UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 11-20589 CR-COOKE

18 U.S.C. § 1349
42 U.S.C. § 1320a-7b(b)(2)
18 U.S.C. § 2
18 U.S.C. § 982

MAGISTRATE JUDGE TURNOFF

Sealed

UNITED STATES OF AMERICA

vs.

ARIEL RODRIGUEZ,
REYNALDO NAVARRO,
MELISSA RODRIGUEZ,
and
YSEL SALADO,

Defendants.
_____/

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times material 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 health care costs for medical services provided by a home health agency ("HHA"), to beneficiaries who required home health services because of an illness or disability that caused them to be homebound. Payments for home health care 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 health care providers, including HHAs, that provided services to Medicare beneficiaries were able to apply for and obtain a "provider number." A health care 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 were performed for the beneficiary, the date that the services were provided, the cost of the services, and the name and identification number of the physician or other health care provider who 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 Florida, CMS contracted with Palmetto Government Benefits Administrators ("Palmetto") to administer Part A HHA claims. As administrator, Palmetto was to receive, adjudicate and pay claims submitted by HHA providers under the Part A program for home health claims.

Part A Coverage and Regulations

Reimbursements

6. The Medicare Part A program reimbursed 100% of the allowable charges for participating HHAs providing home health care services only if the patient qualified for home health benefits. A patient qualified for home health benefits only if:

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

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

c. the determining physician signed a certification statement specifying that the beneficiary needed intermittent skilled nursing services, physical therapy, or speech therapy and that the beneficiary was confined to the home; that a POC for furnishing services was established and 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 a

beneficiary could receive as long as the beneficiary continued to qualify for home health benefits.

8. In order to be reimbursed, the HHA would submit a Request for Anticipated Payment ("RAP") and subsequently receive a portion of its payment in advance of services being rendered. At the end of a 60-day episode, when the final claim was submitted, the remaining portion of the payment would be made. As explained in more detail below, "Outlier Payments" were additional PPS payments based on visits in excess of the norm. Palmetto paid Outlier Payments to HHA providers under PPS where the providers' RAP submissions established that the cost of care exceeded the established Health Insurance Prospective Payment System ("HIPPS") code threshold dollar amount.

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 HHAs. These medical records were required to be sufficient to permit Medicare, through Palmetto and other contractors, to review the appropriateness of Medicare payments made to the HHA 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 health care, diagnoses, types of services/frequency of visits, prognosis/ rehabilitation potential, functional limitations/activities permitted, medications/treatments/ nutritional requirements, safety measures/discharge plans, goals, and the physician's 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.

11. Medicare Part A regulations required provider HHAs to maintain medical records of every visit made by a nurse, therapist, and home health aide to a beneficiary. The record of a nurse's visit was required to describe, among other things, any significant observed signs or symptoms, any treatment and drugs administered, any reactions by the patient, any teaching and the understanding of the patient, and any changes in the patient's physical or emotional condition. The home health nurse, therapist and aide were required to document the hands-on personal care provided to the beneficiary as the services were deemed necessary to maintain the beneficiary's health or to facilitate treatment of the beneficiary's primary illness or injury. These written medical records were generally created and maintained in the form of "clinical notes" and "home health aide notes/observations."

Special Outlier Provision

12. Medicare regulations allowed certified home health agencies to subcontract home health care services to nursing companies, registries, or groups (nursing groups), which would, in turn, bill the certified home health agency. That certified home health agency would then bill Medicare for all services provided to the patient by the subcontractor. The HHA's professional supervision over arranged-for services required the same quality controls and supervision of its own employees.

13. For insulin-dependant diabetic beneficiaries, Medicare paid for insulin injections by an HHA agency when a beneficiary was determined to be unable to inject his or her own insulin and the beneficiary had no available care-giver able and willing to inject the beneficiary.

Additionally, for beneficiaries for whom occupational or physical therapy was medically necessary, Medicare paid for such therapy provided by an HHA. The basic requirements that a physician certify that a beneficiary is confined to the home or homebound and in need of home health services, as certified by a physician, was a continuing requirement for Medicare to pay for such home health benefits.

14. While payment for each episode of care was adjusted to reflect the beneficiary's health condition and needs, Medicare regulations contained an "outlier" provision to ensure appropriate payment for those beneficiaries who had the most extensive care needs, which may result in an Outlier Payment to the HHA. These Outlier Payments were additions or adjustments to the payment amount based on an increased type or amount of medically necessary care. Adjusting payments through Outlier Payments to reflect the HHA's cost in caring for each beneficiary, including the sickest beneficiaries, ensured that all beneficiaries had access to home health services for which they were eligible.

<u>Serendipity Home Health, Inc.</u>

15. Serendipity Home Health, Inc. ("SERENDIPITY HH") was a Florida corporation incorporated on or about January 2006, that did business in Miami-Dade County, Florida, as an HHA that purported to provide home health care and physical therapy services to eligible Medicare beneficiaries. SERENDIPITY HH was located at 2141 SW 1st Street, 104, Miami, Florida.

16. On or about January 20, 2006, defendant **ARIEL RODRIGUEZ** took ownership and control of SERENDIPITY HH, listing **ARIEL RODRIGUEZ** as the owner and president of SERENDIPITY HH.

17. On or about April 9, 2007, SERENDIPITY HH obtained Medicare provider

number 10-8408, authorizing SERENDIPITY HH to submit claims to Medicare for HHA-related benefits and services.

18. From in or about April 2007, through in or about March 2009, SERENDIPITY HH submitted approximately $20 million in claims to the Medicare program for home health services that it purportedly provided to approximately 519 beneficiaries. As a result of the submission of these claims, Medicare, through Palmetto, paid approximately $14 million to SERENDIPITY HH.

The Defendants

19. **ARIEL RODRIGUEZ,** a resident of Miami-Dade County, Florida, was president of SERENDIPITY HH. **ARIEL RODRIGUEZ** was also an owner and operator of SERENDIPITY HH.

20. Defendant **REYNALDO NAVARRO,** a resident of Miami-Dade County, Florida, was also an owner and operator of SERENDIPITY HH. **REYNALDO NAVARRO** listed his title as owner on checks he drafted from the SERENDIPITY HH account.

21. Defendant **MELISSA RODRIGUEZ,** a resident of Miami-Dade County, Florida, was an office administrator at SERENDIPITY HH.

22. Defendant **YSEL SALADO**, a resident of Miami-Dade County, Florida, was an office administrator at SERENDIPITY HH.

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

1. Paragraphs 1 through 22 of the General Allegations section of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. From in or around January 2006, through in or around March 2009, the exact

dates being unknown to the Grand Jury, at Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants,

ARIEL RODRIGUEZ,
REYNALDO NAVARRO,
MELISSA RODRIGUEZ,
and
YSEL SALADO,

did knowingly and willfully combine, conspire, confederate and agree with each other and 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 health care 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 health care 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 the defendants and their co-conspirators to unlawfully enrich themselves by, among other things: (a) causing the submission of false and fraudulent claims to Medicare; (b) offering and paying kickbacks and bribes to Medicare beneficiaries for the purpose of such beneficiaries arranging for the use of their Medicare beneficiary numbers by the co-conspirators as the bases of claims filed for home health care; (c) causing the concealment of the submission of false and fraudulent claims to Medicare, the receipt and transfer of the proceeds from the fraud, and the payment and receiving of kickbacks; and (d) causing the diversion of the proceeds of the fraud for the personal use and benefit of the defendants and their co-conspirators.

MANNER AND MEANS

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

4. **ARIEL RODRIGUEZ** and **REYNALDO NAVARRO** would purchase and otherwise take ownership and control of SERENDIPITY HH.

5. **ARIEL RODRIGUEZ** would become a corporate officer at SERENDIPITY HH.

6. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would pay kickbacks to co-conspirator patient recruiters, for recruiting Medicare beneficiaries to be placed at SERENDIPITY HH, which would in turn bill Medicare for home health services that were not medically necessary and were not provided.

7. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would pay kickbacks to co-conspirator patient recruiters, who would in turn pay kickbacks to Medicare beneficiaries in exchange for the beneficiaries' signing documents stating that they had received the home health care services that were billed to Medicare, when in fact the home health care services were not medically necessary and were not provided.

8. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would send patient recruiters and Medicare beneficiaries to co-conspirator doctors to obtain prescriptions for home health services and signed POCs for services that were not medically necessary.

9. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would obtain fraudulent POCs from doctors for Medicare beneficiaries for home health services that were not medically necessary.

10. **ARIEL RODRIGUEZ, REYNALDO NAVARRO, MELISSA RODRIGUEZ, YSEL SALADO** and their co-conspirators would falsify patient files and POCs to make it appear that Medicare beneficiaries qualified for and received home health services that were not medically necessary and never provided.

11. **MELISSA RODRIGUEZ, YSEL SALADO** and their co-conspirators would distribute kickback payments to the patient recruiters on behalf of the co-conspirator owners and operators of SERENDIPITY HH.

12. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would use medical billers to submit false and fraudulent claims to Medicare on behalf of SERENDIPITY HH.

13. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators caused the submission of approximately $20 million in false and fraudulent claims to Medicare under the provider number of SERENDIPITY HH, seeking payment for the costs of home health services, including but not limited to diabetic injections, skilled nursing visits, therapy, and other treatments and services that were not medically necessary and were not provided.

14. **ARIEL RODRIGUEZ, REYNALDO NAVARRO** and their co-conspirators would use the money paid by Medicare and transferred to themselves and their sham companies to compensate themselves and pay kickbacks and bribes to their co-conspirators.

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

COUNTS 2-6
Payment of Health Care Kickbacks
(42 U.S.C. § 1320a-7b(b)(2))

1. Paragraphs 1 through 22 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. On or about the dates enumerated below as to each count, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants, as set forth in each count below, did knowingly and willfully offer and pay any remuneration, that is, kickbacks and bribes, in cash and in kind, that is, in the form of checks, as indicated below by check number, directly and indirectly, overtly and covertly, to a person to induce such person to refer an individual for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole and in part by Medicare as set forth below:

Count	**Defendant**	**Approximate Date**	**Approximate Kickback Amount (Check Number)**
2	**ARIEL RODRIGUEZ**	February 21, 2008	$2,000 (#2995)
3	**ARIEL RODRIGUEZ**	February 9, 2009	$4,500 (#8553)
4	**REYNALDO NAVARRO**	April 24, 2008	$2,000 (#3719)
5	**REYNALDO NAVARRO**	May 19, 2008	$3,000 (#4048)
6	**REYNALDO NAVARRO**	May 22, 2008	$1,000 (#4072)

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

FORFEITURE
(18 U.S.C. § 982)

1. The allegations contained in Count 1 of this Indictment are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture to the United States of America of certain property in which one or more of **ARIEL RODRIGUEZ, REYNALDO NAVARRO, MELISSA RODRIGUEZ,** and **YSEL SALADO** have an interest.

2. Upon conviction of Count 1, as alleged in this Indictment, the defendants, **ARIEL RODRIGUEZ, REYNALDO NAVARRO, MELISSA RODRIGUEZ,** and **YSEL SALADO** 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 pursuant to Title 18, United States Code, Section 982(a)(7).

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

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, Sections 982(a)(7) and the procedures

outlined in Title 21, United States Code, Section 853, as incorporated by Title 18, United States Code, Section 982(b)(1).

A TRUE BILL

FOREPERSON

WIFREDO A. FERRER
UNITED STATES ATTORNEY

HANK BOND WALTHER
DEPUTY CHIEF
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE

JOSEPH S. BEEMSTERBOER
TRIAL ATTORNEY
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE