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## DME Fraud Remains High Enforcement Priority

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### Overview

In the health care industry, instances of fraud, waste and abuse can occur anywhere, whether in a hospital or medical facility, through submitting claims and billing or when giving or receiving physician referrals. One kind of fraud that remains a high priority for enforcement agencies is durable medical equipment (DME) fraud. Common cases of DME fraud include:

1. Submitting claims for unnecessary products or products that are never provided.
2. Billing for specific products but providing incorrect or lower-grade versions.
3. Forging or paying kickbacks for prescriptions or products.
4. Paying kickbacks to individuals authorized to write DME prescriptions.
5. Beneficiary identity theft to be used in submitting claims.

### DME Fraud Case Studies

Over the years, cases of DME fraud involving the aforementioned scenarios or other instances of this type of fraud have been occurring frequently. This has increased enforcement agencies' efforts in prosecuting individuals for DME fraud with the hopes of limiting future occurrences and decreasing health care fraud as a whole. The following cases represent examples of DME fraud that illustrate just how serious, and costly, the implications of this fraud can be.

#### Case 1

Kim Ricks, owner of Kim's Medical Supplies in Los Angeles, pled guilty to conspiring to defraud Medicare and Medi-Cal of more than \$650,000. He submitted fraudulent claims for power wheelchairs (PWCs) and other DME on behalf of people who did not have a legitimate medical need for the equipment. Additionally, Ricks acquired and used individuals' billing and personal information without their knowledge in order to submit claims. Ricks also worked with an associate to forge prescriptions to submit additional fraudulent claims.

#### Case 2

Marcello Herrera of McAllen, Texas, owner of RGV DME, was sent to prison for submitting fraudulent claims of approximately \$11.1 million to Medicare and Medicaid. The defendants engaged in and directed a scheme to submit fraudulent claims for PWCs, incontinent supplies, hospital beds, mattresses, and other DME supplies. They also committed identity fraud of beneficiaries and doctors. Herrera was sentenced to 120 months for the conspiracy conviction in addition to 24 months for aggravated identity theft. These sentences were required to be served

consecutively, resulting in a total 144 months, or 12 years, in federal prison. Herrera was also sentenced to three years of supervised release after leaving the prison. As part of the guilty plea, Herrera agreed to a money judgment totaling \$6,103,953, and had to forfeit all wheelchairs, scooters, and other DME items discovered in his leased storage facility.

### **Case 3**

Bolademi Adetola, the owner and operator of Latay Medical Services, a DME company based in Gardena, California, was sentenced to serve five years in prison after being found guilty for a DME-related fraud scheme. Adetola was also sentenced to another three years of supervised release, and was ordered to pay \$4,555,198 in restitution. The conviction was for fraudulent billing in millions of dollars to Medicare for DME that was either never provided to beneficiaries or was not medically necessary. In addition, Adetola paid cash kickbacks for fraudulent prescriptions for DME, such as PWCs and hospital beds to a physician who was also involved in the scheme. Several Medicare beneficiaries testified that they were lured to medical clinics with the promise of a free recliner sofa, only to receive PWCs that they did not need and did not want. This fraud scheme resulted in over \$8.4 million in false and fraudulent claims to Medicare.

### **Case 4**

Philip Odoemena, former owner/operator of Kingsway Medical Systems, Inc. of Desoto and Richardson, Texas, was sentenced to 35 months in federal prison and ordered to pay \$483,995 in restitution. Odoemena submitted fraudulent claims falsely representing legitimate and qualifying supplies, including wheelchairs and accessories, adult incontinence supplies and enteral nutrition supplies (tube feeding) to Medicare beneficiaries and Medicaid recipients.

### **Case 5**

Abdul Waheed Alex Shittu, the owner of S & S Medical Supply Etc. in Stafford, Texas, was sentenced to 81 months in federal prison and ordered to pay \$597,865.19 in restitution to Medicare and Medicaid. Shittu fraudulently billed for DME supplies such as wrist, foot, ankle, knee, elbow and shoulder braces, as well as wheelchairs, on physician orders paid by him, even though none of the DME was needed by or delivered to beneficiaries. Shittu also submitted approximately \$1,154,025 in fraudulent claims to Medicare and Medicaid and paid at least five recruiters \$200 – \$300 per order generated. The physicians, whose names were on these orders, had neither seen nor treated the patients.

## **In Review**

Given these cases, health care organizations and other providers cannot overlook the severity of DME fraud. Enforcement agencies list DME fraud high on their agenda when it comes to reducing fraud, waste abuse and other unethical behaviors in health care because so many of these cases involve fraudulent claims to Medicare or Medicaid. This impacts parties both inside and outside the health care industry, leading to increased liabilities and a greater need to mitigate the risks of this kind of fraud.

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## **About the Author**

Richard P. Kusserow is currently the President and CEO of Compliance Resource Center. He served as the Inspector General of HHS for 11 years and brings decades of valuable experience from the government sector to Compliance Resource Center. Mr. Kusserow's expertise on compliance policy and regulation as well as his extensive knowledge of compliance solutions enables Compliance Resource Center to effectively help health care organizations best manage their compliance programs.

## **About Compliance Resource Center**

Compliance Resource Center has been leading the compliance industry since 2010 with our complete suite of solutions that are geared towards improving compliance program operations. Our solutions ensure that organizations regularly meet federal and state laws and supply the necessary resources to sustain long-term compliance.