

Investigation into \$20M Healthcare Fraud Scheme Ends with Conviction of Doctor, Hospital Owner

The U.S. Department of Justice (DOJ) has long maintained that one of its top priorities is to quash healthcare fraud. Ongoing investigations and trials indicate the government's commitment to that goal, and a recent conviction by a federal jury in Houston speaks to that.

As announced in a DOJ press release, Dr. Harcharan Narang, 50, and hospital owner Dayakar Moparty, 47, were recently convicted of conspiracy to commit healthcare fraud, 17 counts of healthcare fraud, and three counts of money laundering. The jury returned its verdict after a two-week trial and after four hours of deliberation. The FBI and the Office of Personnel Management, Office of Inspector General conducted the investigation.

Narang, an internal medicine doctor who owned North Cypress Clinical Associates in Houston, and Moparty, who managed Red Oak Hospital in Houston, allegedly conspired to defraud the government out of \$20 million. The jury was presented with evidence over the course of the trial alleging that Narang and Moparty submitted false and fraudulent claims for tests that were not medically necessary and/or were not provided to the patients. Further, they allegedly billed for those services at a higher reimbursement rate at Red Oak Hospital.

Patients say they were lured in with Groupon, then hit with a string of tests

Allegedly, Moparty told his staff to falsely bill certain medical services at Red Oak Hospital that were not actually delivered. And Narang (along with co-conspirators) allegedly spun some fiction on home health patient assessment forms in order to make patients seem sicker than they were in truth, with the goal of billing for those services at higher reimbursement rates. Aetna, Blue Cross Blue Shield, and Cigna were some of the insurers in receipt of those falsified documents discussed during the trial.

The trial also included testimony by patients stating that they thought they had purchased a Groupon for weight loss shots. Despite what got them in the door, they ultimately underwent a series of medical tests that were allegedly not needed and/or not provided, this after meeting Narang. Red Oak Hospital received around \$3.2 million from healthcare benefit programs. The alleged scheme perpetrated by Narang and Moparty had the latter secretly paying the former around \$3 million and hiding that money by spreading it around various corporations owned by Narang.

Doctor and hospital owner face decades in prison

Both men face up to a decade in federal prison for each count of healthcare fraud, as well as 20 years for each count of money laundering. Their sentencing is set for late June (before U.S. District Judge Sim Lake); they are currently out on bond and monitored with ankle devices.

Narang and Moparty allegedly conspired with Dr. Gurnaib Sidhu, 67, of Houston, who is awaiting sentencing after pleading guilty to conspiracy to commit healthcare fraud.

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