

NEWS RELEASE:

SOUTH FLORIDA DOCTOR INDICTED FOR MEDICARE FRAUD

South Florida Doctor charged in a seventy-six count indictment for participating in a Medicare fraud scheme.

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida; George L. Piro, Special Agent in Charge, Federal Bureau of Investigations (FBI), Miami Field Office; Shimon Richmond, Special Agent in Charge, United States Department of Health and Human Services, Office of the Inspector General, Miami Region (DHHS-OIG); Michael D. Angelucci, Special Agent in Charge, United States Railroad Retirement Board, Office of Inspector General (RRB); and John Khin, Special Agent in Charge, Defense Criminal Investigative Service (DCIS), made the announcement.

Dr. Salomon E. Melgen, 61, of North Palm Beach, was charged, by indictment, with forty-six counts of health care fraud, each count punishable by up to ten years in prison; nineteen counts of making, presenting and filing false, fictitious and fraudulent claims, each count punishable by up to five years in prison; and eleven counts of making false statements relating to health care, each count punishable by up to five years in prison.

According to the indictment, Melgen was an ophthalmologist and retina specialist licensed to practice medicine in the State of Florida, who owned and operated Vitreo-Retinal Consultants of the Palm Beaches (“VRC”), a medical clinic that was incorporated in 1990. VRC conducted business as “Vitreo Retinal Consultants Eye Center” and “The Melgen Retina Eye Center” and had four offices located in Palm Beach and St. Lucie Counties. Melgen’s high-volume medical practice provided services to as many as 100 patients or more, in a single day. A large percentage of Melgen’s patients were Medicare beneficiaries.

The indictment alleges that from as early as 2004, and continuing through at least December 31, 2013, Melgen participated in a scheme to defraud Medicare and other health care benefit programs, by submitting false claims and creating fraudulent entries on patients’ medical charts. Melgen is alleged to have falsely diagnosed patients with serious eye conditions, notably age-related macular degeneration (“ARMD or “AMD”) and retinal disorders. Macular degeneration is a disease of the retina that is one of the leading causes of severe vision loss in persons age sixty-five and older. There are two forms of ARMD, “dry” and “wet.” In patients with dry macular degeneration the cells of the central area of the retina (the macula) break down, causing distorted and blurred vision. In wet macular degeneration, abnormal blood vessels leak blood and fluid into the macula, causing scarring and rapid loss of vision. Without treatment, wet ARMD can lead to permanent vision loss. Based upon the false diagnoses, the defendant would allegedly perform and bill for medically unreasonable and unnecessary tests and procedures, which included unnecessary laser surgeries and eye injections.

The defendant is also alleged to have made exorbitant and improper profits from the purchase and administration of the drug Lucentis, which is used for the treatment of wet macular degeneration. The defendant would purchase the drug from the manufacturer, Genentech,

arrange to have the “single-use” vials split into multiple doses and administered to multiple patients, and then separately bill Medicare and other health care providers at the reimbursement rate for each full dosage.

The defendant is also alleged to have caused patient files to contain false information, including the false diagnoses, as well as fictitious drawings and diagrams that misrepresented the condition of the patients’ eyes. The indictment also alleges that the defendant prepared false and fictitious reports regarding his abnormal billing practices, in response to audit inquiries from Medicare.

Additionally, the defendant allegedly submitted claims for incomplete and non-performed diagnostic tests, such as angiographic studies on blind eyes and prosthetic eyes.

The indictment further charges that, between January 2008 and December 2013, the defendant billed the Medicare program more than \$190 million, for which he (through VRC) was reimbursed and paid, more than \$105 million. A substantial portion of these reimbursement payments were allegedly obtained through fraudulent billing.

United States Attorney Wifredo A. Ferrer stated, “Medicare was created to ensure adequate protection for the senior citizens against the cost of health care and to ensure that they are provided with quality medical services. Medical professionals who violate their oath by failing to attend to the health of their patients and who submit falsified billing statements for their own personal gain, jeopardize the viability of government benefit programs. Our Office will continue to work with all involved agencies to protect our senior citizens, prosecute those individuals who perpetuate the fraudulent schemes, and help preserve precious Medicare dollars for the intended beneficiaries – the poor, sick and elderly.”

“People who defraud Medicare indirectly increase the cost of health care for everyone,” said George L. Piro, Special Agent in Charge, FBI Miami. “The FBI and our law enforcement partners are committed to rooting out this kind of fraud and reclaiming money that was dishonestly obtained.”

“Patients fearing blindness sought treatment from Dr. Melgen’s office,” said Shimon Richmond Special Agent in Charge of the U.S. DHHS Office of Inspector General’s Miami region. “Instead, they allegedly received medically unreasonable and unnecessary tests and procedures for which they and taxpayers paid millions of dollars. My office will continue to work with our law enforcement partners to ensure the integrity of the Medicare program.”

“The Office of Inspector General for U.S. Railroad Retirement Board will continue to work with our law enforcement partners to investigate and prosecute any individual that defrauds the Medicare system,” said Michael Angelucci, Special Agent in Charge for the OIG, U.S. Railroad Retirement Board.

“Today's indictment is part of an ongoing effort by the Defense Criminal Investigative Service (DCIS) and its law enforcement partners to protect the integrity of federal health care programs and the quality of care our military service members receive,” said Special Agent in

Charge John Khin, DCIS Southeast Field Office. "DCIS will tirelessly pursue allegations of health care fraud that put the Warfighter at risk and burden the Defense Health Agency with unnecessary costs."

Melgen is scheduled to be arraigned on the indictment on April 15, 2015, in West Palm Beach, before United States Magistrate Judge James M. Hopkins.

Mr. Ferrer commended the investigative efforts of the FBI, HHS-OIG, RRB, and DCIS. This case is being prosecuted by Assistant United States Attorneys Roger H. Stefin, Carolyn Bell, and Alexandra Chase of the West Palm Beach Office.

An indictment is only an accusation and the defendant is presumed innocent unless and until proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at www.usdoj.gov/usao/fls. Related court documents and information may be found on the website of the United States District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov>.