



Amtrak OIG-supported investigation leads to charges against ten in \$1.4 billion health care fraud scheme

For Immediate Release

July 2, 2020

Ten individuals, including hospital managers, laboratory owners, and billers and recruiters were charged Monday for their participation in an elaborate scheme that used rural hospitals as billing shells for the submission of \$1.4 billion in fraudulent medical claims.

According to court documents, private insurance companies, including Amtrak's, paid out approximately \$400 million between November 2015 through February 2018 for urine and blood tests that were medically unnecessary. Investigators from Amtrak's Office of Inspector General determined that Amtrak's health care plans paid out more than \$610,000 to the three rural hospitals and associated laboratories.

The indictment alleges that the conspirators would take over small, rural hospitals, often in financial trouble, using management companies they owned and operated. The conspirators would then bill private insurance companies through those rural hospitals for millions of dollars of expensive urinalysis drug tests and blood tests, conducted mostly at outside laboratories they often controlled or were affiliated with, using billing companies that they also controlled. While outside laboratories did most of these laboratory tests, the conspirators allegedly billed private insurance companies as if these laboratory tests were done at the rural hospitals.

According to the indictment, these rural hospitals had negotiated contractual rates with private insurers that provided for higher reimbursement than if the tests were billed through an outside laboratory. Accordingly, the scheme used the hospitals as a shell to fraudulently bill for such tests. Further, the indictment alleges that the lab tests were often not even medically necessary. The conspirators allegedly would obtain urine specimens and other samples for testing through kickbacks paid to recruiters and health care providers, often sober homes and substance abuse treatment centers. The indictment also alleges that the conspirators engaged in sophisticated money laundering to promote the scheme and to distribute the fraudulent proceeds.

“Our office, in partnership with our fellow investigative agencies, will continue to comprehensively investigate and bring to justice the people who perpetrate health care fraud,” said Kevin Winters, Amtrak’s Inspector General. “Preventing health care fraud is particularly important to Amtrak because, as a self-insured company, the fraud adversely impacts its operating budget, which is dedicated to its critical requirements such as passenger safety.”

In addition to Amtrak OIG, the case was investigated by the FBI’s Jacksonville Field Office, the Office of Personnel Management OIG, and the Department of Labor Inspector General. The case is being prosecuted with support from the Department of Justice Criminal Division’s Fraud Section and the U.S. Attorney’s Office, Middle District of Florida.

An indictment is merely an allegation and the defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

More information is available in the U.S. Attorney’s Office press release:

<https://go.usa.gov/xwJAe>.

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