-for-fraud/>

<sup>31</sup> <http://www.crainsdetroit.com/article/20100709/FREE/100709886#>

<sup>32</sup> <http://www.kfoxtv.com/news/23898863/detail.html>

<sup>33</sup> <http://www.justice.gov/opa/pr/2010/November/10-crm-1363.html>

<sup>34</sup> <http://www.themonitor.com/articles/hidalgo-41540-commissioner-mcallen.html>

<http://www.chron.com/dispatch/story.mpl/metropolitan/6892067.html>

supervised release following his prison term.<sup>35</sup>

### **Florida Heart Surgeon and Wife Settle Medicare Fraud Allegation for \$22.6 Million**

Cardiovascular surgeon Walter Janke and his wife Lalita settled claims on November 24, 2010, that they submitted false diagnostic codes to Medicare in attempt to receive greater payments from the federal health care program. Dr. and Mrs. Janke were owners of America's Health Choice Medical Plans, a Medicare Advantage organization, and Medical Resources, a primary care provider. The settlement was for \$22.6 million.<sup>36</sup>

### **Texas Fraudsters Plead Guilty to \$1.7 Million Medicare Fraud Scheme**

John Edward Perry III, from The Woodlands, TX, and Kate Ose Olear, pleaded guilty on June 18, 2010, to a \$1.7 million Medicare fraud scheme. Olear was the owner of Sefan Medical Supply and Perry was the Medical Director for the supply company. Olear and Perry billed Medicare for unnecessary durable medical equipment that was either never delivered, or a lessor quality product than the one that was billed was delivered. Sefan billed Medicare for \$2.8 million and \$1.7 million was paid out to them by the government. They each face up to 10 years in prison and up to a \$250,000 fine.<sup>37</sup>

### **Internist Pleads Guilty to Illegal Drug Distribution and False Claims**

Former internist, Wayne W. Williamson, pleaded guilty July 27, 2010, to submitting false claims to Medicare and Medicaid as well as illegal drug distribution. Williamson admitted that he billed the government for longer visits to low-income apartments complexes than actually occurred. Williamson also said he sold drugs like OxyContin, Percocet and Xanax in parking lots to people who did not need the prescriptions. This continued even after his license to prescribe medications in Missouri was suspended. In addition to Williamson's 3 year prison sentence, he was ordered to pay \$2,700 in restitution.<sup>38</sup>

### **Two Miami Doctors Convicted of Medicare and Medicaid Fraud**

Walter Proano and Manuel Barbeite, both of Miami's Diagnostic Medical Choice, billed Medicare and Medicaid for expensive infusions used to treat a small portion of HIV/AIDS patients. The doctors requested large amounts of prescription drugs but rarely had any in inventory and rarely offered the drugs to patients. The health clinic scammed Medicare out of \$15 million from January 2003 through July 2006.<sup>39</sup>

### **Behavioral Counselor Guilty of \$1 Million Medicare/Medicaid Fraud Scheme**

Edward Birts, the owner and operator of Courage to Change, a behavioral counseling company in Houston, TX, pleaded guilty to health care fraud on June 1, 2010. Birts presented himself as a doctor of psychology, when in fact, he bought a degree online and awarded himself several false advanced certifications. Birts illegally acquired Medicare/Medicaid beneficiary numbers and billed Medicare/Medicaid for therapy sessions that he was unqualified to lead, and/or that were never rendered. Birts submitted \$1,282,466 in claims to Medicare/Medicaid from January 2003 through September 2006. He received \$968,583 from the government. He faces up to 10 years in prison and up to a \$250,000 fine.<sup>40</sup>

### **Ameritox Settles Kickback Allegations for \$16 Million**

The drug testing company Ameritox, based in Midland, Texas, settled a false claims lawsuit for \$16 million on November 17, 2010. Ameritox paid illegal kickbacks to physicians in the form of cash payments in exchange for urine samples from patients. "Prosecutors said Ameritox faced allegations that it made cash payments to doctors to win their Medicare business." The settlement was the result of a whistleblower lawsuit.<sup>41</sup>

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<sup>35</sup> <http://www.sfvbj.com/news/2011/jan/19/former-cpa-encino-sentenced-prison/>

<sup>36</sup> <http://www.justice.gov/opa/pr/2010/November/10-civ-1351.html>

<sup>37</sup> [http://www.yourhoustonnews.com/courier/news/article\\_8f4e8b6e-2254-53ec-b89e-0a547efa297a.html](http://www.yourhoustonnews.com/courier/news/article_8f4e8b6e-2254-53ec-b89e-0a547efa297a.html)

<sup>38</sup> <http://www.bizjournals.com/kansascity/stories/2010/07/26/daily21.html>

<sup>39</sup> <http://myfloridalegal.com/newsrel.nsf/newsreleases/2E9A50F22BA78B4C8525746D0049E7BD>

<sup>40</sup> <http://www.chron.com/dispatch/story.mpl/metropolitan/7031946.html>

<sup>41</sup> <http://www.tampabay.com/news/business/corporate/drug-testing-company-to-pay-163-million-to-settle-kickback-claims/1134676>

### **Robert Wood Johnson University Hospital Hamilton to Pay \$6.35 Million Health Care Settlement**

Robert Wood Johnson University Hospital in Hamilton, New Jersey has agreed to settle allegations that they inflated Medicare charges in order to receive higher reimbursements. Two whistleblower lawsuits brought these allegations to light. The settlement was on March 19, 2010 for \$6.35 million; the hospital denies any wrongdoing.<sup>42</sup>

### **Simi Valley Hospital Settles Medicare Fraud Charges for \$5.15 Million**

California's Simi Valley Hospital has agreed to settle charges that they fraudulently charged Medicare between 1991 and 1997. The hospital billed Medicare and Medi-Cal for psychiatric services that were rendered to ineligible patients. Simi Valley allegedly paid a medical director \$12,000 a month to run a non-existent program. The settlement was for \$5.15 million.<sup>43</sup>

### **Texas Doctor Found Guilty of Accepting Illegal Kickbacks for Medicare and Medicaid**

Dr. Harold Wagner, a DeSoto, TX physician, faces up to five years in federal prison for accepting illegal kickbacks from a wheelchair supplier. Wagner, who was indicted in January 2010, admitted to referring Medicare and Medicaid eligible patients to the supplier, who then billed Medicare/Medicaid for the cost of the chairs in exchange for cash rewards.<sup>44</sup>

### **New York Dermatologist Settles Medicare Fraud Claims for \$2.7 Million**

Lawrence Jaeger, owner of two New York City dermatology clinics, settled claims that he submitted fraudulent claims to Medicare. Jaeger made false representations to the New York State Department of Health in order to obtain a certification for his practice, Community Medical and Dermatology Center, which would earn him higher Medicare reimbursements. Jaeger falsely represented the services that would be provided at his facility by stating that the majority of services provided in the clinic would be primary care services, when in reality, the clinic was mostly a dermatology clinic that performed few primary care services. The June 9, 2010 settlement was for \$2.7 million.<sup>45</sup>

### **Missouri Internist Guilty of \$1.8 Million Medicare Fraud**

Missouri internist, Howard Goldstein, was sentenced January 5, 2011, to five months in prison and ordered to pay \$830,000 for fraudulent Medicare billing practices. Goldstein often submitted false claims to Medicare for services that were questionable. Goldstein was part of the \$1.6 million settlement of which Goldstein and SSM St. Charles Medical Clinic, Goldstein's former employer, will pay.<sup>46</sup>

### **New York Fraud Ring Busted for \$72 Million Medicare Scam**

Dozens of doctors, employees, and patients of Bay Medical, a medical office in Brooklyn, were charged in July 2010 with running a scam that defrauded Medicare of \$72 million over the course of several years. The arrests were part of a crackdown by the FBI in several cities across the nation of fraud rings alleged to have cost taxpayers some \$251 million. Bay Medical is alleged to have operated as a "mill", bringing in dozens of patients who received kickbacks in exchange for providing personal information with which Bay Medical filed millions in false Medicare claims. The medical office, which served mostly Russian-speaking immigrants, displayed a Soviet-era propaganda poster which said "Don't gossip!" to warn participants to keep their mouths shut.<sup>47</sup>

### **California Business Owner Defrauds Medicare Almost \$500,000**

Sylvester Ijewere, owner of durable medical equipment company Maydads, pleaded guilty on April 12, 2010, to submitting half a million dollars in fraudulent claims to Medicare. Ijewere admitted that he fraudulently billed Medicare from June 2007 to October 2009 for expensive power wheelchairs and other expensive medical

<sup>42</sup> <http://www.justice.gov/opa/pr/2010/March/10-civ-293.html>

<sup>43</sup> [http://pacbiztimes.com/index.php?option=com\\_content&task=view&id=1959&Itemid=1](http://pacbiztimes.com/index.php?option=com_content&task=view&id=1959&Itemid=1)

<sup>44</sup> [http://7thspace.com/headlines/370224/texas\\_physician\\_pleads\\_guilty\\_in\\_health\\_care\\_fraud\\_scheme.html](http://7thspace.com/headlines/370224/texas_physician_pleads_guilty_in_health_care_fraud_scheme.html)

<sup>45</sup> <http://www.prnewswire.com/news-releases/justice-department-announces-275-million-settlement-with-ny-dermatologist-for-medicare-and-medicare-fraud-96099274.html>

<sup>46</sup> <http://www.ksdk.com/news/local/story.aspx?storyid=236673&catid=3>

<sup>47</sup> [http://www.nypost.com/p/news/local/brooklyn/hushin\\_russian\\_in\\_klyn\\_med\\_fraud\\_dwMigEMJQtPhYzWlvvGpM](http://www.nypost.com/p/news/local/brooklyn/hushin_russian_in_klyn_med_fraud_dwMigEMJQtPhYzWlvvGpM)



equipment that was medically unnecessary. Ijewere also admitted that he billed Medicare using Medicare beneficiary numbers that he knew were obtained illegally by patient recruiters and through fraudulent medical clinics. Ijewere faces up to 10 years in prison and up to a \$250,000 for the \$471,345 in fraudulent claims that he submitted to Medicare through Mydads.<sup>48</sup>

### **Los Angeles Business Owner Commits \$1 million Power Wheelchair Fraud Scheme**

Leonard Nwarfor, the owner of Los Angeles durable medical equipment company, Pacific City Group, Inc., was found guilty of Medicare fraud in September 2008. Nwafor billed Medicare for expensive power wheelchairs and accessories that were unnecessary. Elderly and disabled Medicare beneficiaries testified in court that they were approached by people who claimed they could get the Medicare beneficiaries free power wheelchairs in exchange for their Medicare beneficiary number. Nwafor billed Medicare on behalf of 170 Medicare beneficiaries that did not need power wheelchairs. Each chair was billed for up to \$7,000. Nwafor submitted over \$1 million in fraudulent claims to Medicare and received \$526,243 in payments from them. Nwafor was sentenced to 9 years in prison and ordered to pay \$526,243 in restitution.<sup>49</sup>

### **Miami-Area Clinic Owner Guilty of \$23 Million HIV Clinic Medicare Scheme**

Flor Crisologo, owner and operator of J&F Community Medical Center Inc., pleaded guilty September 9, 2010, for submitting more than \$23 million in false and fraudulent claims to Medicare. Crisologo submitted claims for phony HIV infusion and injection services that were performed by J&F. She conspired with others in order to make their services seem legitimate. Also, she admitted that she and her conspirators paid patients kickbacks if they would claim that legitimate services were rendered to them, when in fact they weren't. Most of the patients did not need any of the treatments for which they were billed.<sup>50</sup>

### **Elderly Woman Billed for Pregnancy Tests and Prostate Exams; Cost Medicare \$50,000**

Grahamsville, NY resident June Smith's Medicare ID number was used in a scam to bilk Medicare for \$50,000. Smith was billed for pregnancy tests, semen analysis, and even prostate exams despite the fact that she is a 72 year old woman. The first scam was dated November 23, 2006; Smith tried to warn workers that scammers were using her number, but nobody listened for 3 years.<sup>51</sup>

### **Husband-Wife Duo Bills Medicare \$16 Million for Narcotics in Medicare Scheme**

Dr. Arun Sharma and his wife Dr. Kiran Sharma pleaded guilty on April 26, 2010, to Medicare fraud after prescribing nearly every one of their patients for narcotics that were never administered. The Dr. duo out of Texas fraudulently billed Medicare for a decade before getting caught. Arun Sharma was sentenced to 15 years in prison, Kiran Sharma was sentenced to 8 years in prison, and the two were ordered to relinquish \$44 million in assets.<sup>52</sup>

### **Houston Man De-Frauds Medicare for \$600,000**

William Reece Jr. of Houston pleaded guilty on May 20, 2010, for fraudulently billed Medicare for \$600,000 from 2005 to 2009. He billed Medicare for nutrition products for a overweight man he claims was anorexic. The supplies ordered were designed for patients who need to be fed through nose, mouth, or stomach feeding tubes. The products were not necessary for the patient and were never delivered.<sup>53</sup>

### **Woman Sells Power Wheelchairs to Unwitting Victims; Makes \$946,000**

Fresno, California woman Maria Nelo Moreno found Medicare recipients and she benefited from the sale of power wheelchairs the senior citizens did not need. She convinced the patients to "buy the chair before their Medicare expired." The cost of each wheelchair was \$6,000. Through the course of Moreno's scam, she billed

<sup>48</sup> [http://abclocal.go.com/kabc/story?section=news/local/los\\_angeles&id=7708707](http://abclocal.go.com/kabc/story?section=news/local/los_angeles&id=7708707)

<sup>49</sup> <http://www.justice.gov/opa/pr/2010/March/10-crm-315.html>

<sup>50</sup> <http://miami.fbi.gov/dojpressrel/pressrel10/mm090910.htm>

<sup>51</sup> [http://www.nydailynews.com/news/2010/06/01/2010-06-01\\_no\\_really\\_im\\_a\\_woman\\_id\\_thieves\\_scam\\_medicare\\_into\\_paying\\_for\\_her\\_prostate\\_exams.html](http://www.nydailynews.com/news/2010/06/01/2010-06-01_no_really_im_a_woman_id_thieves_scam_medicare_into_paying_for_her_prostate_exams.html)

<sup>52</sup> <http://www.chron.com/dispatch/story.mpl/metropolitan/6977183.html>

<sup>53</sup> <http://www.chron.com/dispatch/story.mpl/metropolitan/7014855.html>

Medicare for over \$946,000. Moreno was sentenced in February 2010 to one year in prison, three years probation and fined \$110,000 in restitution.<sup>54</sup>

### **Miami Medicare Fraudster Bills Medicare \$5.8 Million for Services Never Provided**

Miami-Dade medical provider David Marrero was convicted in Miami federal court of committing healthcare fraud with his former wife and two other employees. The scheme billed Medicare \$5.8 million for HIV therapy that was never provided to patients between 2005 and 2007. Marrero recruited his 76 year old aunt as a patient for the HIV drugs, however, she wasn't HIV positive. The Marrero's clinic, "Tendercare Medical Center" employees not only lured patients with kickbacks, but also manipulated blood samples to justify phony claims for HIV therapy.<sup>55</sup>

### **Pennsylvania Doctor Pleads Guilty to \$1 Million Health Care Fraud**

62 year old Dr. John Kristofic pleaded guilty to fraudulently billing Medicare and other private insurers \$1 million over five years. Kristofic, a repeat offender, billed Medicare from 2003-2008 for services that were never rendered. Kristofic was an internal medicine specialist, and he was ordered to pay \$3 million in restitution. He will serve one year in jail.<sup>56</sup>

### **South Florida Resident Runs Phony HIV Clinic**

South Florida resident Gladis Badia, pleaded guilty to submitting fraudulent claims to Medicare. Badia was employed by T&R Rehabilitation Professional Corp. which was a Miami clinic that claimed to give infusion and injection treatments to patients with HIV. Badia told authorities that she knowingly submitted false claims to Medicare by saying patients qualified for these fancy treatments, when in fact, they did not. Badia admitted that she fraudulently billed Medicare for up to \$13.7 million. She faces up to 10 years in prison.<sup>57</sup>

### **Miami-Dade County Falls Victim to a \$50 Million Medicare Scam**

Michael De Jesus Huarte was sentenced on January 27, 2010, to 22 years in prison for operating a ring of phony health clinics in Miami-Dade County. Huarte and his conspirators operated 6 medical clinics that billed Medicare for over \$50 million for HIV infusion and injection treatments, cancer treatments, and other expensive medical care. Huarte and his conspirators pocketed at least \$19.2 million.<sup>58</sup>

### **Michigan Resident Opens Clinic to Defraud Medicare \$15 Million**

Michigan resident Daisy Martinez pleaded guilty to Medicare fraud charges. Martinez owned several medical clinics including Sacred Hope, a medical clinic that routinely billed Medicare from March 2006 through March 2007 for services that were medically unnecessary or that were never rendered. Martinez and her co-conspirator Jose Rosario also admitted that their patients weren't referred to them legitimately, but rather were recruited by the payment of kickbacks. Martinez billed Medicare for over \$15 million and actually received over \$10 million. She was sentenced on March 25, 2010, to an 8 year prison sentence followed by a 3 year supervised release probation.<sup>59</sup>

### **Brooklyn Doctor Not Sitting Comfortably After Being Accused of Fraudulently Billing \$3.5 Million for Rectal Care**

Dr. Boris Sachakov, who was arrested September 22, 2010, was accused of bilking \$3.5 million from Medicare. Sachakov allegedly submitted phony bills to the government for various rectal surgeries including one instance where he allegedly performed 85 hemorrhoidectomies on one patient over a 20 month period. This bill was \$60,020. According to officials, Sachakov billed for more than 24 hours a day. He was apparently so busy between February 2009 and January 2010, that he performed 6,593 hemorrhoidectomies, whereas the next busiest proctology clinic in the US billed for a mere 381 procedures. Authorities started looking into the case when they received notice from patients stating Sachakov was submitted claims for services that were never performed.

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<sup>54</sup> <http://www.thebusinessjournal.com/health/5026-fresno-woman-sentenced-in-wheelchair-scheme>

<sup>55</sup> <http://www.miamiherald.com/2010/05/06/1615442/medicare-hiv-therapy-fraudster.html>

<sup>56</sup> <http://www.post-gazette.com/pg/10125/1055746-100.stm>

<sup>57</sup> <http://miami.fbi.gov/dojpressrel/pressrel10/mm080510a.htm>

<sup>58</sup> <http://miami.fbi.gov/dojpressrel/pressrel10/mm012710a.htm>

<sup>59</sup> <http://detroit.fbi.gov/dojpressrel/pressrel10/de032510.htm>

Sachakov faces up to 10 years in prison and a \$250,000 fine.<sup>60</sup>

### **Houston Fraud Ring Busted for Defrauding Medicare of Over \$5 Million**

Seven people have been charged and two have pleaded guilty after a Houston area fraud ring was broken up. Clifford Ubani and Princewill Njoku admitted to a home healthcare company they owned, Family Healthcare Group, to recruit Medicare patients and use their personal information to bill Medicare for skilled nursing services that were never provided or were not necessary. Medicare paid Family Healthcare Group \$5 million for the false claims; the indictment was filed June 21, 2010. The two men also pleaded guilty in a separate case involving \$1.1 million in fraud by another company they owned.<sup>61</sup>

### **Ophthalmologist Eyes Lengthy Prison Term After Allegedly Making \$3 Million in False Claims to Medicare**

Dr. Joseph J. Kubacki, former Chairperson of the Ophthalmology Department at the Temple University School of Medicine, was charged on January 25, 2011, of regularly directing staff at the Ophthalmology Department to bring the charts of patients treated by other physicians to his office. Upon collecting the charts, Kubacki allegedly made changes indicating he had treated patients he had never seen. The affidavit states that Medicare and private health insurers paid some \$1.5 million based on the alleged fraudulent claims. If convicted, Kubacki faces a lengthy prison term, up to \$36 million in fines, and mandatory restitution.<sup>62</sup>

### **Las Vegas Internal Medicine Practice Gambles on Medicare Fraud, Loses \$300,000**

In a settlement agreement on August 14, 2010, Emery Steckler Medical Institute, agreed to pay \$301,167.44 in order to resolve allegations that they participated in Medicare fraud. They were accused of performing medically unnecessary procedures on patients from January 1, 2003, to December 31, 2006. Specifically, Emery Steckler submitted claims for lipid panel tests and directly measured LDL tests on the same day for the same patient. The claims involved unnecessary or redundant cholesterol tests.<sup>63</sup>

### **Orange County Doctor Charged After Billing Medicare \$1 Million**

Pasadena doctor Glen Justice was charged April 15, 2010, after fraudulently charging Medicare for over \$1 million. He would bill Medicare for cancer medications that were never distributed to the patients. Glen Justice runs the Pacific Coast Hematology/Oncology Medical Group. Justice acknowledged that between 2004 and 2009 insurance companies and Medicare lost between \$400,000 and \$1 million.<sup>64</sup>

### **Fugitive Brothers Wanted for a \$110 Million Medicare Scheme**

Brothers Carlos, Luis and Jose Benitez are wanted for orchestrating a \$110 million Medicare Scheme. The Benitez brothers owned and operated several HIV clinics in the Miami, FL area that allegedly submitted false and fraudulent claims to Medicare for HIV infusion and therapy treatments that were medically unnecessary or not rendered. Also, the brothers allegedly paid kickbacks to Medicare beneficiaries in exchange for their Medicare information which was used to submit the false claims. 20 other co-conspirators have been charged for their involvement with this scheme.<sup>65</sup>

### **Sister Fugitives Wanted for Bilking Medicare \$4.3 Million through a Phony HIV Clinic**

Sisters Clara and Caridad Guilartes are wanted for their involvement in a Medicare fraud scheme. The sisters set up and operated Dearborn Medical and Rehabilitation Center, an infusion therapy clinic in Michigan, and billed Medicare for services that were unnecessary or that were never provided. It is alleged that the sisters paid Medicare beneficiaries to visit their clinic and sign forms that they received legitimate services, when in fact, they did not. The Guilartes' allegedly submitted \$9.1 million in fraudulent claims to Medicare, and they received \$4.3

<sup>60</sup> [http://www.nydailynews.com/ny\\_local/2010/09/23/2010-09-23\\_backside\\_doc\\_is\\_slapped\\_by\\_feds\\_hes\\_nabbed\\_in\\_medicare\\_fraud.html](http://www.nydailynews.com/ny_local/2010/09/23/2010-09-23_backside_doc_is_slapped_by_feds_hes_nabbed_in_medicare_fraud.html)

<sup>62</sup> <http://philadelphia.fbi.gov/doipressrel/pressrel11/ph012511.htm>

<sup>63</sup> <http://www.lvri.com/news/medical-practice-paying--300-000-to-settle-civil-allegations-of-fraud-100678309.html>

<sup>64</sup> [http://articles.oregionregister.com/2010-04-15/news/24651100\\_1\\_cancer-patients-health-care-fraud-pacific-coast-hemato](http://articles.oregionregister.com/2010-04-15/news/24651100_1_cancer-patients-health-care-fraud-pacific-coast-hemato)

<sup>65</sup> <http://oig.hhs.gov/fugitives/profiles.asp#benitez>

million. Clara and Caridad are originally from Cuba, as is their captured cohort Reybal Betacourt.<sup>66</sup>

### **Virginia Doctor Scams Medicare and TRICARE for \$1.3 million**

Ronald Poulin of Virginia Beach, Virginia, an oncologist and hematologist, scammed Medicare and Tricare for \$1.3 million. Between 2006 and 2008. Dr. Poulin, arraigned November 17, 2009, would order more drugs than necessary, split full doses between two patients, or simply not deliver the drugs to the intended patient. Poulin was ordered to spend 63 months in prison and pay restitution of over \$790,000.<sup>67</sup>

### **\$200 Million Medicare Scheme Busted in Miami**

Federal prosecutors indicted 20 people on February 2, 2011, for fraudulently billing Medicare for \$200 million. Miami based mental health company American Therapeutic Corp, which operates seven clinics in the city, is the company at the heart of the investigation. The 38-count indictment claims that American Therapeutic Corp charged Medicare for services that were either not delivered or not needed. The company's top executives pleaded not guilty and are awaiting trial.<sup>68</sup>

### **111 Health Providers Charged in \$225 Million Medicare Scheme: Largest Takedown in History**

Brooklyn physical therapist Aleksandr Kharkover fraudulently billed Medicare \$11.9 Million. Kharkover was indicted in February 2011 for billing Medicare \$11.9 million for physical therapy services that were either medically unnecessary or that were never rendered. Medicare paid out \$7.3 million to Kharkover between January 2005 and July 2010. His alleged scheme was part of a \$225 million takedown by the government in February 2011. Kharkover denies any wrongdoing.<sup>69</sup>

### **Houston Man Submits \$4.3 Million in Fraudulent Claims to Medicare and Medicaid**

Sunny Robinson, a 42 year old man out of Houston, TX, was convicted of submitting over \$4.3 Million in fraudulent claims to Medicare and Medicaid. Robinson owned a Houston medical supply business, and between 2005 and 2009 he submitted false claims for power wheelchairs and other medical supplies that were either unnecessary or that were never provided. Memorial Medical Supply, Robinson's company, even had claims that included supposed deliveries to dead people. On March 7, 2011, he was convicted on 19 counts of health care fraud and anti kickback violations.<sup>70</sup>

### **Florida Man Sentenced to Five Years for Bilking Medicare \$9 Million**

In March 2011, Alberto Noriega, out of Miami, FL, was sentenced to five years in prison for leading a fraud ring that scammed Medicare \$9 Million. Noriega and his co-conspirators orchestrated their scheme between December 2008 and February 2010. The scheme targeted the Medicare Advantage Plan, "which allows Medicare beneficiaries to obtain benefits through private insurance companies." Noriega set up infusion therapy clinics in Texas and the Southeastern US. He then submitted over \$9 Million in fraudulent infusion therapy claims using Medicare beneficiary numbers. He pleaded guilty in December 2010.<sup>71</sup>

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<sup>66</sup> <http://oig.hhs.gov/fugitives/profiles.asp#guilarte>

<sup>67</sup> <http://hamptonroads.com/2009/11/doctor-convicted-all-28-counts-fraud>

<sup>68</sup> <http://www.miamiherald.com/2011/02/15/2068190/us-indicts-20-in-fla-in-200m-medicare.html>

<sup>69</sup> <http://online.wsj.com/article/SB10001424052748704657704576150293189313156.html>

<sup>70</sup> <http://www.chron.com/dispatch/story.mpl/ap/tx/7464272.html>

<sup>71</sup> <http://tinyurl.com/5rkwrmq>; <http://houston.fbi.gov/dojpressrel/pressrel11/ho030711.htm>

# Medicaid Fraud Examples

## **New Mexico Fraudsters Claim to be Each Other's Caregiver**

Mollie Stacey and Deborah Cronn of Los Lunas, NM were of falsely claiming to be disabled and in need of in-home services, while simultaneously listing the other as their caregiver. From March 2005 to October 2007, they defrauded the Medicaid of \$96,000. In December 2010, both women were sentenced to at least three years in prison.<sup>72</sup>

## **Pharmacist Fraudulently Bills Medicaid \$6,000 a Day**

San Antonio pharmacist Marcelleus Anunobi was billing Medicaid about \$6,000 a day, \$2.5 million total, before he was caught by the authorities. Anunobi's scheme billed Medicaid using Medicaid numbers for children and even Somali refugees. From 2007 to 2008, Anunobi would "continually bill the government for massive amounts of medications that patients neither asked for nor received." Anunobi was sentenced to 20 years in prison and he was ordered to pay \$2.2 million in restitution in July of 2010.<sup>73</sup>

## **Iowa Doctor Bills Government for Fake HIV Treatments**

Dr. Robert David, an internist from Fairfield, Iowa, had his medical license relinquished after he pleaded guilty to defrauding Medicaid \$4.7 million in 2004. David allowed a Miami HIV/AIDS clinic to use his Medicaid provider number in order to bill Medicaid for expensive infusions and injections that never occurred. David wasn't even present when these treatments were supposedly being rendered by him. David has been ordered to pay \$100,000 in restitution and was sentenced to 4 years probation. In December 2010, The Iowa Board of Medicine accepted Robert David's surrendered medical license as a way to resolve all remaining state disputes.<sup>74</sup>

## **El Paso Doctor Accused of Committing a \$41 Million Health Care Scheme**

Dr. Valdez, owner of the Institute of Pain Management, has been charged with carrying out an estimated \$41 million dollar health care fraud scheme between January 2001 and December 2009. His charges include 21 counts of health care fraud, 20 counts of false statements relating to health care fraud, 21 counts of mail fraud, 16 counts of wire fraud, four counts of unlawful distribution of controlled substances and 16 counts of money laundering. Valdez allegedly was billing Medicare, Medicaid, TRICARE and the Texas Workers' Compensation Commission for peripheral nerve injections, facet injection procedure and office visits which never occurred. Instead, he was allegedly performing prolotherapy, a procedure for which health care programs do not reimburse. If convicted, Valdez faces 10 to 20 years in prison. He was charged in 2010.<sup>75</sup>

## **"Young Adult Institute" Accused of Inflating Expense Reports to Medicaid by \$18 Million**

New York disability services provider, Young Adult Institute, settled allegations in January 2011 that they inflated expense reports to Medicaid. According to the state Attorney General's office, the Young Adult Institute has inflated the expenses on its annual budget report since at least 1999. The Young Adult Institute will repay Medicaid \$11 million for submitting claims that were allegedly inflated and for services that were never rendered. Young Adult denies any wrongdoing.<sup>76</sup>

## **Three Oklahoma Physicians Terminated from Medicaid for Over Prescribing Pain Killers**

Three Oklahoma physicians were terminated from Medicaid for over prescribing abused pain and mood altering medications. Drugs like OxyContin, Abilify and Xanax were among the top prescribed drugs by the top over

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<sup>72</sup> <http://www.nmag.gov/Articles/newsArticle.aspx?ArticleID=1118>

<sup>73</sup> [http://www.mysanantonio.com/news/local\\_news/article/Pharmacist-is-headed-to-prison-644850.php](http://www.mysanantonio.com/news/local_news/article/Pharmacist-is-headed-to-prison-644850.php)

<sup>74</sup> <http://iowaindependent.com/50317/iowa-physician-involved-in-florida-medicare-fraud-surrenders-license>

<sup>75</sup> <http://www.kfoxtv.com/news/23898863/detail.html>

<sup>76</sup> <http://online.wsj.com/article/AP590a6b6e1c424cc5b57148a5e04b6bfe.html>

prescribing physicians in Oklahoma. Dr. Charles Alan Lester and Dr. Richard Zielinski were the top 2 over prescribers in Oklahoma. The investigation stemmed from an inquiry in April 2010 from US Senator Charles Grassley (R-IA). These two and several others are being terminated from Medicare for not only over prescribing drugs, but for prescribing patients for drugs who already have the same prescriptions from other physicians. Several other physicians are being investigated.<sup>77</sup>

### **Former Nursing Home Owner Ordered to Repay Over \$300,000 in Fraudulent Medicaid Claims**

Victor Napenas, 64, of Piscataway, NJ, pleaded guilty in August 2010 to using Valley Rest Nursing Home to defraud Medicare of \$303,000 by providing substandard care. Napenas used the money for family vacations and expensive dinners. State Superior Court Judge Irvin J. Snyder ordered him to pay restitution, as well as fines and back taxes, for a total of \$380,000. However, Napenas was sentenced only to a mere 30 days in jail.<sup>78</sup>

### **Transportation Company Owner Charged With Paying Kickbacks to Divert Medicaid-Funded Business**

Alex Shrayber, of Newton, MA, was charged with paying kickbacks to an employee of Massachusetts' Montachusett Regional Transit Authority in return for the employee diverting Medicaid-funded business to his transportation company. This scheme went on from spring 2007 through April 2010. The transit authority acts a broker, awarding non-emergency medical transportation contracts to private companies. Usually these contracts go to the lowest bidder, but Shrayber allegedly paid a transit authority \$300 to \$500 a month to award his company the contracts at a higher rate, costing Medicaid money.<sup>79</sup>

### **Louisiana Doctor Charged with Medicaid Fraud**

Dr. Fiaz Afzal, a Louisiana doctor has been charged with Medicaid fraud. Afzal allegedly presented false claims to Louisiana's Medicaid program in order to receive greater compensation. Between January 2009 and March 2010, Afzal allegedly billed Medicaid for tests, procedures and treatments that were never rendered. Afzal has also been accused of falsely diagnosing patients in order to justify his billing. If convicted, Afzal could spend from 5-10 years in prison.<sup>80</sup>

### **Lawmaker-Dentist Accused of Medicaid Fraud**

Texas Legislator, Rep. Tara Rios Ybarra, D-South Padre Island, was indicted in June 2010 for allegedly conspiring to defraud the Texas state Medicare program. Ybarra and three others are accused receiving kickbacks in exchange for patient referrals. Dr. Gary Schwartz allegedly billed Medicaid for services that were never rendered or where rendered by unlicensed people. Ybarra is accused of receiving kickbacks in exchange for referrals to Schwartz.<sup>81</sup>

### **Flashy New York Couple Defrauds Medicare for \$59,000**

Ariel Soudry and his wife Joyce were accused April 27, 2010, of defrauding Medicare \$59,000 for over four years. The couple owns fancy properties in New York and New Jersey, drives fancy cars, sends their kids to private school, live in a million dollar home, and decided to apply for Medicaid after dropping their private insurance. The couple acted poor in order to receive money from Medicaid. If convicted, they face up to 15 years in prison.<sup>82</sup>

### **Missouri Audiologist Pleads Guilty to Filing Fraudulent Claims for Hearing Devices of Over \$12,000**

Dana Opfer, a Jasper County, MO audiologist, pleaded guilty on January 25, 2011, to fraudulently billing Medicare over \$12,000 for hearing devices and services that were never provided to patients. Opfer faces up to 7 years in prison for each of the three counts of felony Medicare fraud she pleaded guilty to. She also faces fines and restitution payments.<sup>83</sup>

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<sup>77</sup> [http://newsok.com/u.s.-senator-scrutinizes-top-oklahoma-prescribers/article/3514382?custom\\_click=lead\\_story\\_title](http://newsok.com/u.s.-senator-scrutinizes-top-oklahoma-prescribers/article/3514382?custom_click=lead_story_title)

<sup>78</sup> [http://www.northjersey.com/news/crime\\_courts/114408489\\_Businessman\\_gets\\_30\\_days\\_in\\_Medicaid\\_fraud.html](http://www.northjersey.com/news/crime_courts/114408489_Businessman_gets_30_days_in_Medicaid_fraud.html)

<sup>79</sup> [http://www.boston.com/yourtown/news/newton/2010/07/newton\\_man\\_arrested\\_on\\_kickbac.html](http://www.boston.com/yourtown/news/newton/2010/07/newton_man_arrested_on_kickbac.html)

<sup>80</sup> [http://www.nola.com/crime/index.ssf/2010/11/kenner\\_doctor\\_indicted\\_for\\_med.html](http://www.nola.com/crime/index.ssf/2010/11/kenner_doctor_indicted_for_med.html)

<sup>81</sup> <http://trailblazersblog.dallasnews.com/archives/2010/06/lawmaker-dentist-indicted-in-m.html>

<sup>82</sup> [http://www.nydailynews.com/news/ny\\_crime/2010/04/28/2010-04-28\\_medicaid\\_millionaires\\_bklyn\\_couple\\_lives\\_royally\\_scams\\_59k\\_in\\_benefits.html](http://www.nydailynews.com/news/ny_crime/2010/04/28/2010-04-28_medicaid_millionaires_bklyn_couple_lives_royally_scams_59k_in_benefits.html)

<sup>83</sup> <http://www.therolladailynews.com/newsnow/x1791704549/Woman-pleads-guilty-in-Medicaid-fraud-case>

### **Former Dentist Not Smiling After Numerous Medicaid Fraud Convictions totaling \$103,000**

David Lloyd Gonzales, Jr., a former dentist who operated out of Pasedena, TX, pleaded guilty on January 24, 2011, to 22 counts of Medicaid fraud totaling \$103,000. Gonzales, who had his license revoked by the Texas Dental Board, admitted to fraudulently billing Medicaid for expensive procedures, such as root canals, he never performed. He was sentenced to a year plus one day in prison plus fines and restitution.<sup>84</sup>

### **Massachusetts Lab Defrauds Medicaid**

Calloway Laboratories Chief Executive Officers Arthur Levitan, and Chief Operating Officer Patrick Cavanaugh were indicted on July 2, 2010, for 42 counts of fraud after defrauding the state of Massachusetts out of \$10.6 million of the states Medicare program.<sup>85</sup>

### **Columbus Ambulette Service Manager Chueffered to Jail After Defrauding Medicaid \$195,000**

Phillip Taylor, the manager of Columbus, OH ambulette service, Xpress Transportation, was sentenced on January 25, 2011, to one year and one day in prison for intentionally overbilling Medicaid more than 20,000 times over the course of three years. Phillip admitted to sending fraudulent invoices for wheelchair-assisted transportation to the Ohio Department of Job and Family Services, resulting in overpayments by Medicaid of over \$195,000.<sup>86</sup>

### **Brooklyn Couple Doesn't Understand English, Rips Off Thousands in Medicaid**

Carmine Gargano of Brooklyn, claims he doesn't speak English so he didn't know he was applying for Medicaid, lawyers say. Gargano and his wife were charged June 14, 2010, for Medicaid fraud of \$33,509 over a time period of more than four years. Meanwhile the couple were managing at least 13 properties. During the time of the welfare payments, the Gargano's made more than \$500,000 in mortgage payments to banks.<sup>87</sup>

### **Adult Day Care Center to Pay \$5.6 Million for Pocketing Money from Medicaid**

New Jersey adult day care center, Garden Adult Medical Daycare, allegedly pocketed \$1.87 million dollars from the state Medicaid program. Garden Adult was accused of billing the program for services that were never rendered. On June 9, 2010, Garden Adult Medical Daycare Center was ordered to pay \$5.6 million for the offenses.<sup>88</sup>

### **Kentucky Company Settles for \$2 Million After Falsifying Medicare Records**

The primary contractor for Kentucky's passport Health Plan will pay more than \$2 million for Medicaid fraud. AmeriHealth Mercy falsely reported data on the number of Medicaid recipients who received cervical cancer screenings in 2009. AmeriHealth received more than \$77,000 from the falsely reported numbers.<sup>89</sup>

### **Albuquerque Woman Sentenced to 2 Years in Prison for Medicare and Insurance Fraud**

Christine Horning, a former employee at Albuquerque's Presbyterian Health Care Services (PHS), pleaded guilty on April 14, 2010, to stealing the identity of legitimate PHS patients and using their information to create fraudulent prescription reimbursement checks. From May 2008 through June 2008, 17 checks totaling almost \$25,000 were mailed to various friends of Horning, then Horning collected the checks. Horning was sentenced to two years in prison plus four years supervised release, and was ordered to pay restitution to Medicare and PHS.<sup>90</sup>

### **Texas Man Gets Caught for Charging Medicare for Unused Adult Diapers**

Fred Jessie Cole Jr. of Houston was convicted of fraudulently billing Medicare \$1 million for adult diapers. Cole, the co-owner of Crusade Integrated Health Services submitted \$1,068,387 worth of claims for diapers and briefs

<sup>84</sup> <http://www.myfoxboston.com/dpp/health/110125-former-dentist-sentenced-for-health-care-fraud>

<sup>85</sup> [http://www.wjlp.com/dpp/health/healthy\\_living/mass.-lab-charged-with-medicaid-fraud](http://www.wjlp.com/dpp/health/healthy_living/mass.-lab-charged-with-medicaid-fraud)

<sup>86</sup> <http://www2.nbc41.com/news/2011/jan/25/manager-ambulette-service-sentenced-healthcare-fra-ar-375067/>

<sup>87</sup> [http://www.nydailynews.com/news/2010/06/15/2010-06-15\\_illiteracy\\_ails\\_client\\_medicaid\\_fraud\\_atty.html](http://www.nydailynews.com/news/2010/06/15/2010-06-15_illiteracy_ails_client_medicaid_fraud_atty.html)

<sup>88</sup> [http://www.nj.com/news/index.ssf/2010/06/newark\\_adult\\_day\\_care\\_owes\\_56m.html](http://www.nj.com/news/index.ssf/2010/06/newark_adult_day_care_owes_56m.html)

<sup>89</sup> <http://www.beckersasc.com/stark-act-and-fraud-abuse-issues/amerihealth-mercy-health-plan-pays-2m-to-settle-medicaid-fraud-allegations.html>

<sup>90</sup> [http://7thspace.com/headlines/370842/albuquerque\\_woman\\_receives\\_prison\\_sentence\\_for\\_id\\_theft\\_and\\_health\\_care\\_fraud.html](http://7thspace.com/headlines/370842/albuquerque_woman_receives_prison_sentence_for_id_theft_and_health_care_fraud.html)

to Medicaid between May 3, 2003, and September 1, 2006. He was paid \$937,567 for those claims. Cole forged the signature of Medicare patients in order to get unneeded diapers. Sentencing was August 11, 2010.<sup>91</sup>

### **Dental Management Company's Crowning Achievement? \$24 Million Paid After Medicaid Scheme**

FORBA Holdings LLC, a dental management company that runs 69 children's clinics nationwide, was accused of performing unnecessary procedures on low-income children and then billing Medicaid for those procedures. Many of these procedures were also accused of not meeting professionally-recognized standards of care. These services included performing baby root canals, placing crowns, administering anesthesia, performing extractions, and providing fillings and/or sealants. As part of a settlement on January 20, 2010, FORBA will pay \$24 million plus interest in order to resolve these allegations, as well as enter into a 5 year deal with heightened scrutiny and reporting requirements. The federal share of the civil settlement is \$14,285,645, and the states' Medicaid share is \$9,714,355.25.<sup>92</sup>

### **Ohio Doctor Charged With a \$22,000 Medicaid Scam**

Dr. Calvin R. Brown, of Akron, OH, was charged with Medicaid fraud on February 3, 2011, after he bilked \$22,000 from the Medicaid program. Allegedly, Brown submitted payment forms to Medicaid for treatments that he "fraudulently claimed to be extensive and complex." Brown intends to plead guilty.<sup>93</sup>

### **Georgia Pediatrician Guilty of Medicaid Fraud**

Georgia Pediatrician, Kathy Mansfield, pleaded guilty to intentionally overbilling Medicaid for over \$500,000 between 2003 and 2007. Dr. Mansfield's scheme involved fraudulently overbilling for the drug Synagis, which is used to treat and prevent respiratory infections in infants and young children. The judge imposed 10 years of probation, a \$537,428 restitution payment and a \$10,000 fine on Mansfield in March 2011.<sup>94</sup>

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<sup>91</sup> <http://www.chron.com/disp/story.mpl/metropolitan/6945922.html>

<sup>92</sup> <http://www.businessweek.com/news/2010-01-20/forba-settles-suits-over-unneeded-child-dental-work-update1-.html>

<sup>93</sup> [http://www.ohio.com/news/break\\_news/115189359.html](http://www.ohio.com/news/break_news/115189359.html)

<sup>94</sup> [http://law.ga.gov/00/press/detail/0,2668,87670814\\_87670929\\_168909091,00.html](http://law.ga.gov/00/press/detail/0,2668,87670814_87670929_168909091,00.html)