



PRESS RELEASE

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PHILIPPINE CORPORATION ORDERED TO LIQUIDATE AND PAY MORE THAN \$100 MILLION FOR FRAUD

Madison, Wisconsin – Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Health Visions Corporation, a Philippine Corporation, was sentenced today in Madison by Chief Judge Barbara B. Crabb for mail fraud. The Court ordered the corporation to liquidate all of its assets, pay \$99,915,131 in restitution, a \$500,000 fine, and forfeit \$910,910.60. The corporation was placed on five years probation and given ten months to liquidate its assets.

Also, Health Visions was ordered to enter into a consent decree in which all its officers, directors, and employees agree to permanent exclusion as a TRICARE provider and any other government program. Health Visions pleaded guilty to the fraud charge on May 25, 2007, and the Court sealed the plea agreement to allow Health Visions to begin the liquidation of their assets.

Thomas Arthur Lutz, 41, of Olongapo City, Republic of the Philippines, the former President and Chief Executive Officer of Health Visions Corporation, pleaded guilty on December 11, 2006, to conspiracy to pay kickbacks and agreed to assist the government. His sentencing date has not been scheduled.

On July 15, 2005, a federal grand jury sitting in Madison returned a 75-count superseding indictment against Health Visions and Lutz. The indictment charged the corporation and Lutz with defrauding the TRICARE program. TRICARE, formerly known as CHAMPUS, is the Department of Defense's worldwide health care program for active duty and retired uniformed services members and their families. The charges were brought in the Western District of Wisconsin because Wisconsin Physicians Service, the fiscal intermediary which processed and paid these fraudulent claims, is located in Madison, Wis., which is in the Western District.

The charges against the corporation and Lutz stemmed from their conduct between October 1, 1998 and August 2004, when they devised a scheme to defraud the federal TRICARE program. Specifically, as part of the scheme, Lutz on behalf of the Health Visions Corporation entered into a kickback agreement with a medical provider in the Philippines in which the provider, at the request of Lutz, paid 50% of the amount of the bills for medical services rendered to TRICARE patients referred by Health Visions back to the corporation.

In addition, Health Visions and Lutz inflated the bills of other providers by one hundred percent or more before submitting the bills for payment by the United States Government. The defendants also created a sham insurance program to circumvent TRICARE's requirement that beneficiaries pay a deductible and cost share, and they also submitted fictitious and fraudulent TRICARE claims falsely claiming that beneficiaries had been hospitalized and had been rendered services when, in fact, they had not.

United States Attorney Peterson stated, "This conviction furthers our goal to protect the TRICARE program. Our veterans deserve quality health care, and our nation deserves a program free from fraud. We will continue to vigorously investigate and prosecute these cases."

The charges were the result of an investigation by the Defense Criminal Investigative Service, the investigative arm of the Department of Defense, Office of Inspector General (DOD-IG), with extensive audit assistance from the DOD-IG Audit Readiness and Operations Support Directorate, and investigative assistance from the U.S. Postal Inspection Service. The prosecution is being handled by Assistant U.S. Attorneys Peter M. Jarosz and Daniel J. Graber.

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