

WEISS



July 18, 2025

There are countless sorts of healthcare fraud.

The ones that get the most press involve money stolen from “the public”. * Oftentimes that money was stolen by criminal physicians. Like the sort who certify healthy patients for hospice.

But far fewer talk about fraud against physicians. Some of it leaves the physician as victim. Some if it induces the physician into crime.

It’s said that William Thompson was the original “confidence man”. That’s unlikely; he just received the best press.

Well-spoken and dressed in a manner evoking a degree of wealth, he would approach wealthy New Yorkers on the street. After engaging the victim in some banter in which, perhaps, he feigned to be an acquaintance whom the stranger couldn’t quite place, he would make the seemingly outlandish request, “have you confidence in me to trust me with your watch until tomorrow?” He often walked off with the watch, never to be seen again. Well, at least until he was caught in July 1849 after ripping off Thomas McDonald of 276 Madison Street the prior May 12th.

Unlike theft, for example stealing millions from Medicare for nonexistent DME that was “delivered” to nonexistent patients, in a con, the victim, a/k/a the “mark”, happily and completely voluntarily hands over the proceeds of the crime.

As in William Thompson and the watch, the flow of confidence can run from victim to criminal. In May 1849, Mr. McDonald placed confidence in the well-spoken and well-dressed Thompson. “Of course! Here’s my watch. See you tomorrow!”

But as the concept evolved, and here is where it gets more interesting, the victim is often pulled into the scheme by the con artist’s feigned confidence in the victim, evoking reciprocity often fueled by greed.

Look closely and you can see the breadcrumbs of these scams. In fact, you can even see them advertised in LinkedIn posts along the lines of:

Get in on our growing new wellness business, poised to take off across the northeast. Make an extra \$2,500 a month, plus stock options, as the remote medical director of our first wellness clinic! Just sign off on injections, infusions, capsules, and pills for our members.

Never mind that you are 400 miles away and have no idea who the members, oops, patients, actually are. Those stock options are multiplying millions, metastasizing in your mind faster than brooms in front of Mickey.

Eighteen months later, when you’re also the medical director of four other “wellness” locations, you’ll have been sucked so deep into the scam and set up as a co-conspirator that you’ll likely never flip. Because to do so would amount to a confession.

But there’s no need to be so dark.

After 24 years of being the contracted provider of anesthesiology at St. Larry’s Community Hospital, the CEO calls Dr. Bob, the medical group’s president, into her office.

She tells Dr. Bob that it’s not likely that the hospital will be renewing the group’s contract expiring at the end of 2025 because the hospital is working out the details of a merger with Santa Margarita Memorial across town, to be effective by the end of 2026.

Instead, the CEO tells Dr. Bob that those plans (which she says, she can trust Dr. Bob not to disclose because they are “need to know” only), include employing all of the group’s physicians to facilitate the

model in place at Santa Margarita. Of course, they'll need someone to serve as the Chief Medical Officer – Anesthesiology, with at least an extra \$100,000 per year of pay, and she'd like Dr. Bob to take the job.

How much will Dr. Bob do to facilitate the hand-over of his group, to not terminate (or leverage threat of termination) in December 2025?

For those who consider that sort of (common in real life) scenario as implausible, substitute hospital CEO for management company. For those who find it hard to believe that a hospital-based medical group leader would do any such thing, substitute him or her with a surgeon owning a majority interest in an ASC. (“The 25% management fee is a bargain because we have ‘national contracts’.”)

The takeaway for you?

As they say in carpentry, “measure twice, cut once.” In connection with your participation in any healthcare deal, measure at least thrice (i.e., get expert legal advice) so you don't get cut.

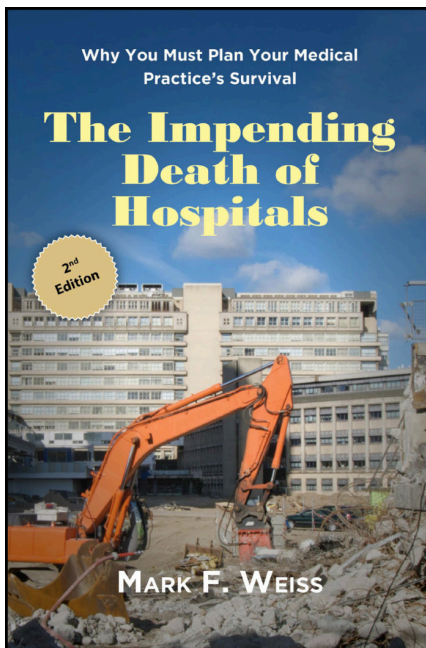
Or, as they say in confidence games, “if you don't know who the mark is, it's you.”

* When someone rips off a program funded by taxes, the government says that the public was cheated by the criminal. When people don't pay their taxes, the government says the criminal has cheated the government.



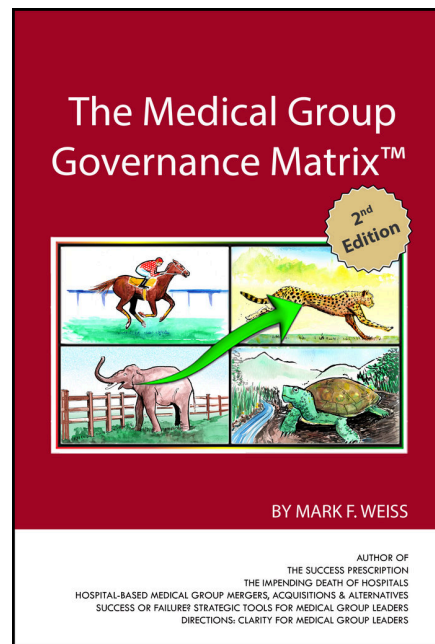
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