

MEDIA RELEASE

**Attention: News Director
For Immediate Release
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**U.S. DEPARTMENT OF JUSTICE
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**DR. STEVENS' LOGAN PAIN MANAGEMENT CENTER EMPLOYEES
SENTENCED FOR HEALTHCARE FRAUD CONSPIRACY**

- Wife and Father-in-law of Russellville physician sentenced to prison*
- Defendants pleaded 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*
- \$355,912 recovered*

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that **JODY STEVENS**, age 49, and **EDWARD BAILEY**, age 70, of Russellville, Kentucky, in Logan County, **were sentenced** on December 14, 2006, in United States District Court, Bowling Green, Kentucky, for one count of healthcare fraud conspiracy relating to the operation of **Dr. Michael P. Stevens'** medical practice and the Logan Pain Management Center.

Joseph H. McKinley, Jr., Judge, United States District Court, sentenced **Stevens**, Office Manager for the Logan Pain Management Center, to 2 years imprisonment and sentenced **Bailey**, who provided billing services for the Logan Pain Management Center, to 1 year and 9 months imprisonment. Stevens and Bailey were also sentenced to 3 years supervised release following incarceration. **There is no parole in the federal judicial system.** In addition, Bailey and Stevens were ordered to pay restitution in the amount of \$355,912.63, representing \$48,333 in Medicaid reimbursement, \$249,993 in Medicare reimbursement, and \$57,586 in reimbursement to various private insurance companies, all of which were defrauded by the fraudulent scheme.

The defendants decided to plead guilty on the third day 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. **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**, entered into a Pretrial Diversion Agreement relating to his role in the offenses. By agreement, **Dr. Stevens** will serve 18 months probation, and the United States will dismiss the charges against him. If he completes the 18 month probationary period without incident, no charges will be brought against him.

The United States also has a pending civil suit under the False Claims Act against **Dr. Stevens**, **Jody Stevens**, Logan Pain Management Center, Inc., **Edward Bailey**, and **Judith E. Bailey** d/b/a Judith E. Bailey, Inc., which the United States intends to pursue vigorously. In addition, the plea does not impact the ability of the Department of Health and Human Services to exclude **Dr. Stevens** from further participation in the Medicare and Medicaid programs. The Kentucky Board of Medical Licensure is also moving forward on an action to suspend **Dr. Stevens'** medical license.

United States Attorney Huber 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 Kentucky Bureau of Investigation, 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 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 in violation 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 benefited herself and Bailey financially and which defrauded health care benefit programs, including Medicare, Medicaid, and private employee benefit programs. As part of the 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 \$355,912.63 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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