



Federal Strike Forces Will Boost Medicare Fraud Enforcement

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In October 2010, federal enforcers announced a plan to nearly triple the number of its Medicare fraud strike force units around the nation. In view of the magnitude of health care fraud, this plan is understandable, but the vast majority of providers, who comply with the law, will also see their compliance and other costs increase.

The new strike force teams are a central feature of HEAT (Health Care Fraud Prevention and Enforcement Action Team), a joint initiative announced in May 2009 by the Department of Justice and the Department of Health and Human Services to focus on deterring and punishing health care fraud. Strike Forces are multi-agency units of the federal and state law enforcement personnel designed to identify, investigate, and prosecute Medicare fraud.

Since May 2009, the Obama Administration has expanded Strike Force cities from two to seven locations. In addition to Los Angeles and Miami, Strike Force teams were launched in Houston and Detroit in May 2009 and then in Brooklyn, N.Y.; Baton Rouge, La., and Tampa in December 2009. These locations are chosen based on “hot spots” of unexplained high-billing levels of Medicare claims that trigger red flags. By the end of fiscal 2011, there will be Strike Forces in 20 locations at an estimated cost of \$46 million.

Defendants prosecuted by the Strike Force are likely to receive longer terms of imprisonment than defendants prosecuted in more traditional ways. Since its inception in March 2007, the Strike Force has obtained indictments of more than 810 individuals and organizations that collectively have billed the Medicare program for more than \$1.75 billion. In addition to making arrests around the country, law enforcement agents are executing search warrants in connection with ongoing fraud investigations. In mid-October 2010, the department charged 73 people in an alleged \$163 million nationwide scam, representing the largest Medicare fraud scheme ever perpetrated by a single organization.

October also represented the first time a HEAT strike force indicted a corporate entity, American Therapeutic Corp. and Medlink Professional Management Group Inc., on Medicare



fraud charges for its role in an alleged scheme to fraudulently bill Medicare \$200 million for nonexistent or unnecessary mental health services.

The recent success of the strike forces means that even legitimate businesses, including medical device makers and drug companies, will likely come under increased scrutiny. This scrutiny may even come from within the company itself, with whistleblowers now emboldened by the recent changes to protections offered under the False Claims Act and by the \$96 million award won by a former employee of GlaxoSmithKline who claimed she was fired for warning GSK of problems with drugs manufactured at her plant.

Overall, the federal government's plan to triple the number of its Medicare fraud strike force units around the U.S., combined with the expected burst of whistleblower claims, means increased costs for all companies — even the most legitimate — throughout the health care sector.

Crime in the Suites is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

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