

Authorities: \$1B Medicare fraud nursing home scam, 3 charged

July 22 2016, by Kelli Kennedy

Three people have been charged in an unprecedented \$1 billion health care fraud scam, accused of using dozens of Miami nursing homes to bilk the taxpayer-funded Medicare and Medicaid programs, according to an indictment unsealed Friday.

"This is the largest single criminal [health care fraud](#) case ever brought against individuals by the Department of Justice," Assistant Attorney General of the Justice Department's Criminal Division Leslie Caldwell announced in a statement.

Authorities said Philip Esformes, who ran 30 [nursing homes](#) and assisted living facilities, joined with two conspirators and a complex network of corrupt doctors and hospitals to refer thousands of patients to their facilities even though the patients did not qualify for the services. Some of the treatments were harmful, they added.

All of this was done with little regard for the patients, Caldwell said.

"Among the thousands of people cycled through the fraudulent network were, for example, drug addicts who were allegedly prescribed opioids - including OxyContin and Fentanyl - and other narcotics in order to entice them to stay in facilities where they didn't belong," she said at a news conference.

Authorities said Esformes, along with Odette Barcha and Arnaldo Carmouze, also received kickbacks for steering patients to other

community [health care](#) providers, including mental health centers. When a patient reached their Medicare-imposed length of stay limit at one facility, conspirators simply moved patients to a different facility, Caldwell said, calling it a "ruthlessly efficient" scam.

Authorities allege in [court documents](#) that those facilities also billed Medicare and Medicaid for unnecessary services and that kickbacks were often paid in cash or disguised as charitable donations.

Esformes' two other defendants were identified in court documents as a hospital administrator and a physicians' assistant. The three were charged Friday with conspiracy, obstruction, money laundering and health care fraud, the indictment said. It's unclear if they have retained lawyers. Emails sent to Esformes' lawyers from previous cases were not immediately returned Friday.

According to court documents, Esformes paid \$15.4 million in 2006 to resolve civil federal health care fraud claims for similar charges. But authorities said Esformes was able to continue with alleged crimes after that date through a sophisticated money laundering scheme.

Miami has long been ground zero for Medicare fraud, a crime that has morphed into complex schemes over the years, moving from medical equipment and HIV infusion fraud to home health care, as criminals try to stay one step ahead of authorities.

For decades, Medicare has operated under a pay-and-chase system, paying providers first and investigating suspicious claims later. The system worked when the agency was paying hospitals and institutions that couldn't close up shop and flee the country if they'd been overpaid. In recent years and in this case, authorities said, they used data technology to flag suspicious claims before they were paid.

Federal health officials partnered with the Justice Department several years ago, allocating more money and staff and creating strike forces in fraud hot spots around the country. Friday's announcement marks another major Medicare fraud crackdown under the strike force teams. Nearly 2,900 individuals have been charged in schemes involving almost \$10 billion since their inception, according to authorities.

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