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Texas Man Sentenced to 20 Years for $150 Million Hospice Fraud Scheme

Government shuts down Medicare fraud scam that spanned nearly a decade and covered multiple locations across the Lone Star State. by Nadia Elyaouti

BEVERLY HILLS, CALIFORNIA, UNITED STATES, May 12, 2021 /EINPresswire.com/ -- According to a press release issued by the US Department of Justice, Rodney Mesquias, 48, of San Antonio, Texas, has been sentenced to 20 years in prison for his role in a hospice fraud scheme that amounted to over $150 million. The U.S. District Court Judge Rolanda Olvera has ordered that along with his prison sentence, Mesquias must pay back $120 million in restitution.

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>
> *Art Kalantar, California Healthcare Attorney*

The company executive ran the fraudulent scheme for nearly a decade, starting in 2009 and continuing through 2018. His fraudulent scheme was primarily focused on hospice care, but it expanded to other health services as well. Art Kalantar, a California healthcare attorney who was not involved in the case, said it's not unusual for a healthcare provider to be criminally charged with healthcare fraud for alleged wrongdoing that has been ongoing for many years. "In general," he says, "the larger the Medicare fraud scheme, the sooner it may fall under the radar of the federal authorities." Once alerted to possible Medicare fraud, federal authorities begin an investigation into the alleged fraudulent activities. These investigations, says Kalantar, can take months or even years to be completed before criminal charges are filed in court.

Mesquias' criminal activity primarily operated under his healthcare company, the Merida Group, which he owned and oversaw operations for. The Merida Group was a large-scale company that had several locations throughout Texas. Mesquias and his company aggressively targeted individuals who were suffering from long-term illnesses, including dementia, Alzheimer's, and individuals who had varying degrees of limited mental capacity. These individuals often lived in group homes, government housing, and nursing homes.

Along with his aggressive marketing, Mesquias falsely told thousands of patients that they had less than six months to live in order to get them to enroll in hospice care. Enrollment in hospice care requires that the individual must be suffering from a terminal illness and is not expected to live past six months.

Mesquias and his company's tactics went as far as using chaplains to lie to the patients as well as going over last wishes and preparations for their “imminent death.” In many cases, individuals who were enrolled in hospice care were in fact able-bodied and were able to walk, drive, work, and even coach athletic events.

By fraudulently enrolling patients into hospice care, patients were unable to get medical coverage to manage their ailments. Instead, Mesquias and his medical company reaped the benefits by keeping individuals enrolled in the service for years on end in order to continue generating income.

In addition to fraudulently enrolling and keeping patients in hospice care, Mesquias falsified medical records by altering existing ones and creating fictional ones. Many of these falsified and fictitious records were created as a way to show that patients were dying when, in fact, they were not. Mesquias even went as far as presenting the falsified medical records to the federal grand jury as a way to avoid facing justice for his crimes.

Mesquias did not act alone in his fraudulent scheme. The Department of Justice says that Mesquias operated alongside business executives Henry McInnis, 47, and Francisco Pena, 82. McInnis was the CEO of the Merida Group, while Pena, who was a licensed physician, operated as the Merida Group's medical director. Pena also happened to be the mayor of Rio Bravo. Sentencing for McInnis will take place on June 17. However, Pena will not face sentencing because he recently passed away after an unsuccessful battle with COVID-19.

Hospice fraud can involve a large number of individuals, according to attorney Kalantar. It could include, he says, the owners of the hospice agency who pay kickbacks and provide unnecessary services to Medicare patients; medical directors; referring physicians who take kickbacks and certify patients for hospice care when in fact the patients don’t qualify for it; nurses and other employees of the hospice agency who provide unnecessary services to patients; and even the patients themselves who receive remuneration from the hospice agency for participating in the scheme.

According to the indictment, Mesquias and his co-conspirators kept their scheme running for so long because they fired anyone who did not go along with the fraudulent activity. Mesquias allegedly told employees who wanted to discontinue hospice services for patients not to “[expletive] with his patients, or [expletive] with his money.”

“An employee of a hospice agency has to be very careful to avoid an unintended participation in a Medicare fraud scheme,” says Kalantar. “Once an employee or an executive becomes aware of fraud, it is very important to consult an experienced healthcare attorney to assess a potential liability and determine the most suitable further actions by the employee.” Kalantar explains that an employee could, for example, become a whistleblower and file a lawsuit on behalf of the government for violation of the False Claims Act. In this instance, the employee could receive compensation if the government was successful in collecting money from a hospice that was fraudulently billing Medicare.

In addition to the fraudulent services, Mesquias faces money laundering charges as money was funneled through fictitious companies to pay out medical directors, including Pena, and others who referred patients to the Merida Group.

Mesquias' scheme helped to fund his lavish lifestyle which included purchases from top designers like Louis Vuitton, luxury vehicles including a Porsche, expensive jewelry and designer clothes, lavish real estate purchases, premier passes to sporting events and a security detail. Additionally, Mesquias hosted extravagant parties at exclusive nightclubs where he treated physicians to tens of thousands of dollars of alcohol. Often, these parties were a way to entice physicians into referring clients to the Merida Group.

With all of that money spent on entertainment and lavish goods, it is unlikely the government will be able to collect the entire $120 million penalty. Attorney Kalantar explains that the government does have several means to collect restitution. For instance, he says the government can seize cash or money in bank accounts belonging to the defendants. They can place liens on real estate and other assets and liquidate them by order of the court. Even money that has been paid to third parties can sometimes be recovered if the government can trace the payments to fraudulently obtain funds, according to Kalantar. A lot of the money might be gone and untraceable, however.

Special Agent Miranda L. Bennett of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) Dallas Region said of Mesquia's behavior, "Mesquias' scheme included paying kickbacks to physicians and fraudulently enrolling vulnerable beneficiaries in hospice care that prevented them from accessing curative care – all done to steal millions of dollars from Medicare to fund lavish personal spending. This victimization is intolerable, and our investigators and law enforcement partners will continue to work hard to bring such criminals to justice and to protect those relying on federal health care programs."

Mesquias and McInnis were both found guilty on one count of conspiracy to obstruct justice, one count of conspiracy to commit health care fraud, one count of conspiracy to commit money laundering, and six counts of health care fraud. Mesquias was also found guilty on one count of conspiracy to pay and receive kickbacks.

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