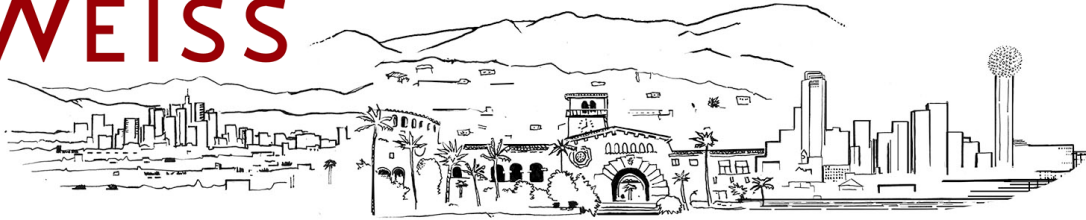


WEISS



October 31, 2020

Pass-Through Billing and Jail Time

Joe: "Hey Bob, our group is out-of-network with Blue Croissant of North Nowhere. How about if we submit our claims through your group and you can give us 95% of collections. The rest is your billing fee. Heck, it's win-win!"

Bob: "Sounds good to me!"

Pass-through billing. The term doesn't have a legal definition, but it's very sore spot with healthcare payors. There is a legal term that they think fits; it's called fraud.

Back in March 2019, Harris Brooks, the former CEO of Palo Pinto General Hospital ("Palo Pinto"), pleaded guilty to defrauding major insurance companies out of millions of dollars in a pass-through scheme.

As a part of his plea, he admitted that he and his co-conspirators, used Palo Pinto's in-network contracts with large health insurance companies to engage in pass-through billing for laboratory services.

Brooks admitted that he and his conspirators submitted in-network claims under Palo Pinto's provider number to insurance companies for lab tests purportedly performed at Palo Pinto.

In reality, Palo Pinto didn't have the equipment on-site to perform the tests for which it submitted claims.

The admitted scheme went further than just pass-through billing. The patients for whom claims were submitted were receiving treatment at various spas and clinics, not at Palo Pinto.

Over a nine-month period, Brooks and his co-conspirators submitted claims to health insurance providers for laboratory services totaling more than \$55 million, the vast majority of which were fraudulent. As a result of these claims, the insurance companies paid Palo Pinto more than \$9 million.

As a part of his admissions, Brooks said that purpose of the scheme was to receive higher

Per his plea agreement, Brooks faced up to 5 years in prison plus the obligation to make restitution.

But There's More

According to an October 2020 news report, four other healthcare executives have now been charged in the scheme.

Steven Berglund, Aaron Cerpanya, Adam Gardner, and Cody Waddel were indicted on charges of health care fraud, wire fraud, aggravated identity theft, and conspiracy to commit wire and health care fraud.

Interestingly, the report states that Brooks, who, as you'll recall, faced up to five years in prison, was given five years of probation and fined \$2.4 million.

Not a Perfect Analogy, But Close Enough for Government Work (as in Prosecution)

For years, insurance companies have been angered over the practice of in-network hospitals, as well as in-network labs, that permit other, out-of-network, labs, to submit claims under the in-network entity's name and numbers in order to obtain higher reimbursement.

Carriers began adopting policies against pass-throughs and begin bringing civil suits for fraud. Apparently, carriers have lobbied for criminal enforcement of what they claim is a fraudulent practice.

Which, of course, takes us back to the conversation between Joe and Bob at the top of this article.

First question: Pick either role, Joe or Bob. How would you justify the submission of claims for services performed by an out-of-network provider as if they were performed by one that is in-network?

Second question: Again picking either role, let's assume that Joe's group is not out-of-network, but has a poorly reimbursing contract with Blue Croissant of North Nowhere. On the other hand, Bob's group receives very high reimbursement from that carrier. The groups cut the same deal. Is it any easier for you to justify the "arrangement" without laughing?

Third and final question: Do you think you'll be as lucky as Harris Brooks and get probation?

The best defense to healthcare fraud is not to commit it in the first place.

If you want to talk about your situation, [you know how to find me](#).



How to Deploy the Secret Sauce of Opportunistic Strategy - Webinar On Demand

They say that COVID-19 has changed the world, creating the "new normal." Many of your colleagues and many hospital administrators are running scared.

Others, leaders like you, know that *crisis means opportunity*.

Let me provide you with the strategic tools and insights that you need in order to seize opportunities, whether they're in the context of your current business relationships, the expansion of your business activities, or the creation of new ventures.

- Defense as a defective default: It's necessary, but not sufficient.
- Exploiting weakness: Drop the guilt and identify opportunity.
- Flat line negotiation is fatal: Understand its myths and limitations.
- Negotiation reality: Learn to identify and deploy on multiple planes to affect the outcome.
- Maneuver: Harness the power of maneuver, both in overall strategy and in specific negotiation strategy.

Others see a crisis and freeze in fear. Learn how to see the opportunities and obtain the tools to increase your odds of obtaining them.

The price to attend is \$479. The cost of not attending is astronomical.

Get Access Now!



Newsflash: Business Life In the Time of Coronavirus - The Way Out

The coronavirus crisis, especially as it's become politicized, raises a number of business issues and, quite frankly, business opportunities in regard to future disruptive events.

lessons for medical group leaders.

Check out our [mini-series](#), with actionable business

Sooner or later this crisis will end. You can't allow yourself to be too busy, too occupied, too concerned with current events, to devote time and effort to strategizing for your future.



Wisdom.Applied.143 - Why Your Medical Group Might Be Headed Down the Cliff, and How to Stop It

The cliffs above Pacific Coast Highway are slowly giving way. The beautiful homes perched on top are headed for the slow lane of the highway below.

That's a perfect metaphor for the false belief that there's a strong foundation holding up the structure of a medical group. The reality is often much different.

All Things Personal

This has probably happened to you, too.

Recently, I walked into a sandwich shop to buy lunch to go.

The woman at the counter rang up my purchase and handed the sandwich to me. I asked for

Why do places like this guard napkins as if they're not made from 100% recycled post-consumer pulp, but from ingots of gold pressed into form by the feet of tiny angels?

Don't they realize that the taste left in your mouth isn't that of the delicious club sandwich on sourdough, but that of smeared fingers, a gooey chin, and, perhaps even a ruined tie? Don't they realize that a few tenth-of-a-cent napkins can return thousands of dollars over the lifetime value of a customer, one who might otherwise never come back?

How are you cutting costs with your patients, customers, and even employees?

Many years ago, the managing partner of a law firm I worked for announced that the only pens they'd be buying were Bic disposables. Rollerballs cost "too much." Later, I left with a lot of their business. Then they folded.

I like to think it was because of me, but it was probably due to the pens.

Help Us Help You With Helpful Content

What tailored content would you most like to see during this time?
How can we focus on solutions to your most pressing strategic concerns?

Please **fill out our confidential survey** to ensure we best serve your needs!



Podcast Compilation Greatest Hits - Strategy Edition 1.0

We've curated our most popular podcasts on strategy into our first compilation album.

Sit back, enjoy, and think about your future.

Listen [here](#).

Recent Posts

- [You Can Hold the Mayo, but Mayo Can't Hold on to Hospital](#)
- [Super Bowl Ads and Medical Group Leaders](#)
- [Negotiation Timing: Understanding Fast Transients](#)
- [City Loses Hospitals Like We Lose Our Keys](#)
- [Why You Should Have Fired Them](#)

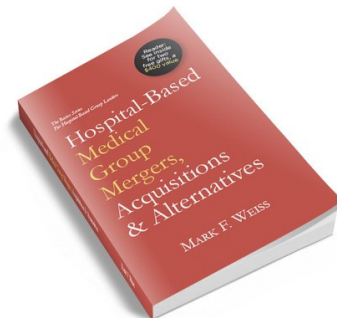
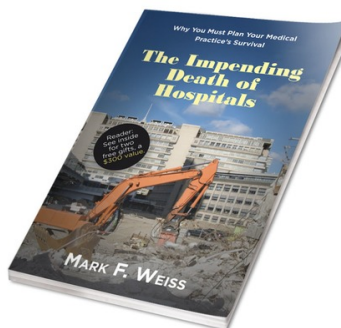
Published Articles

- [You Have Enough Problems. Why Buy Compliance Risk?](#), Summer 2020 Issue of [MiraMed Focus](#)
- [Who Really Owns Your Medical Group?](#), Summer 2020, [Communique](#)
- [The Practical Essentials of the False Claims Act](#), March 2020, on [AnesthesiologyNews.com](#) and in the May 2020 issue of [Gastroenterology & Endoscopy News](#)

Books and Publications



We all hear, and most of us say, that the pace of change in healthcare is quickening. That means that the pace of required decision-making is increasing, too. Unless, that is, you want to take the “default” route. That’s the one in which you let someone else make the decisions that impact you; you’re just along for the ride. Of course, playing a bit part in scripting your own future isn’t the smart route to stardom. But despite your own best intentions, perhaps it’s your medical group’s governance structure that’s holding you back. In fact, it’s very likely that the problem is systemic. The Medical Group Governance Matrix introduces a simple four-quadrant diagnostic tool to help you find out. It then shows you how to use that tool to build your better, more profitable future. Get your free copy [here](#).



Whenever you're ready, here are 4 ways I can help you and your business:

1. Download a copy of The Success Prescription. My book, The Success Prescription provides you with a framework for thinking about your success. Download a copy of The Success Prescription [here](#).

2. Be a guest on “Wisdom. Applied. Podcast.” Although most of my podcasts involve me addressing an important point for your success, I’m always looking for guests who’d like to be interviewed about their personal and professional achievements and the lessons learned. [Email me](#) if you’re interested in participating.

group, healthcare organization, university-sponsored, and private events on many topics such as The Impending Death of Hospitals, the strategic use of OIG Advisory Opinions, medical group governance, and succeeding at negotiations. For more information about a custom presentation for you, [drop us a line](#).

4. If You're Not Yet a Client, Engage Me to Represent You. If you're interested in increasing your profit and managing your risk of loss, [email me](#) to connect directly.

Visit the site of our affiliate:



A healthcare mergers and acquisitions advisory firm.