

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	
v.)	No.
)	
BRADLEY MATTSON,)	Violations: Title 18, United States
STEVEN PAUL, and)	Code, Section 1347
NEELESH PATEL)	

COUNTS 1-4

The SPECIAL MARCH 2010 GRAND JURY charges:

1. At times material to this Indictment:

a. North Shore Physical Medicine (Niles, Illinois), Hawthorn Physical Medicine (Vernon Hills, Illinois), Cumberland Physical Medicine (Norridge, Illinois), Woodfield Physical Medicine (Schaumburg, Illinois), Stratford Physical Medicine (Bloomington, Illinois), and Algonquin Physical Medicine (Lake-in-the-Hills, Illinois) were chiropractic clinics that provided chiropractic, medical, and physical therapy services.

b. Defendants BRADLEY MATTSON, STEVEN PAUL, and NEELESH PATEL were doctors of chiropractic. MATTSON, PAUL, and PATEL jointly owned and operated the following chiropractic clinics: (1) Hawthorn Physical Medicine, (2) Woodfield Physical Medicine, (3) Stratford Physical Medicine, and (4) Algonquin Physical Medicine. MATTSON and PAUL also jointly owned and operated (1) Northshore Physical Medicine and (2) Cumberland Physical Medicine.

c. Blue Cross Blue Shield of Illinois ("Blue Cross"), Aetna, and Humana were health care insurance companies that operated "health care benefit programs" as is defined in Title

18, United States Code, Section 24, through which programs they provided payment for certain defined health care benefits received by their subscribers.

d. Providers of health care services to Blue Cross, Aetna, and Humana subscribers seeking reimbursement under the programs were required to submit certain information to Blue Cross, Aetna, and Humana relating to their particular reimbursement claims. Required claim information included the subscriber's name, his or her subscriber insurance number, the date the subject services were rendered, the location where the service was rendered, a code identifying the medical procedure performed, the number of services rendered ("units"), a code reflecting the patient's diagnosis, the charges for each service provided and the provider's assigned provider number or tax identification number.

e. Blue Cross, Aetna, Humana, and most other health care benefit programs utilized a national coding practice to identify health care services and procedures performed by physicians and associated treaters for payment of insurance claims that relied on the American Medical Association Physicians' Current Procedural Terminology ("CPT") system. For each such code, each health care benefit program determined a payment rate which corresponded to the nature of the service or procedure, the type of health care service provider performing the service or procedure, and the amount of time typically required for the performance of the service or procedure.

f. Blue Cross, Aetna, and Humana ordinarily authorized payment for health care services only if those services were actually provided and medically necessary. Conversely, Blue Cross, Aetna, and Humana would not pay for services and treatment that were not actually provided or medically unnecessary.

g. Between 1999 and 2008, MATTSON, PAUL, and PATEL submitted and caused to be submitted to Blue Cross claims for reimbursement for x-rays, MRIs, neurological diagnostic testing, and physical therapy services in the approximate amounts set forth below:

North Shore Physical Medicine	\$6,397,429.43
Hawthorn Physical Medicine	\$4,441,630.26
Cumberland Physical Medicine	\$3,477,157.31
Woodfield Physical Medicine	\$2,255,081.66
Stratford Physical Medicine	\$1,502,355.91
Algonquin Physical Medicine	\$467,083.65

h. Individual A was the owner of Company A, a Magnetic Resonance Imaging (MRI) facility that offered MRI exams to patients of North Shore Physical Medicine, Hawthorn Physical Medicine, Cumberland Physical Medicine, Woodfield Physical Medicine, Stratford Physical Medicine, and Algonquin Physical Medicine.

i. Individual B was a physical therapist, licensed by the state of Illinois, who worked at Hawthorn Physical Medicine between in or around October 2006 and in or around February 2008.

j. Individual C was a medical doctor, licensed by the state of Illinois, who worked at Hawthorn Physical Medicine between in or around July 2005 and in or around June 2006.

k. Individual D was a physical therapist, licensed by the state of Illinois, who worked at Hawthorn Physical Medicine between in or around September 2009 and in or around October 2009.

2. Beginning in or around January 1999 and continuing through in or about December 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON,
STEVEN PAUL, and
NEELESH PATEL,

defendants herein, knowingly and willfully devised and participated in a scheme to defraud health care benefit programs affecting interstate commerce, including, among others, Blue Cross, Aetna, and Humana, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned, and under the custody and control of such health care benefit programs, in connection with the delivery of, and payment for health care benefits, items, and services.

3. It was part of the scheme that MATTSON, PAUL, and PATEL submitted and caused to be submitted false and fraudulent claims to Blue Cross, Aetna, and Humana on behalf of patients of North Shore Physical Medicine, Hawthorn Physical Medicine, Cumberland Physical Medicine, Woodfield Physical Medicine, Stratford Physical Medicine, and Algonquin Physical Medicine (collectively, the “clinics”) seeking reimbursement for chiropractic, medical, and/or physical therapy services, when, in fact, such services either were not medically necessary or were not actually provided.

4. It was further part of the scheme that MATTSON, PAUL, and PATEL marketed the clinics through their company, ARC Health, at malls and employee health fairs that targeted individuals insured by certain health care benefit programs. MATTSON, PAUL, and PATEL instructed the marketing employees of ARC Health to offer potential patients coupons that falsely advertised a free-x-ray exam and a discounted office visit, which services were actually later billed

by the clinics to the patients' health care benefit programs.

5. It was further part of the scheme that MATTSON, PAUL, and PATEL scheduled and caused to be scheduled patients for initial "Day 1" and "Day 2" visits to the clinics that were designed to convince the patients that they had a problem regardless of the patients' actual condition so that the patients would sign up for care.

6. It was further part of the scheme that MATTSON, PAUL, and PATEL instructed the clinics' chiropractors to take patients' x-rays during the Day 1 visit, although the defendants knew that the x-rays did not help diagnose the patients' condition, and therefore, were not medically necessary. Nonetheless, MATTSON, PAUL, and PATEL further instructed the clinics' chiropractors to show the patients their x-rays and diagnose them with a pinched nerve or disc problem regardless of the patients' actual complaint or condition. In turn, MATTSON, PAUL, and PATEL billed and caused to be billed their patients' health care benefit programs for the x-ray exams knowing in fact that such x-ray exams were not medically necessary.

7. It was further part of the scheme that MATTSON, PAUL, and PATEL caused the clinics' patients to return for their Day 2 visits to engage in physical therapy, which treatment was prescribed without regard to the patients' actual condition or medical necessity. After the patients received their physical therapy, MATTSON, PAUL, and PATEL later billed and caused to be billed their patients' health care benefit programs for the physical therapy services knowing in fact that such physical therapy was not medically necessary.

8. It was further part of the scheme that during the Day 2 visit, MATTSON, PAUL, and PATEL caused their patients to sign up for a treatment plan of scheduled visits to the clinic for additional physical therapy and other medical services, which treatment was prescribed without

regard to the patients' actual condition or medical necessity. To alleviate patients' concerns about the costs associated with the treatment plan, MATTSON, PAUL, and PATEL routinely waived and caused to be waived the patients' insurance co-payments.

9. It was further part of the scheme that MATTSON, PAUL, and PATEL required the clinics' patients to be examined regularly by a medical doctor regardless of the patients' diagnosis or medical necessity. In turn, MATTSON, PAUL, and PATEL billed and caused to be billed their patients' health care benefit programs for medical doctor office visits, knowing in fact that such medical doctor office visits were not medically necessary.

10. It was further part of the scheme that MATTSON, PAUL, and PATEL instructed their clinics' chiropractors to order neurological diagnostic testing and MRIs for patients without regard to medical necessity and, after the tests were completed, to change the patients' diagnosis codes by adding a new, false condition for which the patients were being treated so that their health care benefit program covered additional visits for treatment.

11. It was further part of the scheme that MATTSON and Individual A agreed that Company A would pay kickbacks in the form of cash to MATTSON for the personal benefit of MATTSON in return for MATTSON sending patients from defendants' clinics to Company A for MRI exams.

12. It was further part of the scheme that MATTSON, PAUL, and PATEL obtained rubber stamps of signatures belonging to their clinics' medical doctors for the purpose of using these signature stamps to purport to approve treatment and to refer patients for neurological diagnostic testing and MRI exams without regard to the patients' actual condition or medical necessity. In turn, MATTSON, PAUL, and PATEL billed and caused to be billed their patients' health care benefit

programs for MRI exams and neurological diagnostic testing, knowing in fact that such MRI exams and neurological diagnostic testing were not medically necessary.

13. It was further part of the scheme that MATTSON and PATEL knowingly billed and caused to be billed Blue Cross for physical therapy services purportedly provided to patients at Woodfield Physical Medicine and Stratford Physical Medicine by Individual B, knowing in fact that Individual B did not work at either of those clinics or perform the claimed physical therapy services.

14. It was further part of the scheme that PATEL knowingly billed and caused to be billed Aetna and Humana for physical therapy services purportedly provided to patients at Hawthorn Physical Medicine by Individual C, knowing in fact that Individual C did not perform the claimed physical therapy services.

15. It was further part of the scheme that MATTSON knowingly billed and caused to be billed Blue Cross for physical therapy services purportedly provided to patients at Hawthorn Physical Medicine by Individual D, knowing in fact that Individual D did not perform the claimed physical therapy services.

16. It was further part of the scheme that MATTSON, PAUL, and PATEL received reimbursement from Blue Cross for purportedly providing physical therapy services for neuromuscular reeducation (CPT code 97112) to the clinics' patients, knowing in fact that this service was not provided.

17. It was further part of the scheme that MATTSON, PAUL, and PATEL misrepresented, concealed and hid and caused to be misrepresented, concealed and hidden, the acts and purposes of the acts done in furtherance of the scheme to defraud in order to avoid detection of the scheme to defraud.

18. On or about the dates set forth below, at Niles, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON and
STEVEN PAUL,

defendants herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused Blue Cross to transmit funds to North Shore Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for neuromuscular reeducation (CPT code 97112) purportedly provided to Patient A:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
1	9/6/06	\$70
2	9/14/06	\$70
3	9/20/06	\$70
4	10/16/06	\$105

All in violation of Title 18, United States Code, Section 1347.

COUNTS 5-7

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 through 17 of Count 1 of this indictment are incorporated here.

2. On or about the dates set forth below, at Vernon Hills, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON and
NEELESH PATEL,

defendants herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused Blue Cross to transmit funds to Hawthorn Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for neuromuscular reeducation physical therapy services (CPT code 97112) purportedly provided to Patient B:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
5	9/19/06	\$31.50
6	10/6/06	\$31.50
7	11/14/06	\$31.50

All in violation of Title 18, United States Code, Section 1347.

COUNTS 8-11

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 through 17 of Count 1 of this indictment are incorporated here.

2. On or about the dates set forth below, at Bloomingdale, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON and
NEELESH PATEL,

defendants herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused Blue Cross to transmit funds to Stratford Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for physical therapy services purportedly rendered by Individual B:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
8	9/6/07	\$7,563.50
9	11/7/07	\$4,951.20
10	11/28/07	\$8,574.60
11	12/5/07	\$6,379.20

All in violation of Title 18, United States Code, Section 1347.

COUNTS 12-15

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 through 17 of Count 1 of this indictment are incorporated here.
2. On or about the dates set forth below, at Schaumburg, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON and
NEELESH PATEL,

defendants herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused Blue Cross to transmit funds to Woodfield Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for physical therapy services purportedly rendered by Individual B:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
12	10/19/07	\$3,147.00
13	11/9/07	\$1,461.20
14	11/28/07	\$4,729.45
15	12/5/07	\$5,693.50

All in violation of Title 18, United States Code, Section 1347.

COUNTS 16-19

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 through 17 of Count 1 of this indictment are incorporated here.

2. On or about the dates set forth below, at Vernon Hills, in the Northern District of Illinois, Eastern Division, and elsewhere,

NEELESH PATEL,

defendant herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused Aetna to transmit funds to Hawthorn Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for physical therapy services purportedly rendered by Individual C:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
16	11/16/06	\$422.42
17	11/22/06	\$1,966.49
18	4/3/07	\$542.48
19	4/4/07	\$376.57

All in violation of Title 18, United States Code, Section 1347.

COUNTS 20-23

The SPECIAL MARCH 2010 GRAND JURY further charges:

1. The allegations contained in paragraphs 1 through 17 of Count 1 of this indictment are incorporated here.
2. On or about the dates set forth below, at Vernon Hills, in the Northern District of Illinois, Eastern Division, and elsewhere,

BRADLEY MATTSON

defendant herein, for the purpose of executing the above-described scheme to defraud a health care benefit program, knowingly and willfully caused BCBS to transmit funds to Hawthorn Physical Medicine by electronic transfer, each electronic transfer constituting a separate count of this indictment, which included payments in the approximate amounts set forth below for physical therapy services purportedly rendered by Individual D:

<u>COUNT</u>	<u>PAID DATE</u>	<u>AMOUNT</u>
20	11/20/09	\$83.70
21	11/24/09	\$47.20
22	12/10/09	\$93.20
23	12/16/09	\$47.20

All in violation of Title 18, United States Code, Section 1347.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY