

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

Filed Under Seal

UNITED STATES OF AMERICA

v.

ZAHAR TKACH,
a/k/a "Alex Tkach"

CRIMINAL NO. 15-394

DATE FILED: 8/26/15

VIOLATIONS:

18 U.S.C. § 1347 (health care fraud
- 15 counts)

18 U.S.C. § 1516 (obstruction of a
federal audit - 2 counts)

18 U.S.C. § 1957 (laundering
monetary instruments over
\$10,000 - 2 counts)

18 U.S.C. § 2 (aiding and abetting)
Notice of forfeiture

INDICTMENT

COUNTS ONE TO FIFTEEN
(Health Care Fraud)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

INTRODUCTION

A. The Defendant and His Companies.

1. Defendant ZAHAR TKACH, a/k/a "Alex Tkach" (ALEX TKACH), was the owner, president and director of NovaCare Services, Inc., doing business as "NovaCare Ambulance Services" and "NovoCare Ambulance" (hereinafter, "Novocare") and Cardiac Care Ambulance, Inc. (hereinafter, "Cardiac Care").

2. Novocare was a private ambulance company, incorporated in the Commonwealth of Pennsylvania on or about June 1, 2007, under the name "NovaCare Services,

Inc.” Novocare was initially located at 266 East Main Street, Suite 5, Norristown, PA. On or about August 27, 2007, Novocare was licensed by the Pennsylvania Department of Health to provide Basic Life Support ambulance services in Philadelphia and the surrounding counties. Novocare also operated paratransit van services for patients who did not require transportation by ambulance. On or about October 2, 2011, the address for Novocare was changed to 549 Foundry Road, Norristown, PA.

3. Cardiac Care was a private ambulance company, incorporated in the Commonwealth of Pennsylvania on or about December 23, 2008, and initially located at 328 Maple Avenue, Section A 9, Horsham, PA. On or about April 3, 2009, Cardiac Care was licensed by the Pennsylvania Department of Health to provide Advanced Life Support and Basic Life Support ambulance services in Philadelphia and the surrounding counties. On or about July 20, 2010, the address for Cardiac Care was changed to 549 Foundry Road, Norristown, PA.

4. As owner and president of Novocare and Cardiac Care, defendant ALEX TKACH was responsible for all operations of Novocare and Cardiac Care, including but not limited to incorporation, licensure and enrollment in Medicare, hiring and firing employees, overseeing employees in medical business practices and record-keeping, maintaining and storing medical and business records, buying and selling equipment, recruiting and retaining patients, reviewing and submitting Medicare and other insurance reimbursements requests, and managing and controlling the companies’ finances. Defendant TKACH also observed his employees from remote locations by closed-circuit video and audio monitoring devices embedded at the Novocare and Cardiac Care offices at 549 Foundry Road, Norristown, PA.

B. The Medicare Program

5. Medicare was a federally-funded national health insurance program administered by the Centers for Medicare and Medicaid Services ("CMS"), an agency of the U.S. Department of Health and Human Services. Medicare was a "health care benefit program," as defined by 18 U.S.C. § 24(b).

6. Medicare provided payment for reasonable and medically necessary medical services for the elderly and those with certain disabilities, including permanent kidney failure.

7. Medicare had four component parts "A" through "D." Part "B" pertained to outpatient service and provided payment for medically necessary ambulance transportation, among other things. Part "B" funds were distributed through a Medicare Administrative Contractor ("MAC"), a private company under contract with the federal government to process claims for services. The MAC was responsible for reviewing application packages submitted by health care providers that wished to participate in the Medicare program and to make payments for qualifying services under Medicare Part "B." Highmark Medicare Services was the MAC to process and pay Medicare Part B claims in the Commonwealth of Pennsylvania.

8. On or about October 3, 2007, Novocare was approved to participate as a Medicare provider.

9. On or about April 3, 2009, Cardiac Care was approved to participate as a Medicare provider.

C. Payment for Medicare Claims to Providers

10. All providers and suppliers of Medicare Part B services were required to submit, within one year from the date of service, claims to the MAC on behalf of Medicare beneficiaries.

11. Providers were required to certify that (1) the services provided were medically necessary, (2) the services were personally provided by the person signing the form, or by one of his/her employees acting under the signer's direction, and (3) the information contained in the form was true, accurate, and complete.

12. Medicare paid for regularly-scheduled, non-emergency transportation to certain locations, including dialysis centers, only if either: (a) the beneficiary was bed-confined and it was documented that the beneficiary's condition was such that other methods of transportation (*e.g.*, taxi, private car, wheelchair/para-transit van or other type of vehicle) were contraindicated (that is, would endanger the patient's health); or (b) the beneficiary's medical condition, regardless of bed-confinement, was such that transportation by ambulance was medically required. For a beneficiary to be "bed-confined," the following criteria were required to be met: (1) the beneficiary was unable to get up from bed without assistance; (2) the beneficiary was unable to "ambulate" (that is, to walk with or without assistance) and (3) the beneficiary was unable to sit in a chair or wheelchair.

13. Medicare required ambulance providers to maintain records establishing that ambulance transportation was medically necessary and, upon request, such records must be made available to Medicare. Required records included a contemporaneous "trip sheet," also known as a "run sheet" or "patient care report," which memorialized the observations of the attending Emergency Medical Technician (EMT) about the patient's condition at the time of each pickup. Ambulance providers were required to obtain a physician's written order, called a Certificate of Medical Necessity ("CMN"), periodically certifying the necessity for ambulance transportation for regularly-scheduled, non-emergency transportation, such as dialysis treatments. A signed

CMN, or the absence of a signed CMN, neither proved nor disproved that ambulance transportation was medically necessary. In order to get Medicare reimbursement for ambulance transportation, the ambulance service had to meet all program coverage conditions for each date of service.

14. Ambulance transportation was covered only when the transportation was, in fact, provided.

15. Medicare did not cover transportation in paratransit vans or wheelchair vans.

16. From on or about April 9, 2008, through on or about October 16, 2012, Medicare paid approximately \$3,785,862 to Novocare for ambulance services. From on or about August 10, 2009, through on or about January 9, 2013, Medicare paid approximately \$1,364,130 to Cardiac Care for ambulance services.

D. The Medicare Audit

17. SafeGuard Services Pennsylvania Benefit Integrity Support Center (SGS) was contracted by CMS to perform Medicare program integrity functions. SGS reviewed Medicare claims to ensure that services were adequately documented by the service provider as medically necessary expenses which were appropriately billed to Medicare.

18. On or about June 7, 2011, SGS investigators made an unannounced onsite visit to the Novocare office at 549 Foundry Road, Norristown, Pennsylvania, and served Novocare with notice to provide to SGS with documentation of claims, including ambulance trip sheets and certificates of medical necessity, for approximately 26 Novocare beneficiaries for dates of service from January 2, 2011, through March 15, 2011.

19. On or about June 8, 2011, SGS investigators made an unannounced onsite visit to the Cardiac Care office at 549 Foundry Road, Norristown, Pennsylvania, and served Cardiac Care with notice to provide to SGS with documentation of claims, including ambulance trip sheets and certificates of medical necessity for approximately 19 Cardiac Care beneficiaries for dates of service from January 2, 2011, through April 13, 2011.

20. On or about July 17, 2011, defendant ALEX TKACH sent several hundred documents to SGS in response to the audit.

21. On or about April 8, 2012, defendant ALEX TKACH sent supplementary and additional documents to SGS in response to the audit.

THE SCHEME TO DEFRAUD

22. Defendant ALEX TKACH directed and supervised Novocare and Cardiac Care employees to provide medically unnecessary ambulance transportation to dialysis patients who could walk or be moved safely by paratransit van or other vehicle. Such patients were directed onto a stretcher, or were placed on a stretcher by ambulance employees, or were permitted to walk with and without assistance to and from the ambulance.

23. Defendant ALEX TKACH caused the submission of fraudulent Medicare claims for Novocare and Cardiac Care for these medically unnecessary ambulance transportation services.

24. When audited by SGS in or about June 2011, defendant ALEX TKACH created, altered and falsified, and directed and supervised the creation, alteration and falsification of, hundreds of Novocare and Cardiac Care trip sheets, originally prepared at each patient pickup by

the attending Emergency Medical Technicians (EMTs) and paratransit van drivers, and numerous certificates of medical necessity (CMNs), to falsely state, among other things, that:

- a. dialysis patients medically required ambulance transportation when, in fact, the patients could walk, sit in wheelchairs, and be safely transported by paratransit van; and,
- b. dialysis patients were transported by ambulance when, in fact, they were transported by paratransit van.

25. Defendant ALEX TKACH, and agents and employees acting at his direction, submitted, and caused the submission of, fraudulently altered and falsified trip sheets and CMNs to SGS in response to the audit of Novocare and Cardiac Care claims to Medicare.

26. Defendant ALEX TKACH concealed the original trip sheets, prepared at the time of each patient pickup by EMTs and paratransit drivers, inside a closet at TKACH's residence to prevent discovery of his fraud by Medicare auditors and law enforcement agents.

27. On or about April 19, 2012, defendant ALEX TKACH concealed at least approximately \$30,000 in cash in various locations in his residence to prevent seizure of the funds by law enforcement to repay Medicare.

28. As a result of this scheme, Medicare incurred losses totaling approximately \$1,250,930.

29. From on or about June 26, 2008, through on or about April 23, 2012, at Philadelphia, in the Eastern District of Pennsylvania and elsewhere, defendant

**ZAHAR TKACH,
a/k/a "Alex Tkach,"**

in connection with the delivery of or payment for health care benefits, items and services, knowingly and willfully executed, and attempted to execute, and aided and abetted the execution

of, a scheme and artifice to defraud a health care benefit program, that is, Medicare, and to obtain, by means of false and fraudulent pretenses, representations and promises, money and property owned by and under the custody and control of said health care benefit program, in that the defendant caused the submission of claims to Medicare that falsely and fraudulently sought reimbursement for ambulance transportation when such transportation was either not medically necessary or not provided at all, to each of the beneficiaries listed below, in the approximate amounts and on the approximate dates listed below, each claim constituting a separate count of this indictment:

Count	Patient Initials & Medicare HIC No.	Date of Service (on or about)	Amount Paid (approx.)	Medicare Claim No.
1	R.A. x-8140A	2/2/11	\$200.16	1111060389600
2	J.C. x-3142A	3/15/11	\$219.92	1111068495570
3	S.C. x-0258A	1/4/11	\$179.50	1811024464910
4	R.J. x-3389A	2/25/11	\$204.55	1111089614830
5	D.K. x-7063A	1/10/11	\$195.51	1111049416430
6	H.S. x-6313D	1/17/11	\$199.61	1111053481250
7	J. S-F x-0161A	3/8/11	\$197.97	1111073831800
8	J.B. x-4135A	1/7/11	\$192.95	1811027018740
9	Z.B. x-3926A	1/21/11	\$197.86	1811038337760
10	C.G. x-7991A	3/1/11	\$197.86	1811089377540
11	C. M-O. x-0800A	1/21/11	\$197.86	1811038337770
12	F.N. x-5630A	3/1/11	\$187.83	1811089377570

Count	Patient Initials & Medicare HIC No.	Date of Service (on or about)	Amount Paid (approx.)	Medicare Claim No.
13	A.P. x-1132A	1/26/11	\$202.32	1811069259370
14	W.P. x-1052A	1/12/11	\$204.00	1111049416530
15	H.J. x-6122A	1/27/11	\$224.29	1111060389730

All in violation of Title 18, United States Code, Sections 1347 and 2.

COUNT SIXTEEN
(Obstruction Of A Federal Audit)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Paragraphs 1 through 28 of Counts One through Fifteen of this Indictment are incorporated here.
2. From on or about June 7, 2011, to in or about April 2012, in the Eastern District of Pennsylvania, and elsewhere, defendant

ZAHAR TKACH,
a/k/a "Alex Tkach,"

with intent to deceive and defraud the United States, endeavored to influence, obstruct and impede federal auditors in the performance of their official duties relating to the receipt by NovaCare Services, Inc., doing business as NovaCare Ambulance Services and as Novocare Ambulance Services ("Novocare") of more than \$100,000 in federal funds in a one year period from claims paid by Medicare, by providing altered and falsified ambulance transportation records, that is, patient trip sheets and certificates of medical necessity, to conceal from a federal auditor that Novocare had submitted false and fraudulent claims to Medicare for ambulance transportation which was not medically necessary.

In violation of Title 18, United States Code, Sections 1516 and 2.

COUNT SEVENTEEN
(Obstruction Of A Federal Audit)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Paragraphs 1 through 28 of Counts One through Fifteen of this Indictment are incorporated here.
2. From on or about June 8, 2011, to in or about April, 2012, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAHAR TKACH,
a/k/a "Alex Tkach,"**

with intent to deceive and defraud the United States, endeavored to influence, obstruct and impede federal auditors in the performance of their official duties relating to the receipt by Cardiac Care Ambulance, Inc. ("Cardiac Care") of more than \$100,000 in federal funds in a one year period from claims paid by Medicare, by providing altered and falsified ambulance transportation records, that is, patient trip sheets and certificates of medical necessity, to conceal from a federal auditor that Cardiac Care had submitted false and fraudulent claims to Medicare for ambulance transportation which was not medically necessary.

In violation of Title 18, United States Code, Sections 1516 and 2.

COUNT EIGHTEEN
(Laundering of Monetary Instrument Over \$10,000)

THE GRAND JURY FURTHER CHARGES THAT:

On or about December 15, 2011, in the Eastern District of Pennsylvania and elsewhere,
defendant:

**ZEHAR TKACH,
a/k/a "Alex Tkach,"**

knowingly engaged and attempted to engage in a monetary transaction, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is, approximately \$125,000 from NovaCare Ambulance Services, Inc., TD Bank account no. xxxxx5751, check no. 6554, such property having been derived from a specified unlawful activity, that is, health care fraud, in violation of Title 18, United States Code, Section 1347.

In violation of Title 18, United States Code, Section 1957 and 2.

COUNT NINETEEN
(Laundering of Monetary Instrument Over \$10,000)

THE GRAND JURY FURTHER CHARGES THAT:

On or about December 20, 2011, in the Eastern District of Pennsylvania and elsewhere,
defendant:

**ZE HAR TKACH,
a/k/a "Alex Tkach,"**

knowingly engaged and attempted to engage in a monetary transaction, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, that is, approximately \$100,000 from NovaCare Ambulance Services, Inc., TD Bank account no. xxxxx5751, check no. 6556, such property having been derived from a specified unlawful activity, that is, health care fraud, in violation of Title 18, United States Code, Section 1347.

In violation of Title 18, United States Code, Section 1957 and 2.

NOTICE OF FORFEITURE NO. 1

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1347, as set forth in this indictment, defendant

**ZAHAR TKACH
a/k/a "Alex Tkach"**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the violation of Title 18, United States Code, Section 1347, as charged in the indictment. Such property shall include, but not be limited to, a forfeiture money judgment, that is, a sum of money equal to at least \$1,250,930 in United States currency;

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- 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 up to the value of the property subject to forfeiture.

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

NOTICE OF FORFEITURE NO. 2

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 1957, as set forth in this indictment, defendant

**ZAHAR TKACH
a/k/a "Alex Tkach"**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the violation of Title 18, United States Code, Section 1957, as charged in the indictment. Such property shall include, but not be limited to, a forfeiture money judgment, that is, a sum of money equal to at least \$225,000 in United States currency;

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

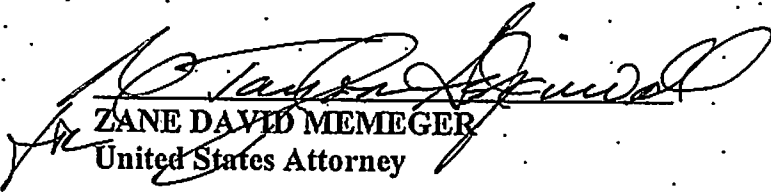
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be 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 up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(1).

A TRUE BILL:

GRAND JURY FOREPERSON



ZANE DAVID MEMEGER
United States Attorney