



Department of Justice

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MEDICAL DIRECTOR OF HEALTH CARE NETWORK PLEADS GUILTY TO \$3 MILLION INSURANCE FRAUD SCAM

ATLANTA, GA - DR. HOWARD BERKOWITZ, 59, of Atlanta, Georgia, pleaded guilty today in federal court to one count of an indictment that charged a \$3 million scheme to commit health care insurance fraud.

United States Attorney David E. Nahmias said, "Dr. Berkowitz and his alleged co-conspirators received millions of dollars that they were not entitled to by lying to insurers about the services they were providing patients. By doing so they enriched themselves at the expense of ordinary Americans who pay health care premiums. These are serious crimes that will continue to be vigorously prosecuted."

BERKOWITZ, an orthopedic surgeon, and his alleged co-conspirators; ARTHUR HARGRAVES, 66, of Douglasville, Georgia, and DANIEL PUFFENBERGER, 51, of Kissimmee, Florida, both chiropractors, were charged with over \$3 million in health care fraud violations that they allegedly committed as owners of the "Associated Spinal Care Network" (ASCN). Specifically, the defendants were charged with, and BERKOWITZ today pleaded guilty to, a fraud scheme involving ASCN's billing for a back pain procedure known as Vertebral Axial Decompression, or "VAX-D."

According to United States Attorney Nahmias, the charges and other information presented in court, VAX-D is a non-invasive back pain procedure that uses a mechanical table to stretch a patient's spine. The indictment alleges that Blue Cross/Blue Shield of Georgia considered VAX-D to be investigational and not medically necessary, and made clear to health care providers that it did not cover the procedure. The indictment alleges that ASCN, at the direction of BERKOWITZ, HARGRAVES, and PUFFENBERGER, nevertheless billed Blue Cross/Blue Shield of Georgia for over \$3 million relating to the VAX-D procedure from 2001 through 2005.

BERKOWITZ pleaded guilty to lying to Blue Cross about what procedures ASCN was performing in order to get paid for this non-covered procedure. Instead of using the specific billing code assigned to VAX-D, ASCN used a different code that pertained to

surgical nerve decompression procedures. BERKOWITZ admitted that ASCN used that code because they knew Blue Cross would pay for it, and would not pay for VAX-D.

BERKOWITZ faces a maximum sentence of 10 years in prison, a fine of up to \$250,000.00, and repayment of restitution to Blue Cross of approximately \$2.5 million, which is the amount Blue Cross actually paid ASCN on the fraudulent bills. BERKOWITZ has agreed to pay this debt within 90 days. BERKOWITZ has also agreed to cooperate with federal investigators. BERKOWITZ will be sentenced by United States District Judge Richard W. Story at a date not yet set by the court.

This case and other related VAX-D fraud cases are being investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorneys Justin S. Anand and Teresa D. Hoyt are prosecuting this case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.