



THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* TEXAS

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Department of Justice

U.S. Attorney's Office

Northern District of Texas

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NextHealth Marketer Charged in \$60 Million Kickback Scheme

A pharmacy marketer who allegedly collected more than \$60 million in illegal kickbacks has been charged with violating the federal Anti-Kickback Statute, Northern District of Texas First Assistant U.S. Attorney Prerak Shah announced today.

On Tuesday, a federal grand jury indicted Vinson Woodlee, owner of Med Left LLC, on one count of conspiracy to pay and receive healthcare kickbacks and three counts of soliciting and receiving healthcare kickbacks.

According to the indictment, Mr. Woodlee, 68, served as a marketer for NextHealth, a pharmacy and laboratory services company controlled by Andrew Hillman and Semyon Narosov.

NextHealth allegedly identified the industry's most profitable prescriptions – including compound pain cream, scar cream, pain patches, and wellness supplements – then illegally paid physicians to prescribe those medications through NextHealth pharmacies, funneling some of the kickbacks through marketers like Mr. Woodlee.

In exchange for enlisting physicians to participate in the scheme, Mr. Woodlee allegedly demanded roughly 50% of the profits from each prescription and refill written by the doctors he recruited. He then funneled a portion of the money on to prescribing physicians and sub-marketers, keeping the rest for himself.

From 2012 to 2018, Mr. Woodlee allegedly collected more than \$60 million in kickbacks. Of the \$60 million, he passed \$16.8 million on to "his" physicians and \$30.6 million on to sub-marketers who likely passed a portion along to "their" physicians. (Over that same period, NextHealth fraudulently billed insurers more than \$700 million and received hundreds of millions of dollars in tainted proceeds.)

Because NextHealth billed federal insurers like Medicare, TRICARE, CHAMPVA, and FECA in addition to private insurers, NextHealth and its marketers were subject to the federal Anti-Kickback Statute (AKS), which prohibits the knowing and willful payment of remuneration to induce or reward referrals for drugs or services payable by federal healthcare programs.

Knowing that some of the NextHealth kickbacks likely violated the AKS, Mr. Woodlee allegedly took a number of steps to conceal them:

First, he attempted to exploit the AKS's bona fide employee exception, which allows employers to pay W2 wages to legitimate employees. From 2013 to 2014, under the auspice of an employment relationship, he and NextHealth disguised the kickbacks as his "salary" and "bonuses."

Later, he agreed that rather than disguising the kickbacks as *his* wages, NextHealth would disguise the payments as wages to three of his *family members*, Persons A, B, and C, who NextHealth "hired" as account executives in December 2014. On multiple occasions between 2014 and 2016, Mr. Woodlee corresponded with NextHealth about their compensation.

Then, in spring 2016, Mr. Woodlee executed a new contract with NextHealth, increasing his commission on non-federal insurance prescriptions from 50 percent to 58 percent, effectively compensating himself for federal insurance prescriptions written in violation of the AKS.

An indictment is merely an allegation of criminal conduct, not evidence. Like all defendants, Mr. Woodlee is presumed innocent unless and until proven guilty in a court of law.

If convicted, he faces up to 35 years in federal prison.

In a separate case, NextHealth's Andrew Hillman and Semyon Narasov pleaded guilty to money laundering conspiracy. According to court documents, the pair admitted NextHealth used marketers to funnel illegal kickbacks to physicians, attempted to conceal the payments, and submitted fraudulent claims to insurers. Mr. Hillman was sentenced to 66 months in federal prison; Mr. Narasov was sentenced to 76 months.

The Federal Bureau of Investigation's Dallas Field Office, the U.S. Department of Health & Human Services Office of Inspector General, the U.S. Department of Veterans Affairs Office of Inspector General, the U.S. Food & Drug Administration Office of Criminal Investigations, the U.S. Department of Defense Office of Inspector General, DOD's Defense Criminal Investigative Service, IRS Criminal Investigation, the U.S. Department of Justice Office of Inspector General, the U.S. Postal Inspection Service, the U.S. Office of Personnel Management Office of Inspector General, and HHS's Medicaid Fraud Control Unit conducted the investigation. Assistant U.S. Attorneys Chad Meacham and Andrew Wirmani are prosecuting the case.

U.S. Attorney Erin Nealy Cox has been recused from this matter. Per direction from Department of Justice ethics officials, Northern District of Texas First Assistant U.S. Attorney Prerak Shah will act as U.S. Attorney with respect to this matter pursuant to the authority conferred by 28 U.S.C. § 515.

Topic(s):

Health Care Fraud

Component(s):

Federal Bureau of Investigation (FBI)

USAO - Texas, Northern

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