PRESS RELEASE

Two Men Sentenced for Fraudulent Rural Hospital Billing Scheme

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Office of Public Affairs

Two Florida men were sentenced today for their roles in a multi-state scheme to defraud insurance companies by using rural hospitals to bill for urine drug testing that was not reimbursable and not medically necessary.

Jorge Perez, 63, of Miami, was sentenced to eight years and four months in prison. Ricardo Perez, 60, also of Miami, was sentenced to six years and three months in prison.

According to court documents and evidence presented at trial, Jorge Perez, an owner and manager of hospitals and the owner of a billing company, and Ricardo Perez, the manager of a billing company, conspired with each other and other individuals to unlawfully bill for laboratory testing services, primarily urine drug tests, that were medically unnecessary and that were fraudulently billed through rural hospitals in Florida and Missouri rather than the independent laboratories where much of the testing took place. Jorge Perez and Ricardo Perez targeted and obtained control over financially distressed rural hospitals, and then used them for billing in order to take advantage of private insurance contracts that provided higher reimbursement rates for these hospitals than for out-of-network laboratories. The claims were submitted to falsely appear that the hospitals themselves did the laboratory testing when, in most cases, it was done by testing laboratories controlled by others, including a co-conspirator.

The evidence further showed that much of the testing was for vulnerable addiction treatment patients and patients of pain clinics, with samples often obtained through kickbacks paid to recruiters and substance abuse treatment facilities. The tests billed by Jorge Perez and Ricardo Perez were often not medically necessary — testing was performed at a frequency that far exceeded what would be needed for patient care, including performing repeated screening and definitive testing before results from prior tests could have been reviewed or used by the ordering providers.

The rural hospitals involved in this case were Campbellton-Graceville Hospital (CGH), a 25-bed rural hospital located in Graceville, Florida, that declared bankruptcy in 2017; Regional General Hospital Williston (RGH), a 40-bed facility located in Williston, Florida, that has closed; and Putnam County Memorial Hospital (Putnam), a 15-bed rural hospital located in Unionville, Missouri, that has struggled since Jorge Perez and Ricardo Perez's misuse of it as a vehicle for laboratory billing.

On June 27, 2022, a federal jury in the Middle District of Florida convicted Jorge Perez and Ricardo Perez of conspiracy to commit health care fraud and wire fraud, five counts of health care fraud, and conspiracy to commit money laundering.

Acting Assistant Attorney General Nicole M. Argentieri of the Justice Department's Criminal Division, U.S. Attorney Roger B. Handberg for the Middle District of Florida, Assistant Director Michael Nordwall of the FBI's Criminal Investigative Division, Deputy Assistant Inspector General for Investigations Conrad J. Quarles of the Office of Personnel Management Office of the Inspector General (OPM-OIG), Special Agent in Charge Mathew Broadhurst of the Department of Labor Office of Inspector General (DOL-OIG) Southeast Region, and Special Agent in Charge Basil Demczak of Amtrak Office of Inspector General's (Amtrak OIG) Central Field Office made the announcement.

The FBI Jacksonville Field Office, OPM-OIG, DOL-OIG, and Amtrak OIG investigated the case.

Senior Litigation Counsel Jim Hayes and Trial Attorney Gary Winters of the Criminal Division's Fraud Section and Assistant U.S. Attorney Tysen Duva for the Middle District of Florida prosecuted the case.

The Fraud Section leads the Criminal Division's efforts to combat health care fraud through the Health Care Fraud Strike Force Program. Since March 2007, this program, currently comprised of nine strike forces operating in 27 federal districts, has charged more than 5,400 defendants who collectively have billed federal health care programs and private insurers more than $27 billion. In addition, the Centers for Medicare & Medicaid Services, working in conjunction with the Office of the Inspector General for the Department of Health and Human Services, are taking steps to hold providers accountable for their involvement in health care fraud schemes. More information can be found at www.justice.gov/criminal-fraud/health-care-fraud-unit.