

COMPLIANCE CONNECTION

Newsletter



JUNE 2026

This newsletter is prepared monthly by the Midland Health Compliance Department and is intended to provide relevant compliance issues and hot topics.

IN THIS ISSUE

Feature Article:

Florida Nursing Assistant Sentenced to Nine Years in Prison for \$11.4M Health Care Fraud Scheme Targeting Medicare Beneficiaries

Midland Health PolicyTech: Policy #15217 Acceptable Use of Artificial Intelligence (AI)
(See Page 2)

FRAUD & ABUSE LAWS

The five most important Federal Fraud and Abuse Laws that apply to physicians are:

- 1. False Claims Act (FCA):** The civil FCA protects the Government from being overcharged or sold shoddy goods or services. It is illegal to submit claims for payment to Medicare or Medicaid that you know or should know are false or fraudulent.
- 2. Anti-Kickback Statute (AKS):** The AKS is a criminal law that prohibits the knowing and willful payment of "remuneration" to induce or reward patient referrals or the generation of business involving any item or service payable by the Federal health care programs (e.g., drugs, supplies, or health care services for Medicare or Medicaid patients).
- 3. Physician Self-Referral Law (Stark law):** The Physician Self-Referral Law, commonly referred to as the Stark law, prohibits physicians from referring patients to receive "designated health services" payable by Medicare or Medicaid from entities with which the physician or an immediate family member has a financial relationship, unless an exception applies.
- 4. Exclusion Statute:** OIG is legally required to exclude from participation in all Federal health care programs individuals and entities convicted of the following types of criminal offenses: (1) Medicare or Medicaid fraud; (2) patient abuse or neglect; (3) felony convictions for other health-care-related fraud, theft, or other financial misconduct; and (4) felony convictions for unlawful manufacture, distribution, prescription, or dispensing of controlled substances.
- 5. Civil Monetary Penalties Law (CMPL):** OIG may seek civil monetary penalties and sometimes exclusion for a wide variety of conduct and is authorized to seek different amounts of penalties and assessments based on the type of violation at issue. Penalties range from \$10,000 to \$50,000 per violation.

Resource:

<https://oig.hhs.gov/compliance/physician-education/fraud-abuse-laws/>



MIDLAND HEALTH

COMPLIANCE TEAM

Michelle Pendergrass, MBA, CHC
Chief Compliance Officer/Privacy Officer
P: 432-221-1972

Michelle.Pendergrass@midlandhealth.org

Regenia Blackmon, Compliance Auditor
Regenia.Blackmon@midlandhealth.org

Melissa Sheley, Senior Compliance Analyst
Melissa.Sheley@midlandhealth.org

Florida Nursing Assistant Sentenced to Nine Years in Prison for \$11.4M Health Care Fraud Scheme Targeting Medicare Beneficiaries



A Florida nursing assistant was sentenced to nine years in prison and two years of supervised release for his role in an \$11.4 million health care fraud and wire fraud conspiracy in which hundreds of Medicare beneficiaries were sent thousands of orthotic braces they did not need. Cruz was also ordered to pay \$3,712,345.70 in restitution and \$724,871 in forfeiture.

According to court documents and evidence presented at trial, Christian "Chris" Cruz, 45, of Pompano Beach, Florida, owned and operated a durable medical equipment (DME) supplier based in Florida through which he submitted millions of dollars in false claims to Medicare for medically unnecessary orthotic braces.

Cruz and his co-conspirator paid illegal kickbacks and bribes to obtain signed doctors' orders. They used these orders to ship orthotic braces to Medicare beneficiaries nationwide and then claim payment from Medicare, including to beneficiaries who neither requested nor needed the braces. Cruz lied to Medicare, claiming that he was the sole owner and operator of the company, when in fact he shared ownership in the company with his co-conspirator, a convicted felon. Medicare would not have allowed the company to enroll with Medicare if it had known about Cruz's co-conspirator. The co-conspirator has been charged but remains at large.

Cruz received several hundred thousand dollars to his personal bank account from the fraudulent scheme that he frequently withdrew in cash on consecutive days at different bank branches in South Florida, often in amounts just under the bank reporting threshold of \$10,000.

"Medical professionals have a trusted role in American society, and when they betray that trust and engage in fraud, the Justice Department will hold them fully accountable," said Assistant Attorney General Colin M. McDonald of the National Fraud Enforcement Division.

"This was a deliberate health care fraud scheme built on lies, bribes, and abuse of the Medicare system," said U.S. Attorney Jason A. Reding Quiñones for the Southern District of Florida. "The defendant helped obtain signed doctors' orders through illegal kickbacks, shipped braces people did not need, and then billed the government for more than \$11.4 million in fraudulent claims. He also concealed the true ownership of the company and structured cash withdrawals to hide the proceeds.

Read entire article:

<https://www.justice.gov/opa/pr/florida-nursing-assistant-sentenced-nine-years-prison-114m-health-care-fraud-scheme>

MIDLAND HEALTH Compliance HOTLINE

855•662•SAFE (7233)

ID#: 6874433130

ID# is required to submit a report.

You can make your report or concern ANONYMOUSLY.



MIDLAND
HEALTH



Acceptable Use of Artificial Intelligence (AI)

Purpose: This policy establishes guidelines for the appropriate and secure use of artificial intelligence (AI) tools and services within Midland Health. As AI technologies continue to evolve and offer benefits in healthcare and operational workflows, it is critical to ensure their use aligns with patient safety, regulatory requirements, and our organization's values.

General Guidelines for AI Use:

- Approval Required:** Use of AI tools for any Midland Health operations, clinical workflows, patient interactions, or internal decision-making must be approved in advance by the AI Governance Committee and any additional stakeholders required, depending on the area of use. Unauthorized use is prohibited.
- AI Tool Inventory:** All AI tools or systems in use or under evaluation must be documented in an internal AI inventory managed by IT Security and Compliance. Staff are responsible for submitting requests and ensuring tools are properly recorded.
- All AI usage must adhere to HIPAA, state and legal privacy laws, and other applicable legal and ethical standards.
- Where required, informed consent must be obtained before AI is used in clinical decision-making or patient-facing functions.
- Prohibited Use Cases:**
 - No sharing of PHI (Protected Health Information), PII (Personally Identifiable Information), or PCI (Payment Card Information) with any AI platform under any circumstances.
 - AI tools that are not publicly accessible or vetted by IT (e.g., private, beta, or unreleased models) may not be used for any Midland Health purpose.
 - AI may not be used to make autonomous clinical decisions without oversight from licensed professionals.
 - Midland Health data cannot be used to train AI models without written approval from Legal, Compliance and IT Security.
 - AI cannot be used in ways that could exacerbate inequity, cause harm, or produce discriminatory outcomes.
- Transparency and Oversight:** Any output generated by AI must be reviewed by qualified staff before use in clinical or operational decisions. AI-generated content must not be treated as final or authoritative without human validation.

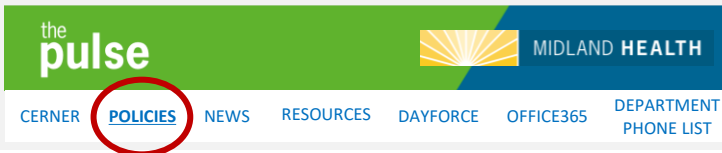
Read entire Policy:

Midland Health PolicyTech #15217 – "Acceptable Use of Artificial Intelligence (AI)"

Midland Health PolicyTech Instructions

Click this link located on the Midland Health intranet "Policies"

<https://midland.policytech.com/dotNet/noAuth/login.aspx?ReturnUrl=%2f>



IN OTHER COMPLIANCE NEWS

LINK 1

South Texas Oncology and Hematology Pays \$1.1M to Settle Data Breach Lawsuit

<https://www.hipaajournal.com/south-texas-oncology-hematology-data-breach-settlement/>

LINK 2

Healthcare AI Firm Sued Over Alleged Unlawful Disclosures of Genetic Data

<https://www.hipaajournal.com/tempus-ai-class-action-lawsuit-genetic-data-disclosures/>

LINK 3

OCR Fines Four Regulated Entities for HIPAA Violations That Led to Ransomware Attacks

<https://www.hipaajournal.com/ocr-fines-four-regulated-entities-hipaa-violations-ransomware-attacks/>

LINK 4

Lawsuit Alleges AI Platform Illegally Recorded Patient-Clinician Conversations

<https://www.hipaajournal.com/lawsuit-ai-platform-illegally-recorded-patient-clinician-conversations/>

FALSE CLAIMS ACT (FCA)

California Man Pleads Guilty to Orchestrating \$270M Medication Reimbursement Fraud Scheme

A California man pleaded guilty to submitting nearly \$270 million in fraudulent claims over an 11-month span to California's Medicaid program (Medi-Cal) for expensive prescription drugs that were medically unnecessary and, in many instances, not provided to the purported recipients.

The Department of Justice announced this case and two others in support of President Trump's Task Force to Eliminate Fraud at a press conference in Washington today.

"The defendant was a repeat fraudster who caused Medi-Cal, a program designed to help those in need, to be billed nearly \$270 million for expensive and medically unnecessary medications," said Assistant Attorney General A. Tysen Duva of the Justice Department's Criminal Division. "He and his co-schemers stole over \$178 million through false and fraudulent claims for these medications, lining their own pockets with public funds. The Criminal Division will aggressively prosecute those who defraud Medicaid and exploit taxpayer-funded benefit programs."

"This defendant used a public health program as his personal piggy bank," said First Assistant U.S. Attorney Bill Essayli of the Central District of California. "This guilty plea should send a message that this administration — consistent with the President's war on fraud — will not turn a blind eye while criminals fleece taxpayers."

Read entire article:

<https://www.justice.gov/opa/pr/california-man-pleads-guilty-orchestrating-270m-medication-reimbursement-fraud-scheme>

**HEALTH OBSERVANCES CALENDAR
JUNE 2026**

Weeks to Note

- June 1-7 CPR & AED Awareness Week
- June 8-14 Men's Health Week
- June 11-17 Certified Nursing Assistant Week
- June 21-27 Helen Keller Deaf-Blind Awareness Week

Days to Note

- June 2 National Healthcare Recruiter Recognition Day
- June 7 National Cancer Survivors Day
- June 8 World Brain Tumor Day
- June 13 Family Health and Fitness Day
- June 14 World Blood Donor Day
- June 18 Autistic Pride Day
- June 19 World Sickle Cell Day
- June 25 World Vitiligo Day
- June 27 National HIV Testing Day
- June 27 PTSD Screening Day

<https://b2b.healthgrades.com/insights/blog/2026-health-observances-calendar/>



Do you have a hot topic or interesting COMPLIANCE NEWS to report?

If so, please email an article or news link to:

**Regenia Blackmon
Compliance Auditor**

Regenia.Blackmon@midlandhealth.org