



ALERTS

DOJ Targets Health Care Fraud Schemes Exploiting COVID-19 Pandemic In Largest-Ever Enforcement Action

April 28, 2023

Highlights

The Department of Justice announced charges against 18 defendants across nine federal districts in alleged fraud schemes involving health care services and COVID-19-related false billings

Charges were brought related to the Provider Relief Fund, Medicare-covered over-the-counter COVID-19 tests, fake vaccination cards, and the uninsured program

COVID-19-related enforcement is gaining momentum and is expected to continue

The U.S. Department of Justice (DOJ) recently announced various criminal charges in what it called the “largest-ever coordinated law enforcement action in the United States targeting health care fraud schemes.” The [charges were brought against 18 defendants](#) across nine federal districts for their alleged participation in fraud schemes involving health care services that resulted in over \$490 million in false billings related to COVID-19. The DOJ seized an additional \$16 million in cash and other fraud proceeds.

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Provider Relief Fund

Multiple charges were brought under the Provider Relief Fund (PRF) initiative. The PRF was created through the CARES Act in March 2020 to establish financial assistance to health care providers that enabled them to deliver much-needed medical care to Americans. In one instance, the operator of a primary care clinic and so-called spa in the Eastern District of Louisiana was charged with allegedly submitting false loan agreements, attestations, and other documentation. The operator received over \$1.1 million in PRF and Economic Injury Disaster Loans and allegedly used those funds to purchase real estate, luxury vehicles, a boat, a trailer, a timeshare, and luxury vacations, according to the DOJ.

Twelve defendants were charged with crimes under the PRF, and seven have pled guilty.

Medicare-Covered COVID-19 Over-the-Counter Tests

In April 2022, Medicare began covering over-the-counter COVID-19 tests for beneficiaries who requested them. The recent charges included the first related to this program. In one example, a doctor and a marketer in the Middle District of Florida allegedly purchased Medicare beneficiary identification numbers illegally and began shipping over-the-counter tests to beneficiaries who had not requested them. This caused over \$8.4 million in fraudulent claims to Medicare.

Fake COVID-19 Vaccination Cards

Charges also were brought against manufacturers and distributors of fake COVID-19 vaccination cards who allegedly sought to obstruct the U.S. Department of Health and Human Services (HHS) and the Centers for Disease Control and Prevention in their efforts to administer and manage a nationwide vaccination program. In the Eastern District of New York, three medical professionals were charged with allegedly distributing nearly 2,700 forged vaccination cards and destroying vials of COVID-19 vaccines meant to be used to immunize patients.

In another example out of the District of Utah, two individuals were charged with allegedly manufacturing and selling approximately 120,000 counterfeit vaccination cards online to be sent across the nation.

Uninsured Program

The majority of these charges involved the Health Resources and Services Administration (HRSA) COVID-19 Uninsured Program, which reimbursed health care providers for testing and treating uninsured patients for COVID-19. A lab owner in the Central District of California was charged for allegedly submitting over \$358 million in false and fraudulent claims to Medicare, HRSA, and private insurance for laboratory testing. While the defendant performed COVID-19 screening tests, it added claims for a respiratory pathogen panel test even though it was not wanted or needed.

In another case, also out of the Central District of California, a doctor was charged for allegedly submitting fraudulent claims for the treatment of patients who were insured, services that were not rendered, and services

that were not necessary. In total, the doctor allegedly used over \$100 million in fraud proceeds towards options trading.

Key Takeaways

COVID-19-related enforcement is gaining momentum, particularly in the health care arena. This latest set of charges included some “first-of-their-kind” crimes related to over-the-counter COVID-19 tests covered by Medicare. Further, the enforcement is broad and heavy-handed, as individuals have been charged across the country related to several federally funded healthcare programs.

The DOJ emphasized this enforcement action was a joint effort across many government agencies, including the DOJ, HHS Office of the Inspector General, FBI, Small Business Administration, Internal Revenue Service, Department of Homeland Security, Department of Defense, and state law enforcement agencies. Such collaborations are to be expected in the future as the government continues its widespread COVID-19-related takedowns.

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