



State Official Charged With Taking Bribes In Connection With \$1 Billion Healthcare Fraud Scheme

Sara M. Lord

On July 22, 2016, the Department of Justice announced the indictment of the owner of more than 30 Miami-area skilled nursing and assisted living facilities, a hospital administrator, and a physician's assistant in connection with an alleged \$1 billion scheme involving numerous Miami-based health care providers. In what was billed as "the largest single criminal health care fraud case ever brought against individuals," the indictment alleged that Philip Esformes and his co-conspirators admitted Medicare and Medicaid beneficiaries to Esformes' facilities, where they billed for medically unnecessary services, took kickbacks to steer those beneficiaries to other providers who also billed for medically unnecessary services, disguised these payments as charitable donations, payments for services, and/or sham lease payments, and obstructed the investigation.¹

In February 2017, the government added to the charges against Esformes, charging him with paying thousands of dollars to an unidentified employee at the Florida Agency for Health Care Administration (AHCA) to obtain information regarding patient complaints and survey or inspection schedules.

On July 28, 2017, the government brought those added charges into focus by filing a criminal complaint against Bertha Blanco, a twenty-nine year employee of the AHCA, accusing her of taking tens of thousands of dollars in bribes from Esformes' intermediaries. Blanco, reportedly the first AHCA employee ever to be charged with taking bribes, allegedly provided confidential information on patient complaints and unannounced state inspections that Esformes and his employees used to address problems before the inspectors arrived at the facilities. According to the complaint, Esformes paid \$200 for each patient complaint and \$3,000 for unannounced inspections through a series of intermediaries. Using the information supplied by Blanco, the complaint alleges, Esformes was able to prevent having his Medicare and Medicaid licenses revoked, and to continue billing both programs for medically unnecessary services.

The filing of the complaint, which seeks to hold Blanco and the information she provided partially accountable for the continued success of the scheme, leaves the government thirty days to present an indictment to a grand jury, unless the parties agree to extend the time period and the court approves, or to reach a plea agreement, which, in this case, would likely require Blanco to cooperate with the government against Esformes. The four intermediaries who allegedly handled the payment of the bribes to Blanco have reportedly reached plea and cooperation agreements with the government, and the government's evidence apparently includes videotape of Esformes providing one of his associates with \$5,000 to be used to bribe Blanco.

Esformes, who has been in custody since July of last year, is scheduled to go to trial in Miami in March 2018.

The complaint against Blanco highlights the extensive scope of the Esformes case, which involved not only the alleged fraudulent billings from Esformes's own network of skilled nursing and assisted living facilities, but also illegal referrals to other healthcare providers in exchange for kickbacks, advanced money laundering techniques to conceal the scheme and Esformes's role in it, and obstruction of justice through the creation of false documents and support for the attempted flight

¹ <https://www.justice.gov/opa/pr/three-individuals-charged-1-billion-medicare-fraud-and-money-laundering-scheme> (last accessed Aug. 7, 2017).

of one of Esformes's chief associates. The alleged involvement of a state official in the complex network of owners, doctors, healthcare providers, and hospitals that allegedly participated in the scheme also demonstrates the government's willingness and ability to investigate and prosecute anyone potentially involved in alleged fraud schemes.

In announcing the original indictment of Esformes and his co-conspirators in July 2016, the government pointedly noted that investigators had, nonetheless, been able to uncover the full scope of the fraud scheme through advanced data analysis and forensic accounting techniques. Given the funds at stake, it is increasingly likely that the government's battle against fraud will continue to utilize innovative techniques of detection in countering increasingly complex and sophisticated allegations of fraud.

Authors and Contributors

Sara M. Lord

Partner, DC Office
202.677.4054
sara.lord@agg.com

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Atlanta Office

171 17th Street, NW
Suite 2100
Atlanta, GA 30363

Washington, DC Office

1775 Pennsylvania Avenue, NW
Suite 1000
Washington, DC 20006

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