



# Department of Justice

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## **SALEM, INDIANA WOMAN SENTENCED TO 30 MONTHS IMPRISONMENT IN \$780,000 HEALTH CARE FRAUD SCHEME**

### **PRESS RELEASE**

Timothy M. Morrison, United States Attorney for the Southern District of Indiana, announced that TERESA JO HEDRICK, 42, Salem, Indiana, was sentenced to 30 months imprisonment today by U.S. District Judge Sarah Evans Barker following her guilty plea for Health Care Fraud. This case was the result of a investigation by the Health and Human Services, Office of Inspector General, the Indiana Attorney General's Medicaid Fraud Control Unit and the Federal Bureau of Investigation..

Hedrick Transportation Services (HTS) was a transportation business located in Salem, Indiana, owned and operated by James Hedrick and his wife, TERESA JO HEDRICK. The claims and billing records of HTS demonstrated that the records of 50 patients accounted for inflated mileage and false claims for non-ambulatory transports, producing a loss to Indiana Medicaid of approximately \$780,000

An audit of HTS's claims showed they were charging for transportation of an unusual number of wheelchair-bound patients. Medicaid pays \$20 for transportation of someone who is in a wheelchair (non-ambulatory), while it pays only \$10 for someone who is ambulatory. The claims review also indicated that the mileage being claimed was unusually high when the distances between the residence of the person being transported and the health care provider they were being transported to were compared. Medicaid reimbursement to transportation providers increases incrementally based on the distance (mileage) they transport someone.

Further investigation, including surveillance and interviews, indicated that many of the people who were being claimed by HTS as being non-ambulatory were fully ambulatory. It also showed that the mileage being claimed was grossly inflated. In a number of cases, people being transported 3-4 miles within Salem were claimed to have been transported 90 miles.

A search warrant was executed at HTS and all the transportation records recovered. A review of those records showed that drivers for HTS were correctly recording their mileage, corroborating that the mileage must have been inflated in the claims submission process. It also showed that transportation records were pre-marked for the drivers to show that all of the people they were transporting were non-ambulatory. Moreover, drivers acknowledged that they were often transporting ambulatory patients, and that the mileage being billed to Medicaid was grossly inflated. Further investigation showed that Teresa Jo Hedrick was responsible for all the billing, including submission of Medicaid claims. Teresa Jo Hedrick subsequently admitted that she perpetrated this fraud.

Lamont Pugh, the Special Agent in Charge of the Chicago Region of the HHS Inspector General said, “the Office of Inspector General will continue to work with our Federal and State partners to aggressively investigate those who defraud the Medicaid program. Individuals who choose to commit health care fraud will be held accountable as evidenced by today’s sentencing.” Attorney General Steve Carter said, “We will continue to work with federal, state and local law enforcement to seek justice against those that cheat the Medicaid system and the patients it serves.”

According to Assistant U.S. Attorney Winfield D. Ong, who prosecuted the case for the government, Judge Barker also imposed 3 years supervised release following HEDRICK’s release from imprisonment. During the period of supervised release, HEDRICK must not be self-employed, must undergo counseling for gambling addiction, and must not go to any casinos. HEDRICK was ordered to make restitution in the amount of \$780,094.70.

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