

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF LOUISIANA

**INDICTMENT FOR CONSPIRACY TO COMMIT HEALTH CARE FRAUD,
HEALTH CARE FRAUD, AND FORFEITURE ALLEGATION**

UNITED STATES OF AMERICA : CRIMINAL NO. 11- 104-BAJ-SCR
:
versus : 18 U.S.C. § 1349
:
LINDA M. JACKSON, : 18 U.S.C. § 1347
EUNICE SPARROW, and : 18 U.S.C. § 982(a)(7)
UNIECESCO SMITH : 18 U.S.C. § 2
:

THE GRAND JURY CHARGES:

At all times relevant to this Indictment:

1. The Medicare Program (“Medicare”) was a federal program that provided free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. The benefits available under Medicare are prescribed by statute and by federal regulations under the auspices of the United States Department of Health and Human Services (“HHS”), through its agency, the Centers for Medicare and Medicaid Services (“CMS”). Individuals who received benefits under Medicare were commonly 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. Medicare included several “parts,” including “Part B,” which covered certain durable medical equipment (“DME”), such as electric or motorized wheelchairs (also known as “power wheelchairs”), accessories associated with power wheelchairs (such as batteries, seat cushions, and spare tires), and orthotics.

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4. For Louisiana beneficiaries, Medicare Part B insurance covering DME and related health care benefits, items, and services was administered by Palmetto Government Benefits Administrators (“Palmetto”) and, later, by Cigna Government Services (“Cigna”), pursuant to a contract that each entity had with HHS. Among other responsibilities, Palmetto and Cigna would receive, adjudicate, and pay the claims submitted to them by Medicare beneficiaries, physicians, or suppliers of health care items and services.

5. DME companies, physicians, and other health care providers that sought to participate in Medicare Part B and bill Medicare for DME and related benefits, items, and services were required to apply for and receive a “supplier number.” The supplier number allowed a DME company to submit bills, known as “claims,” to Medicare to obtain reimbursement for the DME and related health care benefits, items, and services that a DME company had supplied to beneficiaries. The supplier could submit claims either directly or through a billing company.

6. To receive payment from Medicare, a DME company, using its supplier number, would submit a health insurance claim form, known as a CMS-1500. Medicare permitted DME companies to submit a CMS-1500 electronically or by way of a paper claim form. The CMS-1500 required DME companies to provide certain information, including: (a) the Medicare beneficiary’s name; (b) the Medicare beneficiary’s identification number; (c) the name and identification number of the doctor who ordered the item or service that was the subject of the claim; (d) the health care benefits, items, or services that were supplied or provided to the beneficiary; (e) the billing codes for these benefits, items, or services; and (f)

the date on which the benefits, items, or services were provided. When the claim was submitted, the provider certified that the contents of the form were true, correct, and complete, and that the form was prepared in compliance with the laws and regulations governing the Medicare program.

7. Medicare, through Palmetto or Cigna, would generally pay a substantial portion of the cost of the DME or related health care benefits, items, and services if they were medically necessary and ordered by licensed doctors or other licensed, qualified health care providers.

8. Payments under Medicare Part B were often made directly to the DME company. For this to occur, the beneficiary would assign the right of payment to the DME company or other health care providers. Once such an assignment took place, the DME company would assume the responsibility for submitting claims to, and receiving payments from, Medicare.

9. Defendant **LINDA M. JACKSON (JACKSON)**, a resident of Plaquemine, Louisiana, operated, managed, and held an ownership interest in A&A Durable Medical Supply, LLC (“A&A”), a corporation organized and existing under the laws of Louisiana, doing business initially on Railroad Avenue in Plaquemine and, later, on Eden Street in Plaquemine. In documents that A&A submitted in connection with its application for a Medicare supplier number, **JACKSON** is identified as A&A’s office manager and as an individual with an ownership interest in and/or managing control over A&A. Prior to

starting A&A, **JACKSON** had extensive experience in the health care field, having previously worked for at least four different health care providers in the Baton Rouge area.

10. Defendant **EUNICE SPARROW (SPARROW)**, a resident of Plaquemine, and **JACKSON'S** mother, worked for A&A as its assistant manager.

11. Defendant **UNIECESCO SMITH (SMITH)**, a resident of Plaquemine, and one of **JACKSON'S** daughters, worked for A&A and was involved in A&A's operations and billing.

12. Among other things, A&A was engaged in the business of providing lift chairs, orthotics, and other DME to Medicare beneficiaries. A&A had a Medicare supplier number and was eligible to receive reimbursement from Medicare for services that A&A provided to beneficiaries, provided that such services were medically necessary and ordered by a physician.

13. A&A submitted claims for reimbursement using "billing codes," a series of five-digit codes that correspond to various types of medical goods, items, and services. For example, certain codes beginning with the letter K were used to submit claims for power wheelchairs, where the treating physician had prescribed a power wheelchair for the patient, the power wheelchair was medically necessary, and the patient otherwise qualified for the chair. Throughout 2007 and 2008, the Medicare reimbursement rate for power wheelchairs in Louisiana was between \$3,900 and \$7,000 per chair, depending upon the specific type of chair provided.

14. Medicare will also reimburse DME companies for providing an item called a “seat lift mechanism,” which is a mechanical device intended to assist individuals in rising from a seated position to a standing position. A seat lift mechanism may be covered under Medicare if medically necessary and ordered by a licensed doctor or another licensed, qualified health care provider. For aesthetic purposes, a seat lift mechanism is often installed or built into a recliner, but Medicare only reimburses providers for the mechanism itself. Throughout 2007 and 2008, the Medicare reimbursement rate for seat lift mechanisms in Louisiana was approximately \$340 per lift.

15. To apply for a Medicare supplier number and become eligible to submit Medicare reimbursement claims, a provider is required to execute a written certification acknowledging that the provider will adhere to the laws, regulations, and program instructions regarding Medicare. Specifically, with regard to billing codes, Medicare, through Palmetto or Cigna, supplies providers with written instructions and educational materials. CMS, Palmetto, and Cigna also maintain instructions and guidance regarding the use of billing codes on their internet sites.

COUNT 1
CONSPIRACY TO COMMIT HEALTH CARE FRAUD

16. Paragraphs 1 through 15 of this Indictment are incorporated here by reference.

17. Beginning at least in or about April of 2007 and continuing through in or about April of 2009, within the Middle District of Louisiana and elsewhere, defendants **LINDA M. JACKSON, EUNICE SPARROW, and UNIECESO SMITH** conspired and agreed among themselves and with others, known and unknown to the Grand Jury, to violate Title 18, United States Code, Section 1347, that is, in connection with the delivery of and payment for health care benefits, items, and services, to knowingly and willfully 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, Medicare.

OBJECT OF THE CONSPIRACY:

18. It was the object of the conspiracy for the defendants and their co-conspirators to unlawfully enrich themselves by, among other things, (a) submitting and causing the submission of false and fraudulent claims to Medicare; (b) concealing the submission of such claims and the receipt and transfer of the proceeds of the fraud; and (c) diverting the proceeds of the fraud for their own personal use and benefit and for the use and benefit of others.

MANNER AND MEANS:

19. The manner and means by which the defendants and their co-conspirators sought to accomplish the object of the conspiracy included, among others, the following:

- a. **JACKSON** and others would cause A&A to apply for and receive a Medicare supplier identification number.
- b. **JACKSON** would maintain A&A's supplier number in order to submit Medicare claims for DME that was medically unnecessary and/or that had not in fact been provided.
- c. **JACKSON** and **SMITH**, along with P.J., would maintain control over A&A's corporate account, Dow Louisiana Federal Credit Union account number XXXXX1694, which had previously been opened on A&A's behalf.
- d. **JACKSON**, on A&A's behalf, would communicate and enter into agreements and contracts with various third parties, such as companies located in Texas and Minnesota that sell DME and related equipment and items to DME providers, and a company located in California that provides Medicare claim billing support services.
- e. **JACKSON**, on A&A's behalf, would communicate with Palmetto and Cigna regarding A&A's application for a supplier number, site visits conducted by inspectors who were assigned to review A&A's application, and other issues relating to A&A's ability to submit claims to Medicare.

f. **JACKSON**, assisted by **SPARROW** and **SMITH**, would cause A&A to submit claims to Medicare for DME purportedly provided to Medicare beneficiaries, which claims falsely and fraudulently represented that (1) the equipment was medically necessary and had been ordered for the beneficiaries by their physicians, and (2) that the equipment reflected in the claims had in fact been provided to the beneficiaries.

g. **JACKSON**, assisted by **SPARROW** and **SMITH**, would submit multiple Medicare claims for the same equipment and the same beneficiaries, knowing that the claims were false.

h. **JACKSON**, **SPARROW**, and **SMITH** would prepare and complete fraudulent documents, such as delivery tickets, intended to conceal their fraudulent scheme. The fraudulent delivery tickets, along with other related documents prepared and completed by the defendants, purportedly showed that A&A was providing beneficiaries with power wheelchairs, cranial cervical orthoses, and other DME. **JACKSON**, **SPARROW**, and **SMITH** would also prepare and complete fraudulent physician order forms and fraudulently alter otherwise legitimate physician order forms, which forms purportedly showed that the items reflected in A&A's submitted Medicare claims had been prescribed by the beneficiaries' physicians.

i. **JACKSON**, assisted by **SPARROW** and **SMITH**, would cause A&A to submit claims totaling approximately \$4,845,471 to Medicare for DME purportedly provided to Medicare beneficiaries, including claims that falsely and fraudulently represented that (1) the equipment was medically necessary, and (2) that the equipment reflected in the

claims was in fact provided to the beneficiaries. In many cases, **JACKSON**, **SPARROW**, and **SMITH** would then cause A&A to provide the beneficiaries with equipment that was different, and far less expensive, than the equipment for which **JACKSON** had caused A&A to bill Medicare.

j. For instance, **JACKSON**, assisted by **SPARROW** and **SMITH**, would cause A&A to submit approximately 363 claims, totaling approximately \$2,320,871, for power wheelchairs that A&A had purportedly provided to Medicare beneficiaries. In truth and in fact, as the defendants knew, A&A had actually purchased lift chairs, not power wheelchairs, and provided the lower-cost lift chairs to the beneficiaries.

k. **JACKSON**, assisted by **SPARROW** and **SMITH**, would also cause A&A to submit approximately 69 claims totaling approximately \$188,664 for a medical device called a “cranial cervical orthosis,” a rigid, custom-fitted brace designed to immobilize a beneficiary’s head and neck. Such a device may be covered by Medicare, provided that it is medically necessary and ordered by a licensed doctor or another licensed, qualified health care provider. Throughout 2007 and 2008, the Medicare reimbursement rate for a cranial cervical orthosis in Louisiana was approximately \$1,000 per device. In truth and in fact, as the defendants knew, A&A did not actually provide beneficiaries with cranial cervical orthoses, nor had the beneficiaries been prescribed cranial cervical orthoses by their physicians.

1. **JACKSON**, assisted by **SPARROW** and **SMITH**, would cause A&A to receive Medicare reimbursement payments, based on the false claims, which payments were deposited into the A&A corporate account identified above, at which point **JACKSON** would gain control over the funds.

m. As payments were received into A&A's corporate bank account, **JACKSON** would then transfer and disburse, and cause the transfer and disbursement, of funds in the account to herself, **SPARROW**, **SMITH**, and others. Between in or about April of 2007 and in or about April of 2009, for instance, approximately \$144,000 was withdrawn in cash from A&A's corporate account. During that same time period, **JACKSON** received approximately \$49,340 from the account via check.

OVERT ACTS:

20. In furtherance of the conspiracy, **JACKSON**, **SPARROW**, **SMITH**, and others known and unknown to the Grand Jury, committed the following overt acts within the Middle District of Louisiana and elsewhere:

a. In or about April of 2007, **JACKSON** began submitting false and fraudulent claims to Medicare.

b. On various dates throughout the conspiracy, **JACKSON**, **SPARROW**, and **SMITH** prepared and completed fraudulent delivery tickets, including delivery tickets related to Medicare beneficiaries M.A., W.B., E.C., M.G., E.H., N.J., and M.W., which purportedly showed that A&A had provided such beneficiaries with power wheelchairs.

c. On various dates throughout the conspiracy, **JACKSON, SPARROW,** and **SMITH** prepared and completed fraudulent delivery tickets, including delivery tickets related to Medicare beneficiaries E.B. and M.G., which purportedly showed that A&A had provided such beneficiaries with cranial cervical orthoses.

All in violation of Title 18, United States Code, Sections 1349 and 2.

COUNTS 2 THROUGH 17
HEALTH CARE FRAUD

21. Paragraphs 1 through 15 of this Indictment are incorporated here by reference as factual allegations.

22. On or about the dates identified below, within the Middle District of Louisiana and elsewhere, the below-listed defendants, and others known and unknown to the Grand Jury, aided and abetted by each other, in connection with the delivery of and payment for health care benefits, items, and services, knowingly and willfully did execute and attempt to execute a scheme and artifice to defraud 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, Medicare, that is, the below-listed defendants caused false and fraudulent claims to be submitted to Medicare:

Count	Defendants	Claim No.	Approx. Date Submitted	Beneficiary	Approx. Amount Submitted	Item(s) Claimed
2	JACKSON	07222761113000	8/10/2007	F. K.	\$5,495.00	K0823 (standard power wheelchair)
3	JACKSON SMITH	07305799034000	11/1/2007	E. C.	\$5,495.00	K0823
4	JACKSON SPARROW	08057764704000	2/26/2008	R. J.	\$7,495.00	K0824 (power wheelchair, 301-450 lbs.)

Count	Defendants	Claim No.	Approx. Date Submitted	Beneficiary	Approx. Amount Submitted	Item(s) Claimed
5	JACKSON	08091810543000	3/31/2008	A. W.	\$7,495.00	K0825 (power wheelchair, 301-450 lbs.)
6	JACKSON SPARROW	08105829829000	4/14/2008	M. A.	\$7,495.00	K0824
7	JACKSON SMITH	08105829832000	4/14/2008	W. B.	\$4,895.00	K0822 (standard power wheelchair)
8	JACKSON SPARROW	08143847782000	5/22/2008	E.H.	\$7,495.00	K0824
9	JACKSON	08184795308000	7/2/2008	M. W.	\$7,495.00	K0824
10	JACKSON	08191781631000	7/9/2008	M. A.	\$3,181.48	L0112 (cranial cervical orthosis)
11	JACKSON SPARROW	08212772352000	7/30/2008	M. G.	\$7,495.00 \$3,181.48	K0824 L0112
12	JACKSON	08217804860000	8/4/2008	E. C.	\$4,866.09	L0112
13	JACKSON SPARROW	08274762565000	9/30/2008	N. J.	\$4,895.00	K0822
14	JACKSON SMITH	08309749917000	11/4/2008	E. B.	\$1,213.38	L0112
15	JACKSON	08333708463000	11/28/2008	W. B.	\$3,895.00	L0112
16	JACKSON	09026864582000	1/26/2009	C. M.	\$1,274.05	L0112
17	JACKSON SPARROW	09071778405000	3/12/2009	J. K.	\$7,495.00	K0824

Each of the above is a violation of Title 18, United States Code, Sections 1347 and 2.

FORFEITURE ALLEGATION

23. Upon conviction of any of the health care offenses set forth in Counts 1 through 17 of this Indictment, the defendants, **LINDA M. JACKSON, EUNICE SPARROW**, and **UNIECESO SMITH** shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, that constitutes or is derived, directly or

indirectly, from gross proceeds of the violation, including but not limited to a sum of money equal to the amount of the gross proceeds of the offense.

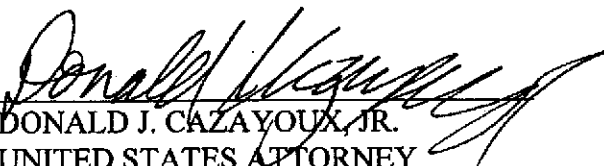
24. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- 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 21 U.S.C. § 853(p) as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described above.


UNITED STATES OF AMERICA, by

A TRUE BILL


DONALD J. CAZAYOUX, JR.
UNITED STATES ATTORNEY
MIDDLE DISTRICT OF LOUISIANA


ALAN A. STEVENS
ASSISTANT U.S. ATTORNEY

8/31/2011
DATE


J. CHRISTOPHER DIPPEL, JR.
ASSISTANT U.S. ATTORNEY