



# Department of Justice

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## **Breathitt County Ambulance Company, Its Owner and Managers Plead Guilty to Health Care Fraud**

**LEXINGTON, Ky.** – Hershel Jay (“Jay”) Arrowood, Lesa Arrowood, Terry Herald, and Arrow-Med Ambulance, Inc. (“Arrow-Med”) have each pled guilty to health care fraud, in connection with fraudulent claims to Medicare and Medicaid for medically unnecessary ambulance transports.

Jay Arrowood has owned and operated Arrow-Med in Breathitt County, Ky. since September 2012. Arrow-Med provided certain patients with non-emergency ambulance transports, particularly to and from a dialysis clinic in Jackson, Ky. Jay Arrowood, Lesa Arrowood, Terry Herald, and Arrow-Med all admitted that they knew that Medicare would only pay for these non-emergency transports if other forms of transportation would endanger the patient’s health. Similarly, the defendants knew that Medicaid would only pay for non-emergency transports if the patient’s condition required a transport by stretcher.

Jay Arrowood, Terry Herald, and Arrow-Med all admitted that between September 2012 and August 2015, they worked together to submit false claims to Medicare and Medicaid seeking payment for non-emergency ambulance transports provided to certain patients. Lesa Arrowood, Jay Arrowood’s wife, admitted that she knowingly joined this scheme in December 2013. The defendants further admitted that they knew these patients did not qualify for Medicare or Medicaid coverage for the ambulance services, and Arrow-Med’s run sheets – medical records that documented the transports – were falsified to misrepresent the patients’ true medical condition. As a result of the defendants’ conduct, Medicare and Medicaid were defrauded of \$249,539.

Robert M. Duncan, Jr., United States Attorney for the Eastern District of Kentucky; Derrick Jackson, Special Agent in Charge of the Atlanta Regional Office of the Department of Health and Human Services, Office of Inspector General (HHS-OIG) and the Kentucky Office of the Attorney General-Office of Medicaid Fraud and Abuse jointly announced the guilty pleas.

The investigation was conducted by HHS-OIG; the Kentucky Office of the Attorney General-Office of Medicaid Fraud and Abuse and the United States Attorney’s Office. The United States was represented by Assistant United States Attorneys Kate K. Smith and Paul C. McCaffrey.

The defendants are currently scheduled to appear for sentencing before Judge Joseph M. Hood on October 29, 2018. Their sentences will be imposed by the Court, after consideration of the United States Sentencing Guidelines and the federal statutes governing the imposition of sentences.

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