

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

MELANIE DAVIS,

Defendant.

Case No. 23-20365

Hon. Paul D. Borman

VIO: 18 U.S.C. § 1347

18 U.S.C. § 2

18 U.S.C. § 982

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this Information:

The Medicare Program

1. The Medicare program (“Medicare”) was a federal health care program providing benefits to persons who were 65 years of age or older or disabled. Medicare was administered by the Centers for Medicare and Medicaid Services (“CMS”), a federal agency under the United States Department of Health and Human Services (“HHS”). Individuals who received benefits under Medicare were referred to as Medicare “beneficiaries.”

2. Medicare was a “health care benefit program,” as defined by Title 18, United States Code, Section 24(b), and a “Federal health care program,” as defined by Title 42, United States Code, Section 1320a-7b(f).

3. Medicare included coverage under two primary components, hospital insurance (“Part A”) and medical insurance (“Part B”). Medicare Part B covered the costs of medical insurance, including physician, nursing, and other ancillary services not covered by Part A. The services at issue in this Information were covered by Part B.

4. CMS contracted with various companies to receive, adjudicate, process, and pay Part B claims. Wisconsin Physicians Service was the CMS Medicare Administrative Contractor (“MAC”) for Medicare Part B in the state of Michigan. AdvanceMed (now known as “CoventBridge Group”) was the Zone Program Integrity Contractor, and as such, it was the Medicare contractor charged with investigating fraud, waste, and abuse, during the relevant time period.

5. Physicians, nurse practitioners, and other health care providers that provided medical services that were to be reimbursed by Medicare were referred to as Medicare “providers.” To participate in Medicare, providers were required to submit applications in which the providers agreed to comply with all Medicare-related policies and procedures, rules, and regulations issued by CMS and its agents and contractors, including those governing reimbursement, and furthermore,

certified that they would not knowingly present, or cause to be presented, false and fraudulent claims.

6. If Medicare approved a provider's application, Medicare assigned the provider a Medicare "provider number," which was used for the processing and payment of claims for services provided to beneficiaries. A health care provider that received a Medicare provider number was able to file claims with Medicare to obtain reimbursement for services provided to beneficiaries.

7. As defined by the Social Security Act, Local Coverage Determinations ("LCDs") were decisions made by the MAC on whether a particular service or item was reasonable and necessary, and therefore covered by Medicare within the specific region that the MAC oversees. LCD 34616 was titled "Psychiatry and Psychological Services" and applied to the primary geographical jurisdiction of Michigan. This LCD specified that Medicare coverage of psychotherapy did not include teaching grooming skills, monitoring activities of daily living, recreational therapy (dance, art, play), or social interaction. It also did not include oversight activities such as house or financial management. LCD 34616 specified the expected period of time that a provider would spend with a beneficiary and/or the beneficiary's family during psychotherapy sessions. The American Medical Association assigned and published numeric codes, known as the Current Procedural

Terminology (“CPT”) codes. These codes were a systematic listing used to describe the procedures and services performed by health care providers.

8. Providers were given, and provided with online access to, Medicare manuals and services bulletins describing proper billing procedures and billing rules and regulations. Providers could only submit claims to Medicare for services they rendered, and providers were required to maintain patient records to verify that the services were provided as described on the claim form. These records were required to be sufficient to permit Medicare, through its contractors, to review the appropriateness of Medicare payments made to the health care provider.

9. To receive reimbursement for a covered service from Medicare, a provider was required to submit a claim, either electronically or using a form (e.g., a CMS-1500 form or UB-92), to the Medicare contractor or carrier containing the required information appropriately identifying the provider, beneficiary, and services rendered.

10. Medicare only covered services that were medically reasonable and necessary and provided as represented.

The Business

11. Michigan Adult Services 1 LLC (“MAS”) was a Michigan limited liability company, formed in or around August 2017, and located at 28673 Hoover

Road in Warren, Michigan. MAS was enrolled as a participating provider with Medicare.

The Defendant

12. Defendant MELANIE DAVIS, a resident of Southfield, Michigan, was the registered owner for MAS and was the sole signatory on the bank accounts into which Medicare reimbursements to MAS were deposited.

COUNT 1

(18 U.S.C. §§ 1347 and 2 - Health Care Fraud)

13. Paragraphs 1 through 12 of this Information are re-alleged and incorporated by reference as though fully set forth herein.

14. From in or around February 2018, and continuing through in or around March 2022, the exact dates being unknown to the Grand Jury, in Wayne County, in the Eastern District of Michigan, and elsewhere, the defendant, MELANIE DAVIS, in connection with the delivery of, and payment for, health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud Medicare, a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of Medicare, by submitting or

causing the submission of false and fraudulent claims to Medicare for individual and group psychotherapy services that were not provided.

PURPOSE OF SCHEME AND ARTIFICE

15. It was a purpose of the scheme and artifice for MELANIE DAVIS to unlawfully enrich herself by: (a) submitting and causing the submission of false and fraudulent claims to Medicare for individual and group psychotherapy services that were (i) medically unnecessary, (ii) ineligible for Medicare reimbursement, and (iii) not provided as represented; (b) concealing the submission of false and fraudulent claims and the receipt and transfer of the proceeds from the fraud; and (c) diverting proceeds of the fraud for her personal use and benefit, and to further the fraud.

THE SCHEME AND ARTIFICE

16. On or about March 15, 2018, MELANIE DAVIS, on behalf of MAS, certified to Medicare that she would comply with all Medicare rules and regulations, including that she would not knowingly present or cause to be presented, a false and fraudulent claim for payment by Medicare. For all times during the charged period, MELANIE DAVIS was a Medicare provider and was required to abide by all Medicare rules and regulations and federal laws, including that she would not knowingly present or cause to be presented a false and fraudulent claim for payment by Medicare.

17. Beginning on or about at least February 7, 2018, MELANIE DAVIS executed, and attempted to execute, a scheme to submit false and fraudulent claims to Medicare for: (a) individual and group psychotherapy services that were not provided; and/or (b) individual and group psychotherapy services that were ineligible for reimbursement from Medicare.

18. MELANIE DAVIS submitted, and caused the submission of, claims to Medicare purporting that individual and group psychotherapy were being provided to Medicare beneficiaries by MAS personnel, when in fact, these purported services were either not provided at all, or were provided by unqualified and/or a non-licensed individual.

19. From in or around February 2018, and continuing through at least March 2022, MELANIE DAVIS submitted, and caused the submission of, approximately \$659,494.62 in false or fraudulent claims to Medicare on behalf of MAS. Medicare paid \$351,373.92 for those claims.

EXECUTIONS OF THE SCHEME AND ARTIFICE

20. On or about the date specified below, in the Eastern District of Michigan, and elsewhere, the defendant, MELANIE DAVIS, aided and abetted by, and aiding and abetting, others known and unknown to the Grand Jury, submitted and caused to be submitted the following false and fraudulent claim to Medicare for individual psychotherapy services that were not provided, in an attempt to execute,

and in execution of, the scheme as described in Paragraphs 16 through 19 of this Information, as set forth below:

Count	Beneficiary	Approximate Date of Service	Approximate Date of Claim	Description of Items Billed	Approximate Amount Billed
1	T.C.	7/30/2021	8/12/2021	CPT Code 90834	\$125.00

In violation of Title 18, United States Code, Sections 1347 and 2.

FORFEITURE ALLEGATIONS
(18 U.S.C. § 982(a)(7) - Criminal Forfeiture)

21. The allegations contained in this Information above are incorporated by reference as if set forth fully herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 982.

22. As a result of the violation alleged in Count 1 as set forth in this Information, under Title 18, United States Code, Sections 1347 and 2, the defendant MELANIE DAVIS shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(7), any property, real or personal, constituting, or derived from, any gross proceeds obtained, directly or indirectly, as a result of such violation.

23. Substitute Assets: if the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code, Section 982(b), to seek to forfeit any other property of defendant MELANIE DAVIS up to the value of the forfeitable property described above.

24. Money Judgment: Defendant MELANIE DAVIS shall forfeit to the United States a sum of money equal to at least \$351,373.92 in United States currency, or such amount as is proved in this matter, representing the total amount of gross proceeds defendant obtained as a result of defendant's violation of Title 18, United States Code, Sections 1347 and 2, as alleged in this Information.

DAWN N. ISON
United States Attorney

GLENN S. LEON
Chief,
Criminal Division, Fraud Section
U.S. Department of Justice

s/Regina R. Mccullough
REGINA R. MCCULLOUGH
Chief, Health Care Fraud Unit
United States Attorney's Office
Eastern District of Michigan

s/Shankar Ramamurthy
SHANKAR RAMAMURTHY
Trial Attorney
Criminal Division, Fraud Section
U.S. Department of Justice
211 W. Fort Street, Suite 2001
Detroit, MI 48226
(202) 924-5368
Shankar.Ramamurthy@usdoj.gov

s/Andres Q. Almendarez
ANDRES Q. ALMENDAREZ
Trial Attorney
Criminal Division, Fraud Section
U.S. Department of Justice
211 W. Fort Street, Suite 2001
Detroit, MI 48226
(202) 258-7149
Andres.Almendarez@usdoj.gov

Dated: June 26, 2023

United States District Court Eastern District of Michigan	Criminal Case Cover Sheet	Case Number
--	----------------------------------	-------------

NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) ¹ :	Judge Assigned:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AUSA's Initials:

Case Title: USA v. Melanie Davis

County where offense occurred : Wayne

Check One: **Felony** **Misdemeanor** **Petty**

Indictment/ Information --- **no** prior complaint.
 Indictment/ Information --- based upon prior complaint [Case number: _____]
 Indictment/ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

Superseding Case Information

Superseding to Case No: _____ **Judge:** _____

- Corrects errors; no additional charges or defendants.
- Involves, for plea purposes, different charges or adds counts.
- Embraces same subject matter but adds the additional defendants or charges below:

<u>Defendant name</u>	<u>Charges</u>	<u>Prior Complaint (if applicable)</u>
------------------------------	-----------------------	---

Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

June 26, 2023
Date

Andres Almendarez
 Trial Attorney
 Assistant United States Attorney
 211 W. Fort Street, Suite 2001
 Detroit, MI 48226-3277
 Phone: 202-258-7149
 E-Mail address: Andres.Almendarez@usdoj.gov
 Attorney Bar #: IL 6292270

¹ Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, or (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.