



*United States Attorney
District of New Jersey*

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**PROMINENT TRI-STATE CARDIOLOGIST ADMITS RECORD \$19 MILLION
BILLING FRAUD SCHEME, EXPOSING PATIENTS TO UNSKILLED
AND UNNECESSARY MEDICAL TREATMENT**

NEWARK, N.J. – A well-known cardiologist and the founder, CEO, and sole owner of a pair of large medical services companies in New Jersey and New York admitted today to conspiring in a multimillion-dollar health care fraud scheme that subjected thousands of patients to unnecessary tests and potentially life-threatening, unneeded treatment, as well as treatment by unlicensed or untrained personnel. The guilty plea was announced today by New Jersey U.S. Attorney Paul J. Fishman.

Jose Katz, 68, of Closter, N.J., pleaded guilty before U.S. District Judge Jose L. Linares in Newark federal court to an Information charging him with one count of conspiracy to commit health care fraud and one count of Social Security fraud arising from a separate scheme to give his wife a “no show” job and make her eligible for Social Security benefits.

As part of his plea agreement with the government, Katz agreed that the loss amount sustained by Medicare, Medicaid and other insurers victimized by the fraudulent billings was \$19 million. U.S. Department of Health and Human Services, Office of Inspector General and FBI records indicate the loss amount suffered by the victims is the largest recorded in New Jersey, New York and Connecticut for an individual practitioner convicted of health care fraud.

“After years of prominence in his field, Jose Katz will now be remembered for his record-setting fraud,” said U.S. Attorney Fishman. “Katz was so focused on illegal profits that he directed unlicensed and unqualified providers to treat his patients, ordered unnecessary tests and cavalierly ordered treatments that could have caused patient harm. Ripping off the government and insurance companies is bad enough; risking patient health in the bargain is inexcusable.”

“Health care fraud is not a victimless crime. It is a plague on American society and could put the health of people who need medical care at risk, said FBI Special Agent in Charge Aaron T. Ford. “The FBI, together with its law enforcement and regulatory agency partners, will vigorously investigate these crimes and hold those responsible accountable.”

“I am proud to be part of the federal team that brought Dr. Katz to justice after a complicated investigation,” said Tom O’Donnell, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General’s New York Regional Office. Dr. Katz had very little regard for his patients and the Medicare program, as evidenced by his blatant behavior. Criminals can be assured that if they attempt to defraud Medicare and their patients, they will be brought to justice.”

According to documents filed in this case and statements made in court:

Katz was the founder, CEO, and sole equity-holder of Cardio-Med Services LLC (Cardio-Med), and Comprehensive Healthcare & Medical Services LLC (Comprehensive Healthcare). From 2004 through 2012, Cardio-Med had offices in Union City, Paterson, and West New York, N.J., and Comprehensive Healthcare had offices in Manhattan and Queens, New York. Both Cardio-Med and Comprehensive Healthcare provided cardiology, internal medicine and other medical services to individual patients. During that time period, Katz conspired to bill Medicare Part B, Medicaid, Empire BCBS, Aetna and others for unnecessary tests and unnecessary procedures based on false diagnoses, and for medical services rendered by unlicensed practitioners.

Between July 2006 and February, 2009, Katz spent more than \$6 million for advertising on Spanish-language television and radio stations. The ads attracted hundreds of patients to Cardio-Med and Comprehensive Healthcare every day. Overall, Katz was able to bill Medicare and Medicaid more than \$70 million for his services from 2005 through 2012.

Over the course of the conspiracy, Katz ordered and performed essentially the same battery of diagnostic tests for nearly all the patients he treated, regardless of their symptoms. Katz also instructed his non-physician employees to order and perform diagnostic tests for patients of other doctors working at his offices, even though he had not examined those patients and the other physicians had not ordered the unnecessary tests.

Most significantly, Katz admitted that he falsified patient charts with fictitious and boilerplate symptoms and falsely diagnosed a majority of his Medicare and Medicaid patients with coronary artery disease and debilitating and inoperable angina. He also admitted to making the diagnoses to justify prescribing and administering an unnecessary treatment for those patients called enhanced external counter pulsation, or EECPP. Katz even prescribed EECPP treatments for some patients with contraindications for the treatment, therefore subjecting those patients to a substantial risk of serious injury or death.

From 2005 through 2012, Medicare and Medicaid paid Katz more than \$15.6 million just for his EECPP treatments, most of which were fraudulent.

In addition, Katz ordered conspirator Mario Roncal, 62, of Woodland Park, N.J. – who had a medical degree from San Juan Bautista School of Medicine in San Juan, Puerto Rico, but did not have a license to practice medicine in any of the 50 states – to treat patients, knowing he was not licensed. At Katz’s direction, Roncal held himself out to fellow employees and to patients as “Dr. Roncal,” examined new patients as well as Katz’s follow-up patients, ordered diagnostic tests,

diagnosed patients with medical conditions and diseases and recommended and prescribed courses of treatment and surgery – including falsely diagnosing patients with angina and prescribing EECF treatments for those patients.

To conceal this illegal and unlicensed practice of medicine, Roncal forged Katz's signature on paperwork associated with Roncal's unlawful medical services, including on patient charts. During the conspiracy, Katz used his own billing numbers to bill Medicare Part B and Medicaid for the illegal services Roncal provided as though they were provided by Katz.

Roncal was indicted on March 2, 2012, for conspiracy to commit health care fraud. He entered a guilty plea on Jan. 4, 2013 and awaits sentencing.

Katz also admitted to a Social Security fraud scheme in which, from 2005 through 2012, he kept his wife on Cardio-Med's payroll though she performed little or no work. During the course of the scheme, Katz sent false W-2 forms for calendar years 2005 through 2011 to the U.S. Social Security Administration purportedly reflecting \$1,251,604 in earnings for his wife, making her eligible for an estimated \$263,000 in Social Security benefits to which she was not entitled.

The health care fraud conspiracy and fraud counts with which Katz is charged carry a maximum potential penalty of 10 and five years in prison, respectively. Each count also carries a maximum \$250,000 fine, or twice the gross gain or loss from the offense. At sentencing, currently scheduled before Judge Linares on July 23, 2013, Katz will also be ordered to pay restitution to victims of his offenses. Katz was granted \$200,000 bail pending sentencing.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Aaron T. Ford; the U.S. Department of Health and Human Services, Office of Inspector General, under the direction of Special Agent in Charge O'Donnell; the U.S. Postal Inspection Service, under the direction of Acting Inspector in Charge Maria Kelokates; the Social Security Administration, Office of the Inspector General, under the direction of Special Agent in Charge Edward J. Ryan; IRS-Criminal Investigation, under the direction of Acting Special Agent in Charge Shantelle P. Kitchen; and criminal and civil investigators with the U.S. Attorney's Office for the investigation leading to the guilty plea.

The case is being prosecuted by Assistant U.S. Attorney Scott B. McBride of the U.S. Attorney's Office Health Care and Government Fraud Unit in Newark.

13-163

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