UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	Criminal No.
	§	
JODI LEONORE LATSON,	§	UNDER SEAL
	§	
Defendant.	§	

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

The Medicare Program

1. The Medicare Program ("Medicare") was a federal healthcare program providing benefits to persons who were over the age of 65 or disabled. Medicare was administered by the United States Department of Health and Human Services ("HHS") through its agency, the Centers for Medicare & Medicaid Services ("CMS"). Individuals who received benefits under Medicare were referred to as Medicare "beneficiaries."

2. Medicare was a "health care benefit program," as defined by Title 18, United States Code, Section 24(b).

3. "Part A" of the Medicare program covered certain eligible home healthcare costs for medical services provided by a home health agency ("HHA") to beneficiaries that required home healthcare services because of an illness or disability that caused them

to be homebound. Payments for home healthcare medical services under Medicare Part A were typically made directly to an HHA or provider based on claims submitted to the Medicare program for qualifying services that had been provided to eligible beneficiaries, rather than to the beneficiary.

4. Physicians, clinics and other healthcare providers, including HHAs that provided services to Medicare beneficiaries, were able to apply for and obtain a "provider number." A healthcare provider that received a Medicare provider number was able to file claims with Medicare to obtain reimbursement for services provided to beneficiaries. A Medicare claim was required to set forth, among other things, the beneficiary's name and Medicare information number, the services that had been performed for the beneficiary, the date the services were provided, the cost of the services, and the name and identification number of the physician or other healthcare provider that ordered the services.

5. CMS did not directly pay Medicare Part A claims submitted by Medicare-certified HHAs. CMS contracted with different companies to administer the Medicare Part A program throughout different parts of the United States. In the State of Texas, CMS contracted with Trailblazers Health Enterprises ("Trailblazers") to administer Part A HHA claims. As administrator, Trailblazers received, adjudicated and paid claims submitted by HHA providers under the Part A program for home healthcare claims. Additionally, CMS separately contracted with companies in order to review HHA

providers' claims data. CMS contracted with TriCenturion, LLC and, later, Health Integrity, LLC to review HHA provider's claims for potential fraud, waste and abuse.

Part A Coverage and Regulations

Reimbursements

6. The Medicare Part A program reimbursed the full amount of the allowable charges for participating HHAs providing home healthcare services only if the patient qualified for home healthcare benefits. A patient qualified for home healthcare benefits only if the patient:

a. was confined to the home, also referred to as homebound;

b. was under the care of a physician who specifically determined there was a need for home healthcare and established the Plan of Care ("POC"); and

c. (i) the determining physician signed a certification statement specifying that the beneficiary needed intermittent skilled nursing services, physical therapy, or speech therapy; (ii) the beneficiary was confined to the home; (iii) that a POC for furnishing services was established; and (iv) periodically reviewed, and that the services were furnished while the beneficiary was under the care of the physician who established the POC.

7. HHAs were reimbursed under the Home Health Prospective Payment System ("PPS"). Under PPS, Medicare paid Medicare-certified HHAs a predetermined base payment for each 60 days that care was needed. This 60-day period was called an "episode of care." The base payment was adjusted based on the health condition and

care needs of the beneficiary. This adjustment was done through the Outcome and Assessment Information Set ("OASIS"), which was a patient assessment tool for measuring and detailing the patient's condition. If a beneficiary was still eligible for care after the end of the first episode of care, a second episode could commence. There were no limits to the number of episodes of home health benefits that a beneficiary could receive as long as the beneficiary remained eligible. The basic requirements that a physician certify that a beneficiary be confined to the home or homebound, and that skilled nursing services were medically necessary, was a continuing requirement for a Medicare beneficiary to receive such home healthcare benefits.

8. In order to be reimbursed, the HHA would submit a Request for Anticipated Payment ("RAP") and subsequently received a portion of their reimbursement payment in advance. At the end of a 60-day episode, when the final claim was submitted, the remaining portion of the payment would be reimbursed.

Record Keeping Requirements

9. Medicare Part A regulations required HHAs providing services to Medicare patients to maintain complete and accurate medical records reflecting the medical assessment and diagnoses of their patients, as well as records documenting actual treatment of the patients to whom services were provided and for whom claims for reimbursement were submitted by the home health agency. These medical records were required to be sufficient to permit Medicare, through Trailblazers and other contractors,

to review the appropriateness of Medicare payments made to the home health agency under the Part A program.

10. Among the written records required to document the appropriateness of home health care claims submitted under Part A of Medicare was a POC that included the physician order for home healthcare, diagnoses, types of services and frequency of visits, prognosis and rehabilitation potential, functional limitations and activities permitted, medications, treatments and nutritional requirements, safety measures and discharge plans, goals, and physician signature. Also required was a signed certification statement by an attending physician certifying that the patient was confined to his or her home and was in need of the planned home health services, and an OASIS.

Health Pro Resources

11. Health Pro Resources, LLC ("Health Pro Resources") was a Texas business entity formed in or about January 2007 that did business in Harris County, Texas, and elsewhere. Health Pro Resources was initially located at 6666 Harwin, Houston, Texas. In or about October 2007, Health Pro Resources moved its offices to 7322 Southwest Freeway, Houston, Texas. In or about September 2008, Health Pro Resources moved its offices to 1117 St. Agnes, Unit C, Houston, Texas, which was also the residence of **JODI LEONORE LATSON**. In or about January 2009, Health Pro Resources moved its offices to 3730 Kirby, Houston, Texas.

The Defendant

12. Defendant **JODI LEONORE LATSON**, a resident of Harris County, Texas, was the owner and operator of Health Pro Resources. From in or about January 2007 through in or about November 2009, **JODI LEONORE LATSON**, through Health Pro Resources, engaged in the business of providing Medicare beneficiary referrals to approximately 100 home healthcare agencies and other purported healthcare businesses in return for payment. Those home healthcare businesses then billed approximately $61.5 million to the Medicare program for services purportedly provided to Medicare beneficiaries.

COUNT 1
Conspiracy to Commit Health Care Fraud
(18U.S.C. § 1349)

1. Paragraphs 1 through 13 of the General Allegations section of this Indictment are realleged and incorporated by reference as if fully set forth herein.

2. From in or around January 2007, through in or around November 2009, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, defendant,

JODI LEONORE LATSON

did knowingly and willfully combine, conspire, confederate and agree with others, known and unknown to the Grand Jury, to violate Title 18, United States Code, Section 1347, that is, to execute a scheme and artifice to defraud a healthcare benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare,

and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, said healthcare benefit program, in connection with the delivery of and payment for health care benefits, items, and services.

Purpose of the Conspiracy

3. It was a purpose of the conspiracy for defendant and her co-conspirators to unlawfully enrich themselves by, among other things, (a) accepting and receiving kickbacks and bribes in exchange for Medicare beneficiary numbers that were the bases of false and fraudulent claims filed for home healthcare; (b) causing the submission and concealment of false and fraudulent claims to Medicare, the receipt and transfer of the proceeds from the fraud, and the payment of kickbacks; and (c) causing the diversion of the proceeds of the fraud for the personal use and benefit of the defendant and her co-conspirators.

Manner and Means of the Conspiracy

The manner and means by which the defendant and her co-conspirators sought to accomplish the object and purpose of the conspiracy included, among other things:

4. **JODI LEONORE LATSON** would recruit or help recruit Medicare beneficiaries for purposes of referring such beneficiaries to home healthcare agencies for the purpose of such agencies filing claims with Medicare for skilled nursing services. **JODI LEONORE LATSON,** and other co-conspirators, known and unknown, would establish a "boiler room" call center at which Health Pro Resources would recruit

Medicare beneficiaries through telemarketing calls, so that they could be placed at approximately 100 different home healthcare agencies for skilled nursing or other services. In return, **JODI LEONORE LATSON**, either directly or through Health Pro Resources, was paid kickbacks by the owners of such home healthcare agencies for referring the Medicare beneficiaries.

5. Co-conspirators, known and unknown, at home healthcare agencies would pay **JODI LEONORE LATSON** kickbacks, at agreed rates, for each Medicare beneficiary for whom claims for skilled nursing services would be submitted, and who was actually admitted, by such home healthcare agencies for skilled nursing services. **JODI LEONORE LATSON** would attempt to disguise the nature of the kickback payment by purportedly billing the home healthcare agencies for hours spent "marketing," when in fact the bill reflected a flat fee for each beneficiary to be provided by Health Pro Resources to the home healthcare agencies. Such home healthcare agencies would then bill, or attempt to bill, Medicare for skilled nursing or other services.

6. Co-conspirators, known and unknown, at certain home healthcare agencies to which **JODI LEONORE LATSON** and Health Pro Services sold Medicare beneficiary information would submit claims to Medicare for skilled nursing and other services when such services were not medically necessary or not rendered.

7. After learning that certain beneficiaries referred in exchange for kickback payments did not qualify for home healthcare and could not be billed for it, **JODI LEONORE LATSON** would refer such beneficiaries to co-conspirators, known and

unknown, at other home healthcare agencies, who would then submit claims to Medicare falsely stating that these beneficiaries qualified for and required home healthcare services.

8. When a beneficiary's regular doctor refused to sign an order for home healthcare, **JODI LEONORE LATSON** would often send the beneficiary's POC to another doctor who she knew would sign the order, regardless of whether such service was, in fact, medically necessary. The beneficiary would then be referred to an agency for home healthcare services.

All in violation of Title 18, United States Code, Section 1349.

COUNTS 2 and 3
Healthcare Fraud
(18 U.S.C. §§ 1347 and 2)

1. The allegations contained in Paragraphs 1 through 12 of the General Allegations section of this Indictment are realleged and incorporated by reference as if fully set forth herein.

2. On or about the dates set forth below, in Harris County, in the Southern District of Texas, and elsewhere, the defendant,

JODI LEONORE LATSON

did knowingly and willfully execute and attempt to execute, or aid and abet the execution and attempted execution, of a scheme and artifice to defraud a healthcare benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare, and to obtain, by means of materially false and fraudulent pretenses,

representations, and promises, money and property owned by, and under the custody and control of, said healthcare benefit program, in connection with the delivery of and payment for healthcare benefits, items, and service:

Count	Medicare Beneficiary	Approximate Dates of Purported Services	Approximate Amount Paid by Medicare
2	J.N.	01/24/09 to 3/24/09	$2,035.57
3	W.J.	10/30/08 to 12/28/08	$4,485.74

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT 4
Conspiracy to Pay or Receive Health Care Kickbacks
(18 U.S.C. § 371)

1. Paragraphs 1 through 12 of the General Allegations section of this Indictment are realleged and incorporated by reference as if fully set forth herein.

2. From in or around January 2007, through in or around November 2009, the exact dates being unknown to the Grand Jury, in the Houston Division of the Southern District of Texas, and elsewhere, defendant,

JODI LEONORE LATSON

did knowingly and willfully combine, conspire, confederate and agree with others known and unknown to the grand jury, to commit certain offenses against the United States, that is, to violate Title 42, United States Code, Section 1320a-7b(b)(1) and (b)(2), by knowingly and willfully soliciting, receiving, offering or paying remuneration, specifically, kickbacks and bribes, directly and indirectly, overtly and covertly, in return

for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole or in part by Medicare; and for the purchasing, leasing, ordering, and arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a Federal health care program, that is, Medicare.

Purpose Of The Conspiracy

3. It was the purpose of the conspiracy for **JODI LEONORE LATSON** and her co-conspirators, known and unknown, to unlawfully enrich themselves by paying and receiving kickbacks and bribes in exchange for providing Medicare beneficiary information that was used to submit claims to Medicare.

Manner And Means Of The Conspiracy

The manner and means by which the defendants and their co-conspirators sought to accomplish the object and purpose of the conspiracy included, among others, the following:

4. Paragraphs 4 through 7 contained in Count 1 of this Indictment are realleged and incorporated by reference as if fully set forth herein.

Overt Acts

5. In furtherance of the conspiracy, and to accomplish its object and purpose, the conspirators committed, and caused to be committed, in the Houston Division of the Southern District of Texas, the following overt acts:

a. Defendant **JODI LEONORE LATSON** and Defendant's co-conspirator M.F., an owner of a home healthcare agency, signed a contract dated on or about December 10, 2008, purporting to pay hourly remuneration to Defendant **JODI LEONORE LATSON** for the recruitment of Medicare beneficiaries.

b. Defendant's co-conspirator P.N., an owner of a home healthcare agency, made payable Check Number 3053, dated May 8, 2009, to Defendant **JODI LEONORE LATSON** in the amount of $2,250, in payment for the recruitment of Medicare beneficiaries.

All in violation of Title 18, United States Code, Section 371.

COUNTS 5-8
Kickbacks
(42 U.S.C. § 1320a-7b and 18 U.S.C. § 2)

1. Paragraphs 1 through 12 of the General Allegations section of this Indictment are realleged and incorporated by reference as if fully set forth herein.

2. On or about the dates enumerated below, at Harris County, in the Southern District of Texas, and elsewhere, as set forth below, the defendant

JODI LEONORE LATSON

did knowingly and willfully solicit and receive remuneration, specifically, kickbacks and bribes, directly and indirectly, overtly and covertly, in return for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment

may be made in whole or in part by Medicare; and for the purchasing, leasing, ordering, and arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a Federal health care program, that is, Medicare:

Count	Home Healthcare Agency	On or About Date	Approximate Amount of Kickback Received
5	M.H.H.C.	March 31, 2008	$2,225
6	T.C.H.H.	April 8, 2008	$4,750
7	N.H.H.A.	April 8, 2008	$2,250
8	F.H.S.	November 12, 2008	$2,500

In violation of Title 42, United States Code, Section 1320a-7b and Title 18, United States Code, Section 2.

FORFEITURE
(18 U.S.C. § 982)

1. The allegations contained in Paragraphs 1 through 12 of the General Allegations section and Counts 1-3 of this Indictment are realleged and incorporated by reference as if fully set forth herein for the purpose of alleging forfeiture to the United States of America of certain property in which **JODI LEONORE LATSON** has an interest pursuant to Title 18, United States Code, Section 982.

2. Pursuant to Title 18, United States Code, Section 982(a)(7), upon conviction of **JODI LEONORE LATSON**, for the health care fraud offenses charged in any count of this Indictment, the defendant shall forfeit to the United States any property,

real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense. The property subject to forfeiture is approximately $511,923.64.

3. If any of the property described above, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(I).

All pursuant to Title 18, United States Code, Section 982(a)(7).

A TRUE BILL

ORIGINAL SIGNATURE ON FILE

FOREPERSON

JOSE ANGEL MORENO
UNITED STATES ATTORNEY

SAM S. SHELDON
ASSISTANT CHIEF
CHARLES D. REED
TRIAL ATTORNEY
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE