

# Healthcare fraud News Bites

October 2010

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## **1- Owners of home involved in fatal fire convicted of fraud - USA**

01/10/2010

Owners of a southwest Missouri nursing home where eleven people died in a fire have been convicted of healthcare fraud. Robert and Laverne Dupont face 15 years in prison. Robert Dupont had been prohibited from taking part in any federal healthcare program after his conviction in 2002 for conspiracy to defraud Medicare and Medicaid. But the federal prosecutor says he continued to run five long-term residential care homes, with the connivance of his wife.

One of the homes, in Anderson, burned down in 2007, killing 11 residents.

<http://www.missourinet.com/2010/10/01/owners-of-home-involved-in-fatal-fire-convicted-of-fraud/>

## **2- Man sentenced on federal healthcare fraud charges-USA**

02/10/2010

A man was ordered to repay more than \$800,000 in restitution for defrauding the Veterans' Affairs Disability Compensation Program (VADCP). According to information presented in court, Shipp overstated the severity and extent of his disability for 35 years, from Oct. 25, 1974 to Dec. 1, 2009. As part of the scheme, he pretended to doctors that he had extreme loss of vision in both eyes. As a result of these false claims, the Program awarded Shipp compensation at a 100 % rate when he was only entitled to a 30% rate. Shipp received payments totalling over \$800,000.

[http://www.kilgorenewsherald.com/news/2010-1002/News/Mt Pleasant man sentenced on federal healthcare fr.html](http://www.kilgorenewsherald.com/news/2010-1002/News/Mt_Pleasant_man_sentenced_on_federal_healthcare_fr.html)

### **3- Graft 'Rife in Healthcare Sector' - Kenya**

05/10/2010

Massive corruption and mismanagement have been uncovered in the public healthcare sector, casting doubt on the ongoing reforms. A Kenya Anti-Corruption Commission report brings into public focus the two ministries of health -- Medical Services and Public Health -- over sloppy supervision, or lack of it, and frequent shortage of drugs. KACC's report found absenteeism by medical staff, flawed procurement processes, theft of drugs and other medical supplies, and unnecessary referral of patients to private clinics as major forms of corruption. Absenteeism by medical staff was identified as the most prevalent of the malpractices by 41 per cent of patients. Due to poor management, health insurers such as NHIF and other players face health care fraud, where facilities bill patients for services not rendered.

<http://www.nation.co.ke/News/Graft%20rife%20in%20healthcare%20sector%20/-/1056/1026784/-/e4ygkpz/-/index.html>

### **4- Prosecutors Seek Life Sentence for Kansas Family Practitioner, Wife for Healthcare Fraud, False Prescriptions, Other Allegations - USA**

08/10/2010

Prosecutors are asking a federal judge to sentence a Haysville, Kan., physician and his wife to life imprisonment for allegations including healthcare fraud and false prescriptions, according to a Kansas City Star news report. Stephen Schneider, MD, in collaboration with his wife, has been found guilty of fraudulently prescribing drugs that prosecutors say are linked to 68 overdose deaths. The couple was also found guilty of money laundering and healthcare fraud, according to the report. Federal prosecutors are claiming more than \$20 million losses for clinical services and prescriptions and more than 90 insurance programmes; 500 patients have been defrauded on account of the couple's alleged fraudulent activity.

<http://www.beckersasc.com/stark-act-and-fraud-abuse-issues/prosecutors-seek-life-sentence-for-kansas-family-practitioner-wife-for-healthcare-fraud-false-prescriptions-other-allegations.html>

## **5 -Dozens in L.A. arrested in federal Medicare fraud crackdown - USA**

13/10/2010

Hundreds of federal agents fanned out Wednesday morning across Southern California to serve warrants in a coast-to-coast crackdown on healthcare fraud. An estimated three dozen people have been served with arrest and search warrants locally, but federal officials said the crackdown extends across the country. They declined to immediately offer specifics about which locations were being targeted. FBI spokeswoman Laura Eimiller said that more than 400 agents participated in what she described as "fraud of the Medicare system through identity theft." Most of the arrests -- but not most of the indictments -- in the operation are taking place in Los Angeles, Eimiller said. Officials plan to provide details at a news conference at the federal building in Westwood. Other federal jurisdictions also are expected to release details of indictments related to the operation.

<http://latimesblogs.latimes.com/lanow/2010/10/dozens-in-los-angeles-arrested-in-medicare-fraud-crackdown.html>

## **6- Indictments name 73 in healthcare fraud – USA**

13/10/2010

Information technology and data mining capabilities had a role in dismantling what authorities are calling the largest Medicare fraud scheme ever, involving 73 members and associates of organized crime and more than \$163 million in fraudulent billing.

The defendants, including a number of alleged members and associates of an Armenian-American organized crime enterprise, were charged in indictments unsealed Oct. 13 in five judicial districts. The defendants are charged by the Department of Justice with engaging in numerous fraud activities, including highly-organized, multi-million-dollar schemes to defraud Medicare and insurance companies by submitting fraudulent bills for medically unnecessary treatments or treatments that were never performed. According to the indictments, the defendants allegedly stole the identities of doctors and thousands of Medicare beneficiaries and operated at least 118 different phony clinics in 25 states.

<http://www.healthcareitnews.com/news/it-aid-largest-medicare-fraud-sting-history>

## **7- Nursing Home Complaint Center Wants To Hear From Nursing Home Insiders About Medicaid Or Medicare Fraud For Possible Reward - USA**

14/10/2010

The Nursing Home Complaint Center is the premier advocate for victims of elder abuse, neglect and wrongful death in our nation's nursing homes. Aside from identifying victims of nursing home negligence, neglect, or abuse, one of the group's core missions is identifying nursing home fraud, in over billing Medicare or Medicaid. The Nursing Home Complaint Center says, "Medicare and Medicaid fraud in the US costs taxpayers \$60 billion per year. A huge chunk of this fraud is related to US nursing homes bundling, or up coding Medicare or Medicaid bills, or for billing for services that were never rendered." They say, "if a nursing home administrator, manager, or staff member has specific proof of Medicare or Medicaid fraud, there could be substantial rewards for provable and substantial information provided the information is fresh, and previously not disclosed."

[http://www.pharmacychoice.com/News/article.cfm?Article\\_ID=641481](http://www.pharmacychoice.com/News/article.cfm?Article_ID=641481)

## **8- Convicted Miami-Dade Medicare scammer imprisoned for nearly 20 years - USA**

14/10/2010

Just days after his partners in crime were arrested on Medicare fraud charges, Ihosvany Marquez was recorded on an undercover tape saying he had no qualms about stealing from the federal program for the elderly and disabled. "Medicare needs to have fraud because it's more money they get every year," he said in the May 27, 2009, recording, which was read Thursday by a prosecutor in Miami federal court. Marquez's seven clinics in Miami-Dade and Orlando were paid \$21.6 million, which he must repay the taxpayer-funded Medicare program. Marquez, who bounced around the minors for the Baltimore Orioles and Boston Red Sox in the 1990s, became a rich man after entering the Miami-Dade Medicare rackets in 2005.

<http://www.miamiherald.com/2010/10/14/1873586/convicted-miami-dade-medicare.html>

## **9-Area ambulance company owner sentenced to 15 years for healthcare fraud scheme - USA**

14/10/2010

The 50-year-old Arlington owner and operator of Royal Ambulance Service and First Choice EMS was sentenced Thursday to 15 years in prison for running a healthcare fraud scheme, according to a news release from the U.S. attorney's office. Muhammed Nasiru Usman was sentenced by U.S. District Judge Jorge A. Solis to 180 months in prison, according to the release. Also, he was ordered to pay \$1,317,179 in restitution..Two co-defendants -- Shaun Outen, 32, of Aubrey and David McNac, 35, of Dallas -- pled guilty in the conspiracy and are awaiting sentencing. Additionally, many of the companies' records revealed that patients simply rode to their appointments in a captain's chair in the back of the ambulance rather than lying on a stretcher.

<http://www.star-telegram.com/2010/10/14/2548295/area-ambulance-company-owner-sentenced.html>

## **10- Michigan Clinic Operator Sentenced to 63 Months in Prison for His Role in a Fraudulent Home Health Scheme – USA**

14/10/2010

A patient recruiter and operator of a Detroit-area home health agency was sentenced to 63 months in prison for his role in a conspiracy to defraud the Medicare program, the Departments of Justice and Health and Human Services announced. Collins solicited Medicare beneficiaries for Shahab and Patient Choice and offered them cash kickbacks in exchange for their Medicare patient information and signatures on medical documents. Collins admitted that he knew the beneficiaries he recruited were neither homebound nor in need of physical therapy services. Collins also admitted in court papers that he knew Patient Choice used the beneficiaries' Medicare information to bill Medicare for physical therapy that was medically unnecessary and/or never performed.

<http://detroit.fbi.gov/dojpressrel/pressrel10/de101410b.htm>

## **11- 694 illegal websites selling counterfeit drugs discovered – Belgium**

15/10/2010

The international operation Pangea III, in which Belgium has participated, led the discovery of 694 illegal websites selling counterfeit drugs and other illegal medicaments in the whole world, said a press release from the Federal Finance Department of the Federal Agency for Medicines and Health Products (FAMHP). The action, which took place from the 5 October to the 12 October in more than 40 countries including Belgium, has allowed the closure of 290 websites, 8 of them in Belgium. Moreover the closures, 74 parcels destined for Belgium buyers were located in the Zaventem airport as soon as 8 illegal consignments were found in the Bierset airport. Most of them, they were erectile drugs and slimming medicines, according to the press release

[http://archives.lesoir.be/694-sites-web-illegaux-vendant-des-medicaments\\_t-20101015-013J93.html?queryand=sant%E9&firstHit=30&by=10&when=1&sort=datedesc&pos=30&all=64714&nav=1](http://archives.lesoir.be/694-sites-web-illegaux-vendant-des-medicaments_t-20101015-013J93.html?queryand=sant%E9&firstHit=30&by=10&when=1&sort=datedesc&pos=30&all=64714&nav=1)

## **12- New York Psychologist and Wife Sentenced for Medicaid Fraud – USA**

18/10/2010

Michael Miran, Ph.D., a psychologist from Brighton, N.Y., and his wife Esta Miran, who has a doctorate in education, were sentenced to probation and ordered to pay more than \$257,000 in restitution for Medicaid fraud, according to a WHEC news report. Dr. Miran and Mrs. Miran, who both pleaded guilty to filing false claims to federal healthcare programs, will also perform 100 hours and 125 hours of community service, respectively, according to the report.

<http://www.beckersasc.com/stark-act-and-fraud-abuse-issues/new-york-psychologist-and-wife-sentenced-for-medicare-fraud.html>

### **13- Thousands Conned in Fake Health Insurance Scams - USA**

20/10/2010

One of the biggest consumer frauds ever was uncovered in South Carolina, where an estimated 100,000 families lost close to 100 million dollars buying what they thought was legitimate health insurance. . Officials are still counting the victims. The scam involved an official sounding group called ATA, the American Trade Association, which was never licensed to sell insurances. Sometimes customers would receive policies from real companies whose names were being used without permission. In other cases, companies - Health Care One (Arizona), United Benefits (Tennessee) and Consumer Health Benefits (Florida) - promised their customers major medical insurance but they only gave them medical discount cards - which were worthless. Investigators say the scam targeted middle-aged Americans who lost their jobs and their company-sponsored health insurance during the recession, couldn't afford insurance on their own and then went on the Internet looking for something different. Despite this theft of tens of millions of dollars, no investigation so far led to an arrest and the scammers are still out there.

<http://www.cbsnews.com/stories/2010/10/19/eveningnews/main6973393.shtml>

### **14- Another volley in Rx probe – USA**

20/10/2010

Investigations are carried out in Iowa into doctors who prescribe large numbers of drugs. Sen. Charles Grassley said his concern was triggered by a "Florida provider who wrote 96,685 prescriptions for mental health drugs in a 21-month period." State Medicaid records confirm that Fernando Mendez-Villamil, a psychiatrist with an office on Coral Way, wrote over a two-year period almost twice as many prescriptions for mental health drugs as the No. 2 Medicaid prescriber in the state. This meant that the psychiatrist wrote approximately 153 prescriptions each and every day, assuming he did not take vacations."

<http://www.miamiherald.com/2010/10/21/1883536/another-volley-in-rx-probe.html>

### **15--New book: Rainer Fromm & Richard Rickelmann : Ware Patient - Germany**

21/10/2010

According to estimates of Transparency Germany 20 Million Euro are lost to corruption in healthcare every year. Doctors take part in the process, too. Corruption and bribery are causing problems since years. The book is about the German pharmacy market, the corrupt behaviour of doctors, and the consequences of hospitals' privatisation. Finally the gray market of food supplements and unallowed drugs is analysed. The authors interviewed doctors, scientists, representatives of insurance companies, healthcare economists as well as patients

<http://www.faz.net/s/RubC17179D529AB4E2BBEDB095D7C41F468/Doc~E0E6064B985A249C3BB325C8009C95477~ATpl~Ecommon~Scontent.html>

## **16- New mayor of Moskow wants to fight against corruption and invest more money in healthcare - Russia**

21/10/2010

The 52-year old Kreml-politician Sergej Sogjanin is the new first man of Moskow. The election was only formal. Sobjanin as a Mayor finds favour with Putin and Medwedjew. His most important task will be the fight against corruption. "It is obvious that the city needs a transparent and efficient management", says Sobjanin in the City's parliament. He wants to provide better conditions for investigators and to invest more money into healthcare.

<http://www.handelsblatt.com/politik/international/sergej-sobjanin-moskauer-buergermeister-von-putins-gnaden;2677355;0>

## **17- Recruiter for Houston company admits role in health fraud - USA**

21/10/2010

A patient recruiter for a Houston-based home healthcare company is facing up to 10 years behind bars for her role in a multimillion dollar Medicare fraud scheme. Cynthia Garza-Williams, 49, pleaded guilty in federal court to conspiracy to commit healthcare fraud. She was hired to recruit patients for Family Healthcare Group who required skilled nursing. The company then submitted claims to Medicare for procedures that were either unnecessary or not provided, authorities said. The company is accused of bilking Medicare out of more than \$5 million in bogus claims. Garza-Williams also admitted giving cash-filled envelopes to a doctor in return for signing off on the unnecessary procedures. Sentencing for Garza-Williams is scheduled for April 2011, officials said.

<http://www.chron.com/disp/story.mpl/metropolitan/7258739.html>

## **18- Woodbridge woman scams Medicare to pay for first fraud - USA**

21/10/2010

A local home health care services provider will spend five years in prison for defrauding Medicaid a second time. Prosecutors say Annette Fleming-McClatchey, 49, owner and president of Medco, a medical supply store in Woodbridge, used the money obtained from the latest fraud to make restitution payments for a previous Medicaid fraud conviction. In addition to the prison time, McClatchey was ordered to pay more than \$774,000 in restitution this time. McClatchey pleaded guilty in 2008 to health care fraud for a billing scheme she used as the owner and operator of the medical supplies business. She said she began the fraud scheme at a time in her life when she needed money to help care for her three sons, one of whom is disabled. According to federal court documents, Fleming-McClatchey filed dozens of false Medicaid claims during a four-year period beginning in September 2003.

<http://www2.insidenova.com/news/2010/oct/22/woodbridge-woman-scams-medicare-pay-first-fraud-ar-581187/>

## **19- Ohio Physician Will Serve 5 Years in Prison for Submitting More Than \$900K in False Claims - USA**

25/10/2010

A former family practitioner from Perrysburg, Ohio, will serve five years in prison following her guilty plea to healthcare fraud charges, according to a Toledo Blade news report. Stacey Royal, MD, admitted to filing more than \$900,000 in false claims to health insurance companies between Oct. 2004 and July 2009. In addition to her prison sentence, she has been ordered to pay the cost of the investigation by the Wood County Prosecutor's Office, the Ohio Department of Insurance and a corporate recovery firm, according to the report. Dr. Royal must also perform 300 hours of community service, seek mental health counseling, disclose felony convictions to all medical boards and pay a \$10,000 fine.

<http://www.beckersasc.com/stark-act-and-fraud-abuse-issues/hio-physician-will-serve-5-years-in-prison-for-submitting-more-than-900k-in-false-claims.html>

## **20- GlaxoSmithKline To Pay \$750 Million And Plead Guilty In Drug Quality Case - USA**

26/10/2010

The company will plead guilty to federal criminal charges and will pay the feds \$150 million, which is part fine and part forfeiture. There's also a civil settlement that involves \$600 million, which will go to the feds and states in compensation for their health programmes' purchases of medicines affected by the problems. In July, the company said it was setting aside \$750 million to cover an agreement in principle with the government, so it wasn't exactly a secret that this day would come. One new detail: former Glaxo quality manager Cheryl Eckard will get about \$96 million from the federal share of the settlement. She blew the whistle on the company and filed a lawsuit, previously under seal, that you can read here. Glaxo fired her after she raised a stink.

<http://www.npr.org/blogs/health/2010/10/26/130838281/we-sort-of-saw-this-glaxosmithkline-settlement-coming-but-it-s-still-a-big-deal-when-any-company-shells-out-750-million-to>

## **21- Report: Number of Suspected New York Medicaid Fraud Cases Doubled Since Last Year - USA**

26/10/2010

The New York State Office of the Medicaid Inspector General has released the 2009 annual report detailing information about audits, investigations and initiatives related to Medicaid fraud and abuse that occurred in 2009, according to Medicaid Inspector General James G. Sheehan. In 2009, OMIG achieved a \$1.61 billion savings through its activities and exceeded its goal of recovering \$322 million, reaching \$500 million. Among some of the OMIG's initiatives to fight Medicaid fraud, it introduced and passed a regulation requiring all Medicaid providers who bill or receive more than \$500,000 in Medicaid payments annually to have a compliance program. OMIG also issued its first four corporate integrity agreements to healthcare providers who committed fraud or abuse but because of their coverage of Medicaid beneficiaries cannot be removed from the program. The providers must instead follow specific compliance structures, processes and activities.

<http://www.beckersasc.com/stark-act-and-fraud-abuse-issues/report-number-of-suspected-new-york-medicaid-fraud-cases-doubled-since-last-year.html>

## **22- Drugmakers face rising fines and sentences - USA**

27/10/2010

Pharmaceuticals companies face escalating fines and criminal sentences in the US from actions triggered by charges of questionable marketing and manufacturing practices, according to lawyers and federal prosecutors in the field. A \$750m (£476m) settlement finalised this week against GlaxoSmithKline in relation to manufacturing failures was the latest in a growing series of recent penalties. They include the record-breaking \$2.3bn fine imposed on Pfizer last year for aggressive marketing practices, as well as actions against AstraZeneca, Elan, Novartis, Allergan, Forest, Teva, Mylan and Eli Lilly. One aspect driving the rising number of cases carrying high penalties is the growing involvement of whistleblowers, who under US legislation can receive up to 25 per cent of any civil damages imposed.

<http://www.ft.com/cms/s/0/9fd96910-e1f9-11df-a064-00144feabdc0.html?ftcamp=rss>

## **23- One step in the right direction: It is the first time that doctors were judged because of corruption – Germany**

29/10/2010

According to estimates of Transparency International Germany “spends” between 8 and 20 billion Euros for corruption in healthcare every year. Two doctors were judged in Ulm because of fraud, malpractice and bribery: they were ordered one year imprisonment and a fine of 20,000 Euros each. Both of the defendants were working in the area of Ulm; between 2002 and 2005 they received 14 cheques from the pharmaceutical company Ratiopharm for prescribing a high quantity of Ratiopharm drugs to patients. The doctors would in general receive 8% of the drugs’ factory price under the form of these cheques.

[http://www.scharf-links.de/43.0.html?&tx\\_ttnews\[tt\\_news\]=12941&cHash=d9e85518b5](http://www.scharf-links.de/43.0.html?&tx_ttnews[tt_news]=12941&cHash=d9e85518b5)

## **24- Valley doctors, clinic owner charged in fake-treatment scam - USA**

29/10/2010

Doctors, staff members and the owner of a North Hollywood clinic have been charged with orchestrating a multimillion-dollar scheme to recruit mentally ill patients for unnecessary treatments, officials said Friday. The City Attorney's Office said RSB Medical Group brought in patients by van for abdominal ultrasounds and blood tests and paid them \$100. An estimated \$5 million in procedures were billed to Medicare and Medi-Cal, officials said. Artur Vic Manasarian, the owner of the clinic, faces charges in a separate federal healthcare fraud case, according to authorities. Four other clinic workers were also charged.

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

## **25- Department Of Horror In Milan – Italy**

29/10/2010

A chief surgeon at an Italian clinic who performed unnecessary surgery on about 90 patients, was sentenced to 15 ½ years imprisonment and tens of thousands of euros fines and damages. Pier Paola Brega Massone, chief surgeon at the Department of Thoracic Surgery of the Santa Rita private clinic in Milan, performed unnecessary surgery on 86 people, only to reap financial and professional gain. He engaged in complex operations which were not necessary and which were reimbursed by the Italian healthcare system. In some cases, the surgeon caused unnecessary suffering of patients in terminal stage. In other cases he caused patients' permanent physical injuries. The prosecution had asked the surgeon to be sentenced to 21 years imprisonment for charges ranging from healthcare fraud to murder. Two of his assistants were sentenced to 10 and 6 years imprisonment. Five other doctors of the clinic were punished with sentences ranging between one and a half and three years imprisonment.

<http://www.timesoftheinternet.com/briefs/departement-of-horror-in-milan/>

<http://www.bbc.co.uk/news/world-europe-11652448>