

Justice Department charges dozens for \$1.2 billion in health care fraud

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The Department of Justice announced criminal charges against 36 defendants in 13 federal districts across the United States for more than \$1.2 billion in alleged fraudulent telemedicine, cardiovascular and cancer genetic testing, and durable medical equipment (DME) schemes on July 20.

The nationwide coordinated law enforcement action includes criminal charges against a telemedicine company executive, owners and executives of clinical laboratories, durable medical equipment companies, marketing organizations, and medical professionals.

Additionally, the Centers for Medicare & Medicaid Services and the Center for Program Integrity announced on July 20 that it took adverse administrative actions against 52 providers involved in similar schemes. In connection with the enforcement action, the department seized over \$8 million in cash, luxury vehicles, and other fraud proceeds.

“The Department of Justice is committed to prosecuting people who abuse our health care system and exploit telemedicine technologies in fraud and bribery schemes,” Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division, said. “This enforcement action demonstrates that the department will do everything in its power to protect the health care systems our communities rely on from people looking to defraud them for their own personal gain.”

The coordinated federal investigations primarily targeted alleged schemes involving the payment of illegal kickbacks and bribes by laboratory owners and operators in exchange for the referral of patients by medical professionals working with fraudulent telemedicine and digital medical technology companies.

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Telemedicine schemes account for more than \$1 billion of the total alleged intended losses associated with today's enforcement action. These charges include some of the first prosecutions in the nation related to fraudulent cardiovascular genetic testing, a burgeoning scheme. As alleged in court documents, medical professionals made referrals for expensive and medically unnecessary cardiovascular and cancer genetic tests, as well as durable medical equipment.

For example, cardiovascular genetic testing was not a method of diagnosing whether an individual presently had a cardiac condition and was not approved by Medicare for use as a general screening test for indicating an increased risk of developing cardiovascular conditions in the future.

"Protecting the American people is at the forefront of the FBI's mission," Assistant Director Luis Quesada of the FBI's Criminal Investigative Division said. "Fraudsters and scammers take advantage of telemedicine and use it as a platform to orchestrate their criminal schemes. This collaborative law enforcement action shows our dedication to investigating and bringing to justice those who look to exploit our U.S. health care system at the expense of patients."

"Today's enforcement action highlights our dedication to fighting health care fraud and investigating individuals who target Medicare beneficiaries and steal from taxpayers for personal gain," Inspector General Christi A. Grimm of the U.S. Department of Health and Human Services said. "HHS-OIG is proud to work alongside our law enforcement partners to disrupt fraud schemes that use the guise of telehealth to expand the reach of kickback schemes designed to cheat federally funded health care programs."

One particular case charged involved the operator of several clinical laboratories, who was charged in connection with a scheme to pay over \$16 million in kickbacks to marketers who, in turn, paid kickbacks to telemedicine companies and call centers in exchange for doctors' orders. As alleged in court documents, orders for cardiovascular and cancer genetic testing were used by the defendant and others to submit over \$174 million in false and fraudulent claims to Medicare—but the results of the testing were not used in treatment of patients. The defendant allegedly laundered the proceeds of the fraudulent scheme through a complex network of bank accounts and entities, including to purchase luxury vehicles, a yacht, and real estate. The indictment seeks forfeiture of over \$7 million in United States currency, three properties, the yacht, and a Tesla and other vehicles.

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Some of the defendants charged in this enforcement action allegedly controlled a telemarketing network, based both domestically and overseas, that lured thousands of elderly and/or disabled patients into a criminal scheme. The owners of marketing organizations allegedly had telemarketers use deceptive techniques to induce Medicare beneficiaries to agree to cardiovascular genetic testing, and other genetic testing and equipment.

“The Centers for Medicare & Medicaid Services continues to aggressively investigate fraud, waste and abuse and has taken action to protect patients, critical health care resources and to prevent losses to the Medicare Trust Fund,” CMS Administrator Chiquita Brooks-LaSure said. “Work like this to combat fraud, waste, and abuse in our federal programs would not be possible without the successful partnership of CMS, the Department of Justice, and the U.S. Department of Health and Human Services Office of Inspector General.”

The charges allege that the telemedicine companies arranged for medical professionals to order these expensive genetic tests and durable medical equipment regardless of whether the patients needed them, and that they were ordered without any patient interaction or with only a brief telephonic conversation. Often, these test results or durable medical equipment were not provided to the patients or were worthless to their primary care doctors.

The enforcement actions were led and coordinated by Acting Principal Assistant Chief Jacob Foster, Acting Assistant Chief Rebecca Yuan and Trial Attorney Catherine Wagner of the National Rapid Response Strike Force in the Criminal Division’s Fraud Section. The Fraud Section’s National Rapid Response Strike Force and the Health Care Fraud Unit’s Strike Forces (SF) in Brooklyn, Detroit, the Gulf Coast, Houston, Miami, Newark, as well as the U.S. Attorneys’ Offices for the District of New Jersey, Eastern District of Louisiana, Eastern District of Texas, Middle District of Florida, Middle District of Tennessee, Northern District of Georgia, Northern District of Mississippi, and Western District of North Carolina are prosecuting these cases.

In addition to the FBI, HHS-OIG, and CPI/CMS, VA-OIG, DCIS, IRS, MFCU, DEA, and other federal and state law enforcement agencies participated in the operation.

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