

Department of Justice

U.S. Attorney's Office

Eastern District of Texas

FOR IMMEDIATE RELEASE

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Seven Texas Doctors and a Hospital CEO Agree to Pay over \$1.1 Million to Settle Kickback Allegations

Hospital CEO Excluded from Federal Healthcare Programs for Three Years

SHERMAN, Texas – Seven Texas doctors and a hospital executive have agreed to pay a total of \$1,106,449 to resolve False Claims Act allegations involving illegal remuneration in violation of the Anti-Kickback Statute and Stark Law, and to cooperate with the Department's investigations of and litigation against other parties, announced Eastern District of Texas U.S. Attorney Brit Featherston today.

"Paying kickbacks to physicians distorts the medical decision-making process, corrupts our healthcare system, and increases the cost of healthcare funded by the taxpayer," said U.S. Attorney Brit Featherston. "Laboratories, marketers, and physicians cannot immunize their conduct by attempting to disguise the kickbacks as some sort of investment arrangement. Our office is committed to looking through the disguise and putting an end to any arrangement where the purpose is to improperly influence medical decision making through the payment of kickbacks."

The Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid, and other federally funded programs. The Stark Law forbids a hospital or laboratory from billing Medicare for certain services referred by physicians that have a financial relationship with the hospital or laboratory. The Anti-Kickback Statute and the Stark Law are intended to ensure that medical providers' judgments are not compromised by improper financial incentives and are instead based on the best interests of their patients.

The settlements announced today resolves allegations that seven Texas doctors received thousands of dollars in illegal remuneration from eight management service organizations (MSOs) in exchange for ordering laboratory tests from Rockdale Hospital d/b/a Little River Healthcare (Little River), True Health Diagnostics LLC (True Health), and Boston Heart Diagnostics Corporation (Boston Heart). Little River allegedly funded the illegal remuneration to the doctors, in the form of volume-based commissions paid to independent contractor recruiters, who used MSOs to pay numerous doctors for their referrals. The MSO payments to the doctors were allegedly disguised as investment returns but in fact were based on, and offered in exchange for, the doctors' referrals.

- Jaspaul Bhangoo, M.D., of Denton, Texas, agreed to pay \$125,625 to settle allegations that (a) True Health paid him kickbacks from January 1, 2015 to December 1, 2015; and (b) True Health referred him to an MSO, established by Little River marketers, which paid him MSO kickbacks from June 14, 2016 to September 16, 2016.
- Robert Megna, D.O., of Ferris, Texas, agreed to pay \$232,000 to settle allegations that from February 2, 2016 to December 31, 2017 he received kickbacks from (a) one MSO, Ascend MSO of TX, LLC, in exchange for ordering Boston Heart laboratory tests from Little River; and (b) another MSO, Geminorium MG LLC, in exchange for ordering laboratory tests from Boston Heart.
- Baxter Montgomery, M.D., of Houston, Texas, and his professional association B-Saz, P.A., agreed to pay \$60,000 to settle allegations that from December 29, 2015 to February 3, 2018 he received kickbacks from (a) one MSO, Ascend MSO of TX, LLC, in exchange for ordering True Health laboratory tests from Little River; and (b) another MSO, Indus MG LLC, in exchange for ordering laboratory tests from True Health.
- Murtaza Mussaji, D.O., of Houston, Texas, agreed to pay \$215,000 to settle allegations that from August 7, 2015 to November 14, 2017 he received kickbacks from (a) one MSO, SYNRG Partners LLC, in exchange for ordering True Health laboratory tests from Little River; and (b) another MSO, Catalyst Health Partners LP, in exchange for ordering laboratory tests from True Health.
- David Sneed, D.O., of Austin, Texas, agreed to pay \$200,000 to settle allegations that from September 30, 2015 to December 23, 2016 he received kickbacks from an MSO, Alpha Rise Health LLC, in exchange for ordering True Health and Boston Heart laboratory tests from Little River.

- Kevin Lewis, D.O. of Houston, Texas, agreed to pay \$57,324 to settle allegations that from June 24, 2015 to April 20, 2016, he received kickbacks from an MSO, Alpha Rise Health, LLC, in exchange for ordering Little River and Boston Heart laboratory tests.
- Angela Mosley-Nunnery, M.D. of Kingwood, Texas, agreed to pay \$166,500 to settle allegations that from April 12, 2016 to June 14, 2018 she received kickbacks from one MSO, North Houston MSO Group, Inc. and another MSO, Tomball Medical Management, in exchange for ordering laboratory tests from Little River and True Health.

As part of their settlements, the physicians have agreed to cooperate with the Department of Justice's investigations of and litigation against other parties involved in the alleged violations of law.

In addition, the United States announced a settlement with Richard DeFoore of Anson, Texas, the former Chief Executive Officer of Jones County Regional Healthcare d/b/a Stamford Memorial Hospital (Stamford), which was a small hospital in Stamford, Texas. In late 2015 and early 2016, DeFoore allegedly was approached by representatives of True Health and a partner company, who proposed an arrangement by which Stamford could profit by billing for diagnostic laboratory tests. Under the arrangement, which expanded to include Boston Heart tests, Stamford allegedly coordinated with True Health and Boston Heart representatives and paid volume-based commissions to independent contractor recruiters, who used MSOs to make payments to doctors that were disguised as investment returns but in fact were based on, and offered in exchange for, the doctors' referrals. Pursuant to the alleged arrangement, Stamford billed the resulting claims to commercial insurers and True Health and Boston Heart billed the resulting claims to Medicare and other federal healthcare programs. Under the terms of the settlement agreement, DeFoore agreed to pay \$50,000, to cooperate with the Department's investigations of and litigation against other parties, and to be excluded from participation in federal healthcare programs for three years.

"Medical professionals who seek to enrich themselves through kickback schemes undermine federal health care programs and increase health care costs for everyone," said Special Agent in Charge Miranda L. Bennett of the U.S. Department of Health and Human Services Office of Inspector General. "This settlement demonstrates our commitment to working with our state and federal law enforcement partners to investigate such allegations of fraud."

"As the investigative arm of the Department of Defense's Office of Inspector General (DoD IG), one of the primary missions of the Defense Criminal Investigative Service (DCIS) is to safeguard the military's valuable health care system commonly known as Tricare," said Acting Special Agent in Charge Gregory P. Shilling of the DCIS Southwest Field Office. "DCIS will continue to aggressively investigate allegations of kickbacks that undermine the integrity of Tricare and the health care provided to our service members, retirees and their families."

"The Stark Law and the Anti-Kickback Statute are designed to protect the integrity of federal healthcare programs," said Special Agent in Charge Jeffrey Breen of the Department of Veterans Affairs Office of Inspector General's South Central Field Office. "The VA OIG is pleased to have been able play a role in this case and work with the U.S Attorney's office to hold accountable those who seek to defraud taxpayer-funded healthcare programs."

"We are grateful for the efforts of the U.S. Attorney's Office, the Health and Human Services Office of the Inspector General, and the Defense Criminal Investigative Service. The service members and families that have and continue to serve our Nation depend on the integrity of the healthcare system," said Lt. Gen. Ronald Place, Director of the Defense Health Agency. "By rooting out instances where that integrity is threatened, we honor that service."

The civil settlements were the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Texas and the Civil Division's Commercial Litigation Branch, Fraud Section, with assistance from HHS-OIG, DCIS, and VA-OIG. As a result of its efforts, the United States has recovered more than \$27.76 million relating to conduct involving Boston Heart, True Health, and Little River, including False Claims Act settlements with Boston Heart for \$26.67 million in November 2019 and with Dr. Bibi Tasleyma Sattar and Oakmont Wellness Center, PA for \$210,000 in July 2020. This matter and the related matters were handled by Assistant U.S. Attorneys James Gillingham, Adrian Garcia, and Betty Young and Senior Trial Counsel Christopher Terranova.

The government's pursuit of these matters illustrates the government's emphasis on combating healthcare fraud. One of the most powerful tools in this effort is the False Claims Act. Tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement can be reported to the Department of Health and Human Services, at 1-800-HHS-TIPS (800-447-8477).

The claims resolved by the settlements are allegations only, and there has been no determination of liability.

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Component(s):

Civil Division

USAO - Texas, Eastern

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