

Former Horton Hospital head indicted

(KNZA)--The former head of the company that oversaw the Horton Community Hospital at the time of its closing in March, 2019 has been indicted.

The indictment, unsealed June 29, alleges a \$1.4 billion scheme to fraudulently conduct lab-billing.

60-year-old Jorge Perez, the former head of EmpowerHMS, and nine other defendants, are included in the indictment focused on four hospitals in Florida, Georgia, and Missouri. The Horton Community Hospital is not listed in the indictment.

A news release issued by the United States Department of Justice called it “a massive, multi-state scheme to use small, rural hospitals as a hub for millions of dollars in fraudulent billings of private insurers.”

The indictment, filed in U.S. District Court in Jacksonville, Florida, 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 the 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 the tests, the conspirators allegedly billed private insurance companies as if the tests were done at the rural hospitals.

According to the indictment, the rural hospitals had negotiated contractual rates with private insurers that provided for higher reimbursement than if the tests were billed through an outside laboratory. The alleged 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.

According to the indictment, Perez, and the other defendants, received \$400 million since 2015.

Perez is charged with one count of conspiracy to commit health care fraud and wire fraud, five counts of substantive health care fraud, one count of conspiracy to commit money laundering and substantive money laundering.

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