

N E W S L I N E

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DIR and Division of Workers' Compensation Suspend Sobol, Heric and Two Other Medical Providers

The Department of Industrial Relations (DIR) and its Division of Workers' Compensation (DWC) have suspended four more medical providers from participating in California's workers' compensation system. DWC Acting Administrative Director George Parisotto issued Orders of Suspension for two providers who had not appealed suspension notices issued in early April.

- Kenneth Johnson, a physician in Ladera Heights, was suspended based on a criminal conviction, his prior suspension from the Medicare program, and the loss of his professional license. Dr. Johnson was [found guilty in February 2014 of federal charges for a \\$20 million scheme to defraud Medicare and Medi-Cal](#). Johnson pre-signed thousands of blank prescriptions that were used on fraudulent claims for anti-psychotic medications by Manor Medical Imaging in Glendale.
- Raymond Severt, an orthopedic surgeon in Santa Rosa, was also suspended based on a criminal conviction related to his qualifications and duties as a service provider and the loss of his professional license. Severt was convicted in Marin Superior Court for attempted lewd acts on a minor under the age of 14, and the Medical Board of California revoked his license following the conviction.

Parisotto also issued Determinations and Orders upholding the suspension of two providers who had appealed their notices.

- Philip Sobol, an orthopedic surgeon in Los Angeles, was suspended based on a criminal conviction involving fraud and abuse of the workers' compensation system. Sobol [pled guilty in November 2015](#) for participating in a kickback scheme at Pacific Hospital of Long Beach, illegally referring thousands of his patients for spinal surgeries. Sobol did not challenge the grounds for suspension, but argued in his appeal that he could not be suspended because his conviction predated the new law and also that DIR was required to use a different procedure to hear his appeal. Workers' Compensation Administrative Law Judge (WCALJ) William E. Gunn, who heard the appeal, rejected both arguments.

- Thomas M. Heric, a physician in Los Angeles, was suspended due to a criminal conviction and prior suspension from the Medicare program. Heric was convicted over a decade ago in Sacramento's federal District Court for Medicare and Medicaid-related health care fraud, which also resulted in his suspension from those programs by the U.S. Department of Health and Human Services. WCALJ Robert Mays rejected Heric's argument that his convictions did not fit within a legal definition of fraud or abuse.

AB 1244 (Gray and Daly) requires the DWC Administrative Director to suspend any medical provider, physician or practitioner from participating in the workers' compensation system in cases in which one or more of the following is true:

- The provider has been convicted of a crime involving fraud or abuse of the Medi-Cal or Medicare programs or the workers' compensation system, fraud or abuse of a patient, or related types of misconduct;
- The provider has been suspended due to fraud or abuse from the Medicare or Medicaid (including Medi-Cal) programs; or
- The provider's license or certificate to provide health care has been surrendered or revoked.

There are currently 23 providers suspended from California's workers' compensation system.

Where the suspension is due to conviction of a covered crime, AB 1244 also provides for the suspended provider's lien claims to be consolidated in a special lien proceeding and dismissed, unless it can be shown that the liens were unrelated to the criminal conduct.

Both of the providers who appealed their suspension have a significant volume of lien activity in the workers' compensation system.

- Dr. Sobol has nearly 6,000 active workers' compensation liens with an estimated total claim value of more than \$42.7 million.
- Dr. Heric presents a different set of circumstances in that he became active in California's workers' compensation system after his federal conviction and suspension from the Medicare program. This is one of the scenarios that the Legislature wanted to stop when adopting AB 1244. Heric is currently being prosecuted in Orange County Superior Court for alleged involvement in a medical insurance fraud scheme with Sim Carlisle Hoffman and several associated businesses (*People v. Sim Carlisle Hoffman, Better Sleeping Medical Center, Inc., et al.*, Orange County Superior Court No. 14CF0243). The liens of Hoffman and associated entities (estimated at over 1400 liens, with an aggregate claim value of more than \$7 million) are currently stayed pursuant to the lien stay

provision in SB 1160 (Mendoza), and would become subject to consolidation following a conviction for the crimes charged. Therefore, any liens filed by or on behalf of Dr. Heric are also subject to the stay provisions of Labor Code Section 4615.

DIR's [fraud prevention efforts](#) are posted online, including frequently updated lists for physicians, practitioners and providers who have been issued [notices of suspension](#), and those who have been [suspended pursuant to Labor Code §139.21\(a\)\(1\)](#).

DIR protects and improves the health, safety and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR's [Division of Workers' Compensation](#) monitors the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

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