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HOSPICE OWNER CHARGED IN HEALTH CARE FRAUD SCHEME

PHILADELPHIA - An indictment¹ was unsealed today charging Matthew Kolodesh, a/k/a “Matvei Kolodech”, with conspiracy to defraud Medicare of more than \$14 million through his home hospice business, announced United States Attorney Zane David Memeger. Kolodesh was arrested this morning. According to the indictment, Kolodesh’s business, Home Care Hospice, Inc. (“HCH”), located at 2801 Grant Avenue in Philadelphia, submitted claims totaling approximately \$14.3 million for patients that were not eligible for or did not receive the hospice services billed to Medicare. Kolodesh also allegedly diverted \$9.36 million dollars from HCH’s operating account for his own personal use, such as extensive renovations to his house, travel expenses, college tuition for his son, and a luxury automobile. This also included substantial sums of cash siphoned from the HCH operating account through kickbacks from HCH vendors using a system of phony and inflated invoicing, and a cash kickback scam through sham charitable donations made in the name of the hospice.

Kolodesh is charged with conspiracy to commit health care fraud, 21 counts of health care fraud, 11 counts of money laundering, and two counts of mail fraud.

The indictment alleges that Kolodesh and his co-conspirator, identified only as “A.P.”, would pay health care professionals, including doctors, for referring patients to HCH even when those patients were not eligible or appropriate for hospice services. In an effort to mask the alleged kickback scheme, HCH fraudulently represented that some of those health care professionals were paid for services as medical directors, advisors, or hospice physicians.

Among the ineligible patients, the indictment alleges, were patients who were not terminally ill and patients who were on the service list for more than six months. At the direction of Kolodesh and A.P., it is further alleged that HCH staff would routinely “doctor” or alter patient charts to make it appear on paper as though the patient’s medical condition was worse than it actually was. The staff was also allegedly directed to bill certain claims at a higher, more costlier rate of service than was actually provided to the patient.

¹An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

In February 2007, HCH was notified that it was subject to a claims review audit. According to the indictment Kolodesh, through A.P., directed members of HCH staff to falsify documentation to be submitted for the audit. In September 2007, HCH was notified that it had exceeded its cap for Medicare reimbursement and would have to repay \$2,625,047 to the government program. At that point, it is alleged, Kolodesh ordered a mass discharge of patients and A.P. had 79 hospice patients discharged in October 2007 and a total of 128 discharged by January 2008, some of whom had been ineligible for hospice or inappropriately maintained on hospice service in excess of six months. Of those discharged patients, 16 were admitted to Kolodesh's other hospice business, Community Home Health in Bucks County. Once the Medicare cap was resolved, it is alleged that 11 of those patients were returned to HCH.

The indictment further charges that in August and September 2005, Kolodesh and A.P. applied for a low interest loan worth \$2.5 million with the Philadelphia Industrial Development Corporation. The purpose of PIDC loan is to stimulate business investment and create jobs in the city of Philadelphia. According to the indictment, Kolodesh indicated that the funds were to be used to acquire and renovate a property for his business and the creation of 50 jobs in Philadelphia at the 2801 Grant Avenue site of HCH. In reality, Kolodesh knew that between August 2005 and July 2009, the job quota was not being met, and in the summer of 2008 he allegedly set up a sham office for CHH (his Bucks County health care business) at that location and falsely identified 73 CHH employees as working at the office location on Grant Avenue who, in fact, had never worked there.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR YEAR OF BIRTH
Matthew Kolodesh	Churchville, PA	49

If convicted of all charges, Kolodesh faces a statutory maximum sentence of 370 years in prison. The government will also seek restitution to Medicare in the amount of \$14.3 million and proceeds from the money laundering.

The case was investigated by the Federal Bureau of Investigation and the Department of Health and Human Services Office of Inspector General. It is being prosecuted by Assistant United States Attorney Suzanne B. Ercole.

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