

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Christopher J. Christie, U.S. Attorney***

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Two Mercer County Podiatrists Charged with Health Care Fraud

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(More)

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NEWARK – A Mercer County podiatrist was arrested today on a federal Indictment in connection with health care fraud schemes that cost more than \$1 million in total losses, U.S. Attorney Christopher J. Christie announced.

Dr. John Cavalli, 36, of Hamilton, was arrested this morning by Special Agents from the federal Department of Health and Human Services. An arrest warrant was issued for a second podiatrist also charged in the same Indictment, Dr. Alan Tuchman, 60, of East Windsor.

Cavalli made an initial appearance this afternoon before U.S. Magistrate Ronald J. Hedges in Newark. Bail was set at \$100,000, to be secured by equity in Cavalli's parents' home.

Count One of the Indictment, which was unsealed with Cavalli's arrest, describes several fraudulent schemes in which Cavalli, a podiatrist and president and chief executive officer of the now-defunct Poor Circulation Treatment Center in Hamilton, allegedly submitted fraudulent claims for purported therapeutic services to Medicare, Horizon Blue Cross Blue Shield of New Jersey and Aetna Life Insurance Company. A large portion of patients treated at the Center were elderly and poor, many of whom were receiving benefits from the Medicare program.

According to the Indictment, most of the services at the Center were not provided by Cavalli or any licensed podiatrist. Instead the services were rendered by various unqualified personnel, including technicians and medical interns, who had received little or no professional training to properly provide such therapies. Cavalli then submitted false and fraudulent claims as though he had personally rendered the services.

Most of the services rendered to Cavalli's patients involved non-traditional podiatric services, including the "circulator boot" procedure and electrical stimulation. The circulator boot is a device approved by the U.S. Food and Drug Administration to treat a variety of circulatory and podiatric medical problems. The circulator boot is not, however, an authorized treatment protocol in New Jersey for wound care or poor circulation under Medicare regulations and Horizon or Aetna's policies.

To receive payments from Medicare, Cavalli billed the circulator boot as various other therapies under different billing codes, according to the Indictment. Each time Cavalli switched billing codes, Medicare placed him on prepayment review for the new billing code, requiring him to completely document the medical need for the service. Rather than submit the required documentation, Cavalli submitted bills under different codes.

Electrical stimulation is a form of physical therapy that uses an electrical current to cause muscle contraction. Under New Jersey regulations, only qualified professionals, such as physicians or licensed physical therapists, are permitted to provide this form of therapy. The persons delivering the billed therapy treatments were not qualified to do so, according to the Indictment.

By these means, from at least January 2001 to January 2003, Cavalli obtained more than \$1 million from Medicare, Horizon and Aetna, the Indictment alleges.

Medicare eventually placed Cavalli on prepayment review for all codes. As described in Count Two of the Indictment, Cavalli then circumvented the audit by soliciting Tuchman and other podiatrists to bill Medicare, Aetna and Horizon under their own provider numbers for patients treated at the Center.

Like Cavalli, Tuchman did not personally render the therapeutic services to patients at the Center, but submitted claims to the health care providers as though he had. Cavalli and Tuchman also used other means to defraud Medicare, Horizon and Aetna, including the upcoding of claims – the fraudulent practice of billing insurance carriers for services at a higher rate of reimbursement by indicating that they had provided one-on-one treatment, when services were provided in a group setting.

From January 2003 to January 2005, Cavalli and Tuchman defrauded the health care providers more than \$200,000, the Indictment alleges.

Count One of the Indictment, which charges Cavalli with health care fraud, carries a maximum statutory penalty of 10 years in prison and a \$250,000 fine. Count Two of the Indictment, which charges Cavalli and Tuchman with conspiracy to commit health care fraud, carries the same maximum statutory penalties.

Christie credited Special Agents of the U.S. Department of Health and Human Services, Office of the Inspector General, under the direction of Special Agent in Charge Gary Heuer, and investigators with the state of New Jersey, Division of Criminal Justice, Office of the Insurance Fraud Prosecutor, under the direction of Insurance Fraud Prosecutor Greta Gooden Brown and New Jersey Attorney General Stuart Rabner.

Despite Indictment, all defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

The government is represented by Assistant U.S. Attorney Lisa Rose of the Government Fraud Unit in Newark.

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Defense counsel:  
Lorraine Gauli-Rufo, Esq. of Newark, for Cavalli  
Peter Willis, Esq. of Jersey City, for Tuchman