

Orthotics Don't Fix Crooked Schemes: \$6.5 Million Healthcare Fraud Scheme Ends in Convictions

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Three owners and operators of four orthotic brace suppliers were convicted of conspiracy to defraud the United States and for offering and paying illegal kickbacks. The three defendants face up to 55 years in prison each for their roles in this [\\$6.5 million healthcare fraud scheme](#). While the Health Care Fraud Strike Force Program of the Department of Justice's Criminal Division's Fraud Section uncovered this scheme, a whistleblower could have reported this kickback arrangement. Whistleblowers who report healthcare fraud against the government may receive 5-15% of the government's recovery.

These Texas and Arkansas-based orthotic brace suppliers created a kickback scheme where they paid doctors to prescribe unnecessary durable medical equipment (DME) to Medicare beneficiaries. According to the evidence presented at trial, the orthotic brace suppliers billed approximately \$12.5 million in false claims to Medicare, and the government-funded healthcare program paid the defendants approximately \$6.5 million for those claims. The orthotic brace suppliers allegedly concealed the kickback payments to providers by calling them marketing expenses.

The [Anti-Kickback Statute](#) (AKS) exists to deter healthcare providers from paying for referrals for any "item or service payable by the Federal health care programs." Government-funded healthcare business is not supposed to be bought and sold. The Department of Health and Human Services Office of Inspector General (HHS-OIG) site warns healthcare providers that paying for referrals or being paid for referrals of Medicare and Medicaid patients is wrong, since these malign practices can beget "overutilization, increased program costs, corruption of medical decision making, patient steering, and unfair competition." Patients deserve to choose or receive recommendations to the best providers for their condition and providers influenced by kickbacks are ethically compromised to make sound recommendations.

Whistleblowers in doctor's offices and at durable medical equipment suppliers can report healthcare fraud. Unusual marketing expenses or an uptick in Medicare or Medicaid patients may be signs of fraud.

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