

Telemedicine CEO pleads guilty to role in \$424M Medicare fraud scheme

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The CEO of a telemedicine company has pleaded guilty for his role in one of the largest healthcare fraud schemes the feds have ever investigated.

The Department of Justice (DOJ) filed charges against 24 telemedicine executives, medical device company executives and physicians in April alleging the defendants were involved in a “complex, multi-layered scheme” to defraud Medicare, with losses totaling \$1.2 billion.

DOJ said that the involved medical device companies paid kickbacks and bribes to physicians at telemedicine companies in exchange for referrals for back, shoulder, wrist and knee braces that were not medically necessary.

All told, more than \$1.7 billion was billed to Medicare under the scheme, with \$900 million paid out.

DOJ announced Friday that one of the indicted telemedicine executives had entered a guilty plea in the case. Lester Stockett, 52, of Medellin, Colombia, pleaded guilty to one count of conspiracy to defraud the U.S. and one count of conspiracy to commit money laundering.

Stockett was the owner of Video Doctor USA and Telemed Health Group, or AffordADoc, with the two companies known collectively as the Video Doctor Network. He also served as CEO of AffordADoc.

As part of the plea, Stockett admitted to receiving bribes from patient recruiters, pharmacies, brace suppliers and other companies in exchange for getting physicians working for his company to prescribe the medically unnecessary braces.

Often, these braces were prescribed after a short phone call between the doctor and the patient, who had no previous relationship with that physician, according to DOJ. In total, the co-conspirators billed Medicare for \$424 million in medically unneeded orthopedic braces and were paid \$200 million.

Stockett also admitted that he and other executives at Video Doctor Network defrauded investors who believed the telemedicine company was legitimate, and also engaged in domestic and international money laundering.

“The extent of Mr. Stockett’s fraud and money laundering, literally, knew no bounds,” Gregory Ehrie, special agent in charge of the FBI’s Newark Field Office, said in the announcement. “From the U.S. to Latin America, the Philippines, and the Dominican Republic, the FBI followed the trail of ill-gotten gains back to Stockett and his conspirators.”

“They stole precious federal funds earmarked to assist the elderly,” Ehrie said. “His admission today should resonate with anyone who is committing fraud against the U.S. government—the FBI will find you and your criminal efforts will not pay off.”

Medicare beneficiaries were lured into the scheme through an international telemarketing network, according to DOJ, that drew in thousands of disabled Medicare patients. Call centers were located in the Philippines and across Latin America.

Indictments against other telemedicine executives remain pending, and a trial date has not yet been set. As part of the plea, Stockett agreed to pay \$200 million in restitution.

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