

May SMP Fraud Alerts

Florida: On May 9, 2007 federal prosecutors announced the arrest of 38 people in South Florida after a two-month investigation into allegations that they defrauded Medicare for more than \$142 million. The *Miami Herald* reported Attorney General Alberto Gonzales said that the defendants paid Medicare beneficiaries for the use of their Medicare numbers and then the defendants submitted fraudulent claims. The claims were for wheelchairs, walkers or blood sugar testing kits.

The arrests resulted from an investigation by the Medicare Strike Force, a new partnership among the Department of Justice (DOJ), the Department of Health and Human Services (HHS), and the FBI. The Attorney General reported the authorities used “real-time” computer data to detect the alleged Medicare fraud taking place. The *Post* reported the Attorney General as saying, “These fraudsters, they move quick. They operate quickly, and so we have to change our strategy as well.” The *Baltimore Sun* reported the HHS Secretary Mike Leavitt stated the HHS is, “sending a clear message” that “we’re coming after” people who commit Medicare fraud, adding, “This kind of blatant fraud simply is intolerable (*Miami Herald*, 5/10/07). The authorities stated they plan to expand their investigation into Medicare fraud beyond South Florida in the near future.

Scooter Store pays \$4 million to settle Medicare fraud claims:

According to the Department of Justice (DOJ), the Scooter Store, a company that sells and services power wheelchairs and scooters to assist mostly senior citizens with mobility, has agreed to pay the federal government \$4 million to settle charges that the company made false Medicare claims.

The settlement is a part of the continuing dedication to combating abuse of Medicare’s durable medical equipment benefit. The Scooter Store sued Medicare 3 ½ years ago for nonpayment of claims. The FBI started an investigation of the company and filed a lawsuit against it in 2005. The DOJ claims that the Scooter Store received \$5,000 to \$7,000 for every power chair they sold. In many of those cases, the senior citizen wanted a cheaper scooter to improve their mobility at a cost of only \$1,500 to \$2,000. According to the DOJ, “the Scooter Store engaged in a multimedia advertising campaign to entice beneficiaries to obtain power scooters paid for by Medicare, Medicaid, and other insurers. Instead of the ‘zippy’ power scooters that were advertised, the Scooter Store sold the beneficiaries expensive power wheelchairs that they did not want, need, and/or could not use.”

The Scooter Store’s executives uphold the government’s claims are false, but that it was worth settling the suit so the company could start getting paid by Medicare again. The claims disputed stand for only about 2% of the Scooter Store’s billings to Medicare during the last 16 years. Company founder, Doug Harrison reported the company now bills Medicare \$20 to \$30 million in a year and has billed about \$1.5 billion since the

company was started. The Scooter Store will be able to do business with Medicare again, but the DOJ said the company will operate for five years under a corporate integrity agreement overseen by the Department of Health and Human Services Officer of the Inspector General (*Express-News Business*).