



Two sentenced for rural hospital billing scheme investigated by Amtrak OIG

December 26, 2023

WASHINGTON — Two individuals were sentenced December 15, 2023, for their roles in a multi-state scheme to defraud health insurance companies, including those used by Amtrak, by using rural hospitals to bill for unnecessary drug testing.

Jorge Perez, 63, of Miami, was sentenced to eight years and four months in prison. Ricardo Perez, 60, also of Miami, was sentenced to six years and three months in prison. They were convicted in June 2022 of conspiracy to commit health care fraud and wire fraud, five counts of health care fraud, and conspiracy to commit money laundering.

According to court documents and evidence presented at trial, Jorge Perez, an owner and manager of hospitals and the owner of a billing company, and Ricardo Perez, the manager of a billing company, conspired with each other and other individuals to unlawfully bill for laboratory testing services, primarily urine drug tests, that were medically unnecessary and that were fraudulently billed through rural hospitals in Florida and Missouri rather than the independent laboratories where much of the testing took place. Investigators from Amtrak's Office of Inspector General determined that Amtrak's health care plans paid out more than \$610,000 to three rural hospitals and associated laboratories.

Jorge Perez and Ricardo Perez targeted and obtained control over financially distressed rural hospitals, and then used them for billing to take advantage of private insurance contracts that provided higher reimbursement rates for these hospitals than for out-of-network laboratories. The claims were submitted to falsely appear that the hospitals themselves did the laboratory testing when, in most cases, it was done by testing laboratories controlled by others, including a co-conspirator.

The evidence further showed that much of the testing was for vulnerable addiction treatment patients and patients of pain clinics, with samples often obtained through kickbacks paid to recruiters and substance abuse treatment facilities. The tests billed by Jorge Perez and Ricardo Perez were often not medically necessary — testing was performed at a frequency that far exceeded what would be needed for patient care, including performing repeated screening and definitive testing before results from prior tests could have been reviewed or used by the ordering providers.

The rural hospitals involved in this case were Campbellton-Graceville Hospital, a 25-bed rural hospital located in Graceville, Florida, that declared bankruptcy in 2017; Regional General Hospital Williston, a 40-bed facility located in Williston, Florida, that has closed; and Putnam County Memorial Hospital, a 15-bed rural hospital located in Unionville, Missouri, that has struggled since Jorge Perez and Ricardo Perez's misuse of it as a vehicle for laboratory billing.

In addition to the Amtrak Office of Inspector General, the case was investigated by the FBI's Jacksonville Field Office, the Office of Personnel Management OIG, and the Department of Labor Inspector General.

Reports of fraud, waste, or abuse; criminal or unethical acts affecting Amtrak's property or operations; or mismanagement in Amtrak programs or operations can be made 24 hours a day via the Amtrak OIG Hotline online at <https://direc.to/hPAu>.

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