



July 31, 2015

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## Medical Group Officer Goes To Jail: Kickback Arrangement

An incredibly tangled web of deceit, some alleged and some the subject of a guilty plea, involving kickbacks and other diversions, serves as an important lesson to the owners of medical groups and other healthcare entities.

### The Story

Although the complete details are far too complicated for this short article, Mr. Vic Wadhwa was employed as the CFO of a Maryland pain medicine group, Advanced Pain Management Services, LLC, and its related entities, working in concert with the practice's, and its related entities', non-physician CEO, Muhammad Khan.

The CEO informed Wadhwa that a toxicology lab had offered a kickback for each sample referred. Wadhwa, the CEO and others at Advanced Pain negotiated with the lab and agreed to split the lab's net profit on the referred samples.

Millions of dollars of toxicology billing passed through the kickback-paying lab, of which more than \$500,000 was received from federal health care programs including Medicare. Almost \$1.5 million in kickbacks were paid. Wadhwa received more than \$450,000, the CEO received more than \$400,000 and other practice personnel received the balance.

Wadhwa was charged with violation of the federal Anti-Kickback Statute ("AKS") which makes it a crime to solicit or receive any form of remuneration in return for ordering, arranging for, or recommending the ordering of any service for which payment may be made by a federal health care program.

Wadhwa entered into a plea bargain in which he can be sentenced to up to 5 years in prison and a \$250,000 fine, plus forfeiture of his illegal gains. Based on the fact that he was to have been sentenced this past April, but that sentencing has been continued, one can assume that he'll be testifying against his co-conspirators at their trials.

In addition to the criminal action, Wadhwa, Muhammad Khan, and a number of other individuals alleged to be co-conspirators were sued by Advanced Pain for the damage caused to the practice.

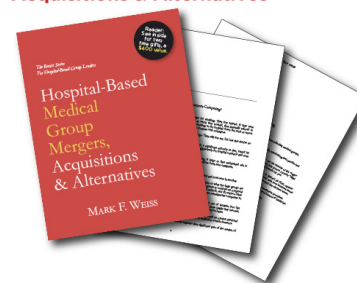
In addition to allegations centering on the facts underlying the kickback arrangement that was the subject of the criminal complaint against Wadhwa, Advanced Pain alleges that Wadhwa, Khan, and their co-conspirators engaged in a complex scheme using multiple shell entities, including a lab company, several management services entities, and a medical supply entity, to skim multiple streams of profit from the medical practice and its related entities. The case proceeds toward trial.

### The Practical Takeaways For You

This sad story provides you with three very important lessons:

1. The civil suit against Wadhwa was filed prior to the initiation of the criminal case. Matters involving violation of the AKS can start as civil matters other than False Claims Act complaints and then lead to criminal charges. Of course, the opposite is true as well: matters that start as criminal can lead to civil lawsuits by the damaged parties.

### Hospital-Based Medical Group Mergers, Acquisitions & Alternatives



#### COMPLIMENTARY BOOK DOWNLOAD

Some days, it seems as if everyone, from anesthesia groups to vascular surgery practices, is talking about selling their practice to a larger group, to private equity investors, or to a hospital.

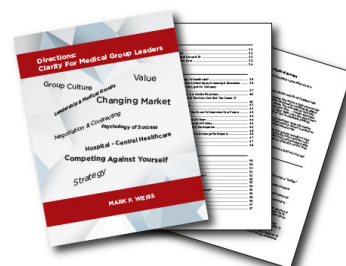
The reality is that some practices can be sold, some can never be sold, and some have nothing to sell.

The reality also is that there are a number of strategic alternatives to a practice sale.

A perfect storm of factors is accelerating the market for hospital-based medical group mergers and acquisitions.

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### Directions: Clarity For Medical Group Leaders



#### COMPLIMENTARY BOOK DOWNLOAD

The healthcare market is changing rapidly, bringing new sets of problems.

How can you find a solution, how can you engage in the right development of strategy, and how can you to plan your, or your group's, future without tools to

2. Receiving cash kickbacks is a clear violation of the AKS. But so too are more sophisticated schemes involving the capture of discounts from referral-receiving providers, often a hallmark of so-called Company Model schemes.

3. Although sophisticated medical practices and other healthcare businesses operating at multiple sites and, as is the case with Advanced Pain, through multiple related entities, require equally sophisticated non-physician staff, the owners of those entities, from their boards of directors to their physician officers, must remain diligent and in the loop. It's clear that the physician owners of Advanced Pain had no idea what Wadhwa and his co-conspirators were up to. It's also clear that that was the case because they relied completely on Wadhwa and Khan to run the business. Stay in the loop and use outside counsel and other experts to monitor your business', and its employees', activities.



### Wisdom. Applied. 79 - Is Your Business Goal To Simply Survive?

Many businesses of all kinds, from medical groups to, well, mortuaries, view their goal as not to go out of business. To protect their turf. To keep on keeping on.

## All Things Personal

I read an article about whether hospitals should have dress codes.

Some of those interviewed thought that in order to broaden the pool of prospective employees, dress codes should be ditched or wildly liberalized.

But looking inward to what your employees want, is looking entirely in the wrong direction, at least in connection with employees who come into contact with customers.

In that context, the issue is what your customers or patients or clients or whatever you call them like to see, and what image you are trying to present to them.

In one of my recent Success in Motion videos, [How to Put Your Finger on The Scale of Patient Satisfaction](#), I mentioned a study that was done by marketers of chiropractic practices which found that wearing street clothes drove moderate patient satisfaction, but if the chiropractor put on a white lab coat or, even better, also put a stethoscope around his or her neck, patient satisfaction skyrocketed.

It's time that you stop being all PC and turn to being focused on profit and patient satisfaction, which are, if you haven't noticed, becoming linked.

If your employees don't like it, get new ones.

## Recently Published Blog Posts

Tuesday July 28

Success In Motion: [Are You Governing Away Your Future?](#)

Monday, July 27

Blog Post: [Why You Might Be Aiding The Competition](#)

Thursday, July 23

Podcast: [Dear Healthcare Deal, You Are So Attractive! I Need You!](#)

Wednesday, July 22

Videocast: [What If They Had Begun To Think About The Future When It Was Still In Their Past](#)

Tuesday July 21

Success In Motion Series: [How To Put Your Finger On The Scale Of Patient Satisfaction](#)

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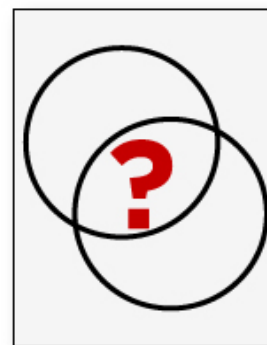
help clarify your thinking?

Directions is a collection of thoughts as thinking tools, each intended to instruct, inform, and even more so, cause you to give pause to instruct and inform yourself.

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## MFW Webinar Series

Join us for our upcoming webinar, [The Impending Death of Hospitals: How To Plan Your Practice's Survival](#) on June 4th from 5pm - 5:45pm CDT.



## MFW Knowledge Products

If you're an independent learner or need a refresher on a current topic, click [here](#) to find out about our growing list of Knowledge Products.

## Recent Interviews and Published Articles

Mark was quoted in the article **Anesthesiology Acquisition Rate Still at Fevered Pace**, published in the July 2015 issue of Anesthesiology News. Read or download [here](#).

Mark's article **Seeking Certainty In Radiology: Mergers, Acquisitions and Alternatives** was published in June 2015 on Imagingbiz.com. Read or download [here](#).

Mark's article **Give Disruptive Docs the Boot** was published in the April 2015 issue of Outpatient Surgery. Read or download [here](#).

Mark's article **Do You Make This Mistake Concerning Customer Value?** was published in the March 2015 issue of GeneralSurgeryNews.com. Read or download [here](#).

Mark's article **McDonald's and Delivering Anesthesia Group Value** was published on AnesthesiaNews.com on December 30, 2014. Read or download [here](#).

Mark was quoted in the article **Top 5 financial challenges facing physicians in 2015**, published in the December 2014 issue of Medical Economics. Read or download [here](#).