

MEDIA RELEASE

**Attention: News Director
For Immediate Release
July 20, 2006**



**U.S. DEPARTMENT OF JUSTICE
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UNITED STATES ATTORNEY
Western District of Kentucky**

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**OFFICE MANAGER AND BILLING MANAGER FOR RUSSELLVILLE
PHYSICIAN PLEAD GUILTY TO HEALTHCARE FRAUD CONSPIRACY**

*– Plead guilty after almost two days of an expected three-week trial
– Guilty plea allows the U.S. to continue the civil fraud case against the Stevenses and Bailey*

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that **JODY STEVENS**, age 49, and **EDWARD BAILEY**, age 69, of Russellville, Kentucky, in Logan County, **pled guilty** to one count of healthcare fraud conspiracy relating to the operation of **Dr. Michael P. Stevens'** medical practice and the Logan Pain Management Center. The defendants decided to plead guilty on day three of a jury trial in federal court in Owensboro, Kentucky. The United States had not completed its proof and had expected the trial to take approximately three weeks. The maximum potential penalties for **Jody Stevens** and **Edward Bailey** are 5 years imprisonment, a \$250,000 fine, and 3 years supervised release. **Dr. Stevens** and **Jody Stevens** are married. **Edward Bailey** is the father of **Jody Stevens**.

In addition, **DR. MICHAEL P. STEVENS**, who was charged in the superseding indictment with **Jody Stevens** and **Bailey**, has agreed to enter into a Pretrial Diversion Agreement relating to his role in the offenses. By agreement, **Dr. Stevens** will serve a two year probation, and the United States will dismiss the charges against him. If he completes the two year probationary period without incident, no charges will be brought against him.

- MORE -

Neither the pleas of guilty by **Jody Stevens** and **Edward Bailey** nor the agreement with **Dr. Stevens** will impact the pending civil False Claims Action brought by the United States against **Dr. Stevens, Jody Stevens, Logan Pain Management Center, Inc., Edward Bailey,** and Judith E. Bailey d/b/a Judith E. Bailey, Inc. The United States intends to vigorously pursue its civil healthcare fraud case against these defendants. In addition, the plea does not impact the ability of the Department of Health and Human Services from excluding **Dr. Stevens** from further participation in the Medicare and Medicaid programs.

United States Attorney Huber, commenting on the successful resolution, praised the cooperative effort between the various agencies involved in the investigation, including the Kentucky Attorney General's Medicaid Fraud and Abuse Control Unit, the Federal Bureau of Investigation, the Department of Health and Human Services - Office of Inspector General, and the United States Department of Labor - Employee Benefits Security Administration. Huber said,

“The agencies, at all levels of law enforcement, from state to federal, worked brilliantly together. Through cooperation between state and federal agencies, we will continue to successfully combat health care fraud in our district. The Office of the United States Attorney for the Western District of Kentucky is committed to prosecuting all forms of health care fraud through both criminal and civil means.”

At the time of the plea, **Jody Stevens** and **Bailey** admitted that beginning in December 1997 and continuing until August 1, 2004, **Jody Stevens** and **Bailey** agreed to commit certain offenses of Title 18, United States Code, Section 1347. As part of the scheme to defraud and in furtherance of the conspiracy, **Jody Stevens** established policies and procedures at Logan Pain Management Center that directly benefitted herself and Bailey financially and which defrauded

health care benefit programs, including Medicare, Medicaid, and private employee benefit programs. As part of the

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conspiracy, **Bailey** submitted billing claim forms to Medicare, Medicaid, and other employee benefit programs on behalf of **Dr. Michael P. Stevens** and after July 17, 2000, on behalf of Logan Pain Management Center, Inc.

Specifically, **Jody Stevens** and **Bailey** billed Medicare, Medicaid, and other private health insurance for neuromuscular junction tests that were not actually performed. A neuromuscular junction test is used to identify any abnormal nerve, muscle, and/or motor sensory functioning. For nearly every person treated by **Dr. Stevens** and Logan Pain Management Center, **Jody Stevens** and **Bailey** billed the various insurance companies for a neuromuscular junction test. Neither **Dr. Stevens** nor his employees at the Logan Pain Management Center ever performed a neuromuscular junction test on any of his patients. In total, this fraudulent conduct caused loss in the amount of \$342,808 to Medicare, Medicaid, and Private employee benefit programs.

Jody Stevens and **Bailey** also admitted that they billed Medicare for services never provided to **Bailey**. **Bailey** was a Medicare recipient and maintained secondary coverage through Mutual of Omaha for any and all claims excluded by Medicare. **Jody Stevens** and **Bailey** submitted to Medicare and Mutual of Omaha claims for payment for services he purportedly received from **Dr. Stevens**. For each claimed session, **Bailey** and **Jody Stevens** billed Medicare and Mutual of Omaha for four different services, none of which were actually

performed. In total, **Jody Stevens** and **Bailey** defrauded Medicare and Mutual of Omaha of \$13,104.63 for these phantom services.

The case was prosecuted by Assistant United States Attorneys Eric Long and Benjamin Schechter.

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The plea was entered before Joseph H. McKinley, Jr., Judge, United States District Court. Judge McKinley has ordered a presentence investigation. Sentencing is scheduled for October 13, 2006, at 9:30 a.m. in Bowling Green, Kentucky.

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