



# Department of Justice

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## **\$4 MILLION RECOVERY IN DR. STACEY JOHNSON MATTER**

*Harrison, Arkansas* - Conner Eldridge, United States Attorney for the Western District of Arkansas, announced today a recovery of property in excess of \$4,000,000.00, resulting from a claim filed in the Probate Estate of Stacey M. Johnson, deceased, in Baxter County, Arkansas, and through a civil forfeiture action filed in United States District Court. Both actions were filed by the U.S. Attorney's Office in September 2013. The Probate Court has today entered an Order directing that \$3,480,000.00 of the assets of the Estate will go to the United States.

According to the affidavit filed with the civil forfeiture, Dr. Johnson was a licensed cardiologist in the State of Arkansas. From November 14, 1980, to December 30, 2009, Dr. Johnson owned and operated the Physicians' Medical Center of the Ozarks, a medical practice and outpatient surgical center, and Physicians' Surgical Center of the Ozarks, an outpatient surgical center, both located in Mountain Home, Arkansas. In 2006, an investigation into Dr. Johnson's practice was launched after it was discovered that Dr. Johnson had a significant increase in billings to Medicare for the period of 2001 through 2006 and an increase in CT scans from 2004 to 2005. According to the pleadings in the forfeiture action, the investigation determined that Dr. Johnson had ordered numerous tests for his patients that were not medically supported and ordered unnecessary tests that were duplicative in nature, and had falsely billed the Medicare and Tricare programs.

Dr. Johnson passed away in March 2013. According to a Petition for Probate of Will and Appointment of Personal Representative filed by his estate on March 14, 2013, in the Circuit Court of Baxter County, Probate Division, Dr. Johnson's estate was valued at approximately \$3,500,000.00 in real and personal property. The U.S. Attorney's Office filed a Claim against the Estate on behalf of the United States Department of Health and Human Services for Medicare overpayment in the amount of \$14,716,191.00. According to documents filed with the Claim, the overpayment amount was established by a Post-Payment Review of Medicare services billed by Dr. Johnson from January 2004 to June 2006 and January 2007 to June 2009. As a result of the audit, it was determined that Dr. Johnson, individually and, doing business as Stacy M. Johnson M.D., F.A.C.P, and as president and sole stockholder of Physicians' Medical Center of the Ozarks and Physicians' Surgical Center of the Ozarks was indebted to the United States for the overpayment.

Under the terms of the Order entered by Judge Gary Isbell in the state Circuit Court Probate case, based on an agreement with the Personal Representative of the Estate, the United States will be paid the proceeds of a promissory note owing to Dr. Johnson in the amount of \$2,500,000.00, and the United States will take title to five real properties owned by Dr. Johnson with a value of \$980,000.00. The personal representative will receive the balance of the Estate valued at \$366,400.00. The real properties will be sold and the proceeds of sale and those from the promissory note will be recouped by the United States Medicare Program.

The Complaint filed in the forfeiture action alleged that property named in the action was constructed with proceeds derived from Dr. Johnson's illegal billings to the Medicare and Tricare

Programs. Under federal forfeiture laws, the government is authorized to seek the forfeiture of any property with a requisite nexus to criminal activity, regardless of the owner of record. The Mountain Home residence that is the subject of the government forfeiture was owned at the time of the filing of the Complaint by Dr. Johnson's ex-wife. She surrendered \$600,000 from the residence. The residence was also encumbered by other liens.

U.S. Attorney Eldridge stated, "Medicare fraud, especially of this magnitude, has a direct effect on each and every taxpayer in the State of Arkansas. This doctor built his fortune by scheming to defraud a healthcare program that was designed to benefit some of the most vulnerable people in our society, the elderly and young people facing end of life illnesses. I applaud the investigative efforts in unraveling this elaborate scheme. Our office will do everything possible to ensure that this type of criminal activity is exposed and that the victims of these crimes are recompensed for their losses."

"As the investigative arm of the Department of Defense - Office of Inspector General, one of the primary missions of the DCIS is the detection of fraud, especially the type that targets critical funding for healthcare for our warfighters, their families and military retirees," said Janice M. Flores, Special Agent in Charge of the DCIS Southwest Field Office, Arlington, TX. "This investigation demonstrates the commitment of DCIS and our law enforcement partners from HHS-OIG in rooting out and stopping healthcare fraud and to recoup monies fraudulently obtained."

Mike Fields, Special Agent-in-Charge, U.S. Department of Health and Human Services, Office of Inspector General, Dallas Regional Office emphasized that any time false claims are submitted for payment, the nation's health insurance programs suffer. HHS-OIG investigators will continue to work closely with our law enforcement partners to identify providers who deliberately manipulate the system to obtain crucial Medicare or Medicaid dollars.

The cases were investigated by agents of the U. S. Department of Health and Human Services, Office of Inspector General, and the Defense Criminal Investigative Service. Assistant United States Attorneys Benjamin Wulff and Debbie Groom represented the United States in these forfeiture and probate actions.

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Related court documents may be found on the Public Access to Electronic Records website @ [www.pacer.gov](http://www.pacer.gov)