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Grafts Graft: Major Healthcare Fraud Takedown in Arizona Highlights Fraud Schemes Targeting Substance Abuse Patients, Elderly

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In a blockbuster enforcement action, The Justice Department has charged nearly 200 people in a nationwide crackdown on health care fraud schemes, with false claims amounting to $2.7 billion. Among the accused are doctors, nurse practitioners, and others involved in various scams, including a $900 million scheme in Arizona targeting dying patients. Zooming in on Arizona, the Department of Justice (DOJ) has announced criminal charges against seven individuals in Arizona as part of the 2024 National Health Care Fraud Enforcement Action. This operation highlights the ongoing challenges in combating healthcare fraud and aims to protect vulnerable populations from exploitation. While the fraudsters discussed in this blog all face criminal charges for their alleged misconduct, the False Claims Act is the government's best tool to prosecute civil frauds.

Unveiling the Schemes: Arizona

Fraudulent Billing in Behavioral Health Services

One of the cases involves Rita Anagho and her addiction treatment center company, Tusa Integrated Clinic LLC (TUSA). Anagho is charged with fraudulently billing Arizona Medicaid, the Arizona Health Care Cost Containment System (AHCCCS), approximately $69.7 million for behavioral healthcare services that were either never provided or misrepresented. After receiving a subpoena for her treatment center's records, Anagho even instructed staff to make notes as if they'd had sessions with patients in the prior year. Anagho allegedly targeted the American Indian Health Program (AHIP), recruiting Native Americans so as to be able to file false claims under that program.

Exploiting Vulnerable Populations

In another case, Daud Koleosho and Adam Mutwol, through their company Community Hope Wellness Center LLC (CHWC), fraudulently billed AHCCCS around $57.7 million. Similar to Anagho, they targeted the AIHP and billed for services that were never provided, were substandard, or were medically inappropriate, causing substantial financial harm to the program and patients alike. They were charged with conspiracy to commit health care fraud. These two fraudsters set up a scheme in conjunction with owners of residences for substance abuse treatment patients, paying kickbacks to the residences for Arizona Medicaid patient referrals.

Medicare Fraud Targeting Elderly Patients

Further highlighting the extent of these fraudulent activities, Alexandra Gehrke and Jeffrey King were charged for targeting elderly Medicare patients, many of whom were terminally ill in hospice care. They submitted false claims for medically unnecessary wound grafts, often applied within hours or days of the patients' deaths, resulting in over $600 million in fraudulent billings. Gehrke and King were apprehended at Sky Harbor International Airport while attempting to flee the country. Another Arizona defendant in the National Enforcement Action had a similar scheme, targeting vulnerable elderly patients and paying kickbacks to graft companies for Medicare business.

The Broader Impact of Healthcare Fraud

This takedown operation is part of a larger, two-week nationwide law enforcement action coordinated by the DOJ. In total, 193 defendants have been charged for their alleged involvement in healthcare fraud and opioid abuse schemes, submitting over $2.75 billion in false billings. The government seized over $231 million in cash, luxury vehicles, gold, and other assets as part of this operation.

Protecting Vulnerable Populations

Fraud against government-funded healthcare systems, such as Medicare and Medicaid, not only results in significant financial losses but also deprives critical care and benefits for the most vulnerable and marginalized populations. The acting special agent in charge of the FBI's Phoenix Field Office emphasized the ongoing commitment to identifying and prosecuting individuals involved in healthcare fraud, "Fraud against government funded health care systems not only costs taxpayers billions each year, but as we've seen in Arizona, deprives critical care and benefits for our most vulnerable populations."

Conclusion

The healthcare fraud takedown operation in Arizona and nationwide underscores the importance of vigilance and coordinated efforts in combating fraud within the healthcare industry. With billions of dollars at stake, it is crucial to protect government-funded health programs and ensure that resources are directed towards those who need them most. Whistleblowers—whether they are nurses, medical providers, billing specialists, therapists, or other healthcare company employees—have the power to speak up, be protected from retaliation, and get rewarded for their efforts in the fight against healthcare fraud.

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