

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO.
v.	:	DATE FILED:
MICHAEL KARP	:	VIOLATIONS:
RAYMOND BROZEK	:	18 U.S.C. § 1347 (health care fraud - 1 count)
	:	18 U.S.C. § 1341 (mail fraud - 1 count)
	:	Notice of forfeiture

INFORMATION

COUNT ONE

(Health Care Fraud)

THE UNITED STATES ATTORNEY CHARGES THAT:

Background

At all times material to this information:

1. Defendant MICHAEL KARP, Mark Levin, charged elsewhere, and another person known to the United States Attorney, were the owners of the Hatfield Athletic Club located at 2420 Bethlehem Pike, in Hatfield, Pennsylvania, Rehab One, a chiropractic and rehabilitation facility located inside the club, and Rehab Two, an exercise facility located in the basement of Levin's home.
2. Defendant RAYMOND BROZEK was a licensed chiropractor, employed by defendant Michael Karp and Mark Levin, who provided chiropractic services to clients at Rehab One and Rehab Two.
3. Defendant MICHAEL KARP and Mark Levin, as owners of Rehab One, employed a number of unlicensed personnel, including personal trainers, exercise physiologists,

and massage therapists, at Rehab One and Rehab Two, who were supposed to work under the supervision and at the direction of defendant RAYMOND BROZEK.

4. Independence Blue Cross (“IBC”), was “a health care benefits program” as defined by Title 18, United States Code, Section 24(b).

5. IBC provided reimbursement to health care providers who were a party to a Professional Provider Agreement and who submitted claim forms that included several items of information, including the provider or supplier’s Provider Identification Number (“PIN”), the beneficiary’s name, and the procedure code for the type of services rendered. Each procedure code corresponded to a specific medical procedure and the codes were defined in the American Medical Association Physician’s Current Procedure Terminology (“CPT”) Guidebook and the Blue Shield Blue Cross Procedure Terminology Manual (“PTM”).

6. If IBC approved a claim, the amount of reimbursement to the provider was determined based on the procedure codes.

7. IBC reimbursed health care providers, including chiropractors, for certain physical therapy procedure codes that fell into two categories – supervised and direct one-on-one contact with the provider. Among other procedures, IBC reimbursed providers if a chiropractor supervised the following procedures:

- a. 97010 - Application of a modality to one or more areas with hot or cold packs;
- b. 97012 - Application of a modality to one or more areas with mechanical traction; and,

- c. 97014 - Application of a modality to one or more areas with electrical stimulation.

8. Among other procedures, IBC also reimbursed providers if a chiropractor engaged in direct one-on-one contact with a patient for the following procedures:

- a. 97110 - Therapeutic procedure involving exercises to develop strength and endurance, range of motion, and flexibility;
- b. 97116 - Therapeutic procedure involving gait training;
- c. 97124 - Therapeutic procedure involving massage;
- d. 97140 - Manual therapy techniques, including mobilization/manipulation and manual traction; and,
- e. 97530 - Therapeutic activities to improve functional performance.

9. IBC did not reimburse for services that were performed by a health care provider that were not medically necessary and for maintenance or wellness purposes. IBC also did not reimburse health care providers for services provided by a massage therapist, whether employed by or under the supervision of a provider.

10. Rehab One was a party to a Professional Provider Agreement with IBC.

11. Defendant RAYMOND BROZEK used an internal, pre-printed form, known in the industry as a superbill, that contained a listing of procedure codes commonly used by a chiropractor, to reflect medical procedures that he purportedly rendered or supervised.

12. Defendant RAYMOND BROZEK was responsible for the preparation of the superbills and claims that were submitted to IBC. He was required to certify that all of the information on the claims was accurate.

The Health Care Fraud Scheme

13. Defendant MICHAEL KARP and Mark Levin sought and directed Hatfield Athletic Club employees and others to seek chiropractic services from defendant RAYMOND BROZEK at Rehab One and Rehab Two for treatment that was not medically necessary.

14. Mark Levin escorted Hatfield Athletic Club employees to Rehab One so that they could sign the patient log at Rehab One to make it appear that they had received treatment from defendant RAYMOND BROZEK when, in fact, they had not.

15. Defendant MICHAEL KARP and Mark Levin provided defendant RAYMOND BROZEK with forms containing the names of Hatfield Athletic Club employees and family members who purportedly received weekly chiropractic treatment.

16. Defendant RAYMOND BROZEK provided chiropractic services to the owners and employees of the Hatfield Athletic Club, as well as others at Rehab One and Rehab Two, that were not medically necessary.

17. Defendant RAYMOND BROZEK fraudulently represented on superbills that all of the services provided were medically necessary. He prepared fraudulent superbills for the Hatfield Athletic Club employees who signed Rehab One's patient log but did not receive treatment and for the employees and family members who purportedly received weekly chiropractic treatment. Defendant BROZEK also completed the forms provided to him by defendant MICHAEL KARP and Mark Levin containing the names of Hatfield Athletic Club employees and family members who purportedly received weekly chiropractic treatment or prepared superbills with the information provided to him and included fictitious procedure codes and false representations of patient symptoms and clinical findings.

18. At the direction of Mark Levin and defendants MICHAEL KARP and RAYMOND BROZEK, Rehab One employees, including personal trainers, exercise physiologists, and massage therapists, provided services to patients at Rehab One, Rehab Two, and at the homes of Levin's friends, that were not supervised by defendant BROZEK.

19. Based on the services provided by Rehab One employees at Rehab One, Rehab Two, and at the homes of Mark Levin's friends, defendant RAYMOND BROZEK falsely represented on superbills prepared for each patient that he had performed the services so that they would be reimbursable by IBC.

20. Defendant MICHAEL KARP submitted the fraudulent superbills to a billing company under contract with Rehab One. The billing company transferred the information contained on the superbills onto an insurance claim form that was submitted to IBC.

21. Defendants MICHAEL KARP and RAYMOND BROZEK, along with Mark Levin, caused the submission of billings to IBC which falsely represented that defendant BROZEK: (a) performed procedures to patients that were medically necessary; (b) performed all of the procedures billed; and (c) supervised procedures rendered to patients, when, in fact, as defendants KARP and BROZEK knew, the services were not provided under BROZEK's direct supervision and were provided by his Rehab One and Rehab Two unlicensed personnel.

22. Defendants MICHAEL KARP and RAYMOND BROZEK, along with Mark Levin, caused the submission of fraudulent medical bills to IBC totaling approximately \$1.9 million, resulting in payments from IBC totaling approximately \$399,822.

23. From in or about March, 2004 through in or about November, 2006, in the Eastern District of Pennsylvania, defendants

**MICHAEL KARP and
RAYMOND BROZEK**

knowingly and willfully executed a scheme and artifice to defraud a health care benefit program, that is, Independence Blue Cross, and to obtain money and property owned by and under the custody and control of that health care benefit program, by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits, items and services, by submitting and causing to be submitted fraudulent health care insurance claims for services that were not medically necessary, that were purportedly supervised by defendant BROZEK or provided directly by defendant BROZEK when the defendants knew the services were not performed by defendant BROZEK or any other licensed medical professional, and for services the defendants knew were not reimbursable.

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

COUNT TWO

(Mail Fraud)

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

Introduction

1. The allegations of paragraphs 1 through 12 of Count One are realleged here.

The Scheme to Defraud

2. From in or about March, 2004 to in or about November, 2006, in the Eastern District of Pennsylvania, defendants

**MICHAEL KARP and
RAYMOND BROZEK**

devised and intended to devise a scheme to defraud Independence Blue Cross and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

3. It was the object of the scheme described in paragraph 2 for defendants MICHAEL KARP and RAYMOND BROZEK, along with Mark Levin, charged elsewhere, to submit and cause to be submitted fraudulent health care insurance claims for services that were not medically necessary, that were purportedly supervised by defendant BROZEK or provided directly by defendant BROZEK when the defendants and Levin knew the services were not performed by defendant BROZEK or any other licensed medical professional, and for services the defendants and Levin knew were not reimbursable.

Manner and Means

4. It was part of the scheme to defraud that defendants MICHAEL KARP and RAYMOND BROZEK, along with Mark Levin, engaged in the manner and means described in paragraphs 13-22 of Count 1 of this information.

5. On or about March 3, 2006, in the Eastern District of Pennsylvania, defendants

**MICHAEL KARP and
RAYMOND BROZEK,**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by the United States Postal Service, according to the directions thereon, check number 3101732918 in the amount of \$14,556, which was a payment made by IBC based on fraudulent claims submitted by the defendants for services that were not medically necessary, that were purportedly supervised by defendant BROZEK or provided directly by defendant BROZEK when the defendants knew the services were not performed by defendant BROZEK or any other licensed medical professional, and for services the defendants knew were not reimbursable.

All in violation of Title 18, United States Code, Section 1341.

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1347, set forth in this information, defendants

**MICHAEL KARP and
RAYMOND BROZEK**

shall forfeit to the United States of America any property that constitutes or is derived from gross proceeds traceable to the commission of such offense, as charged in this information, including, but not limited to, the sum of \$399,882.

2. If any of the property subject to forfeiture, 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;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

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

A handwritten signature in black ink, appearing to read "Peter F. Schuch for". The signature is written in a cursive style with a large initial "P" and "F".

MICHAEL L. LEVY
UNITED STATES ATTORNEY