Subjects Sentenced in $150 Million Hospice Fraud Case

Richard P. Kusserow | May 13, 2021

The three major categories of hospice fraud are: (1) false claims for unnecessary, improperly delivered, or non-provided services or products; (2) improper care and patient abuse; and (3) kickbacks to induce the flow of business.

A recent report by Bass, Barry, and Sims indicates that during the past several years, numerous hospices and home health agencies have been subject to False Claims Act allegations. Several resulting multi-million-dollar settlements were reached in 2020, with amounts ranging from $1 million to $5.2 million. Recently, the operations manager of a hospice and home health care company was sentenced to prison for his role in a $150 million fraud scheme. The case involved the Merida Group, a chain of hospice and home health agencies with locations throughout Texas. The Department of Justice (DOJ) communicated that three employees participated in a conspiracy to falsely convince thousands of patients that they had less than six months to live in order to enroll them in hospice programs. The patients had long-term, incurable diseases, but were otherwise ineligible for the programs. The DOJ press release specifies that "physicians were bribed with illegal kickbacks, under the pretense of medical directorships, to falsely certify unqualified patients for services" and that "employees were instructed to falsify medical records, making non-terminal patients appear to be terminally ill and declining." The defendants were sentenced to 20 years, 15 years, and 27 months in prison, respectively. In addition, one defendant was ordered to pay $4.7 million in restitution.

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