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Detroit Clinic Manager Pleads Guilty in Medicare Fraud Scheme

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WASHINGTON, Sept. 2 /PRNewswire-USNewswire/ -- Denver resident Lil Vargas-Arias pleaded guilty today in U.S. District Court in Detroit to participating in a conspiracy to defraud the Medicare program, Assistant Attorney General Lanny A. Breuer of the Criminal Division, U.S. Attorney Terrence Berg of the Eastern District of Michigan and Daniel R. Levinson, Inspector General of the Department of Health & Human Services (HHS) announced.

Vargas-Arias, 46, pleaded guilty to one count of conspiracy to commit health care fraud before U.S. District Judge Gerald Rosen. At her sentencing, which is scheduled for Feb. 11, 2010, Vargas-Arias faces a statutory maximum of 10 years in prison and a \$250,000 fine.

In her guilty plea, Vargas-Arias admitted that in approximately September 2006, she was hired by the owners of Sacred Hope Medical Center Inc. (Sacred Hope), to manage the clinic on a day-to-day basis. Sacred Hope was a Southfield, Mich., facility that purported to specialize in providing injection and infusion therapy services to Medicare patients. Vargas-Arias admitted to helping to obtain a lease for the premises used by the clinic, and to hiring a co-conspirator physician, purportedly to treat patients at the clinic.

Vargas-Arias admitted in her guilty plea that during the time Sacred Hope was open, the clinic routinely billed the Medicare program for services that were medically unnecessary or were never provided. Vargas-Arias admitted she was aware that the clinic had purchased only a small fraction of the medications that the clinic billed the Medicare program for providing. Vargas-Arias also admitted that patients were prescribed medications at the clinic based not on medical need, but on what medications were likely to generate Medicare reimbursements. Vargas-Arias, along with clinic owner Jose Rosario, who pleaded guilty in the same case on Aug. 18, 2009, admitted to helping falsify medical files maintained by the clinic to make the treatments purportedly being given there appear legitimate, when in fact they were not.

Vargas-Arias admitted that Medicare beneficiaries were not referred to Sacred Hope by their primary care physicians, or for any other legitimate medical purpose, but rather were recruited to come to the clinic through the payment of kickbacks. In exchange for those kickbacks, Vargas-Arias admitted, the Medicare beneficiaries would visit the clinic and sign documents indicating that they had received the services billed to Medicare. Kickbacks came in the form of cash and prescriptions for narcotic drugs. Vargas-Arias admitted to

knowing that co-conspirator Arnaldo Rosario, who also pleaded guilty in the same case on Aug. 18, 2009, oversaw and facilitated the payment of cash kickbacks to the Medicare beneficiaries.

Vargas-Arias also admitted that beginning in approximately November 2006, she assisted the owners of another purported infusion clinic, Xpress Center Inc. (XPC), to defraud Medicare. XPC was located in Livonia, Mich. Vargas-Arias admitted to hiring the physician at XPC, and instructed the operators of XPC as to how best to create fictitious patient files to cover up fraudulent billings to Medicare. As at Sacred Hope, Vargas-Arias admitted she was fully aware that the clinic routinely billed the Medicare program for services that were medically unnecessary and, in many instances were never provided. As at Sacred Hope, Vargas-Arias admitted to being fully aware that the purpose of the clinic was not to provide legitimate health care to patients, but rather to defraud the Medicare program.

Vargas-Arias also admitted that between approximately September of 2006 and March 2007, she and her co-conspirators caused the submission of approximately \$6,577,899 in false and fraudulent claims to the Medicare program for services purportedly provided at Sacred Hope and XPC. Medicare paid approximately \$4,931,428 on those claims.

The case is being prosecuted by Trial Attorneys John K. Neal and Benjamin D. Singer of the Criminal Division's Fraud Section and by Special Assistant U.S. Attorney Thomas W. Beimers of the Eastern District of Michigan. The FBI and the HHS Office of Inspector General (HHS-OIG) conducted the investigation. The case was brought as part of the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section and the U.S. Attorney's Office for the Eastern District of Michigan.

Since the inception of Strike Force operations in March 2007 -- Miami (Phase One), Los Angeles (Phase Two), Detroit (Phase Three), and Houston (Phase Four), the Strike Force has obtained indictments of 300 individuals and organizations that collectively have billed the Medicare program for more than \$680 million. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

Each of the Strike Force teams across the separate phases are led by a federal prosecutor from the Criminal Division's Fraud Section or the U.S. Attorney's Office. Each team has an agent from the FBI and HHS-OIG.

To learn more about the HEAT team, go to:

<http://www.stopmedicarefraud.gov/>

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