Eli's Hospice Insider

Fraud & Abuse: Bogus CTIs, Sham Medical Director Pay Center In Texas Fraud Case

Hospice CEO draws 15-year prison term.

Telling Medicare beneficiaries they have a terminal illness when they really don't is one way to wind up in prison for a long period of time.

That's what **Henry McInnis,** former CEO of the Merida Health Care Group, a collection of health care entities throughout Texas that provides hospice and health care services, has learned after a federal jury convicted him of fraud, money laundering, and obstruction of justice after a high-profile November 2019 trial. A federal judge has sentenced McInnis to 15 years in prison.

McInnis "directly oversaw a reprehensible criminal scheme that involved the submission of over $150 million in fraudulent bills, the falsification of patients' medical records, and the payment of unlawful kickbacks," Acting Attorney General **Nicholas McQuaid** says in the release.

Although McInnis worked previously as an electrician, "he acted as the de facto director of nursing for the Merida Group," the DOJ says. "Witnesses at trial testified McInnis directed employees to admit unqualified patients to hospice and home health, keep unqualified patients on services for long periods of time and fired and reprimanded employees who refused to participate in the scheme." He also "oversaw and enforced a company-wide practice of falsifying medical records to conceal the scheme," Justice adds.

McInnis also paid illegal kickbacks to physicians via sham medical director payments and to marketers for high-care-level hospice patients, the DOJ says.

Merida owner **Rodney Mesquias** was sentenced to 20 years in prison in December. Two other co-conspirators have pleaded guilty and are awaiting sentencing, the DOJ says.

"McInnis and his co-conspirator's reprehensible and deceitful actions to defraud Medicare weren't without harm: vulnerable beneficiaries were unnecessarily enrolled in hospice care, preventing them from accessing needed curative care," says OIG Special Agent in Charge **Miranda L. Bennett**. "With our law enforcement partners, we will continue to investigate those who put ill-gotten profits above the well-being of patients in our health care system," Bennet says in the release.

Texas, California Fraud Cases Highlight Hospice Owners' Crimes

Kickback to physicians were features in another recent Texas fraud case too. From bogus medical director payments to travel and sporting event tickets to ownership dividends, a Texas home health agency, hospice, and their owners racked up a number of ways to pay physicians for illegal patient referrals.

Onder Ari and **Sedat Necipoglu,** owners of Allstate Hospice and Verge Home Care in McAllen, have paid $1.85 million to settle charges of improper payments to docs, the Department of Justice says in a release. For one, Ari and Necipoglu "offered compensation to physicians who were responsible for a significant majority of their patient referrals," the DOJ says. They made monthly payments to docs that "were in excess of fair market value for the services the physicians actually provided," the feds maintain.

Ari and Necipoglu also "sold interests in Allstate to five different physicians which ultimately netted them substantial quarterly dividends” and "provided physicians other gifts and benefits, such as travel and tickets to sporting events,” the DOJ adds.

"Paying physicians to steer patients to one provider over another unacceptably subverts patient choice,” OIG Special Agent in Charge **Miranda Bennett** says in the release. "We will continue to work with our law enforcement partners to investigate improper payments to physicians.”

And in California, a former hospice administrator has been sentenced to two-and-a-half years in prison after pleading guilty to Medicare fraud last November. **Antonio Olivera** also has been ordered to repay $2.2 million in restitution, the DOJ says in a release.

The 80-year-old admitted that from 2011 to 2018, while acting as administrator for Mhiramarc Management, a hospice in Downey, he and others paid illegal kickbacks to patient recruiters for referrals. "Further, when clinical staff at Mhiramarc determined beneficiary referrals did not qualify to receive hospice services, Olivera overruled those determinations and nonetheless caused the beneficiaries to be put on hospice service,” the DOJ says.

Mhiramarc submitted about $28 million in claims to Medicare, which resulted in the company being paid more than $17 million. Three co-conspirators have pleaded guilty and are awaiting sentencing, Justice adds.