Introduction

The Citizens Commission on Human Rights® Commissioners’ Fraud Report, is a periodic update for law enforcement agencies, insurance companies and others concerned with current criminal and civil prosecutions in the mental health industry.

In compiling this report, the Commissioners are assisted in part by the hundreds of patients, families and other observers who report psychiatric abuse and criminality to CCHR® every year.

In the past 12 years, our records show that over 1,200 mental health practitioners have been criminally charged and jailed. In 2002, 32% of the convictions were for health care fraud.

Mental health care fraud: no petty crime

Each year, the FBI releases Crime in the United States, a report covering eight crime indices, including murder/manslaughter, robbery, assault and rape.

While tragic and substantial however, the financial and human costs of “street” crime pale in comparison to those resulting from mental health care fraud.

Each year, thousands of patients are physically and mentally abused through the unnecessary use of psychiatric treatments such as heavy, mind-altering drugs and electroconvulsive therapy.

The U.S. General Accounting Office (GAO) estimates that health care fraud alone costs up to $100 billion each year. Of this, estimates rate the mental health care industry contribution at up to $40 billion. By contrast, the FBI reports that the nation’s total losses from street crime were less than $18 billion in 2002. In fact, one of the largest health care fraud suits in history involved mental health.

In 1991, psychiatric hospital chain National Medical Enterprises (NME) was investigated for health care fraud after a complaint by a Texas family whose 14-year-old son was falsely imprisoned for six days in a psychiatric facility and whose insurance was billed $11,000 for unnecessary and fraudulent “admission” and “treatment.”

NME was ultimately subjected to 14 separate federal and state investigations. On August 26, 1993, more than 500 FBI and other federal agents raided the company and the following year paid out $375 million to the U.S. Justice Department.

It was ultimately forced to settle suits encompassing $740 million in claims.

Today the mental health industry continues to repeat the error of its ways.

The September 25, 2003 Daily News of Los Angeles reported that Kedren Community Mental Health Center misspent $1.4 million in taxpayer funds – funds received from the Department of Mental Health – on such things as payments on the former president’s Land Rover and Cadillac, theatre tickets and on trips to Las Vegas and London. Auditing also revealed hundreds of thousands in unsupported or inadequately supported expenses and inappropriate fund transfers to non-mental health accounts.

The May 29, 2002 Philadelphia Business Journal reported that Northwestern Human Services Inc., providing mental health services to children and adults with mental and emotional problems, agreed to pay $7.8 million to the U.S. government to settle criminal charges of false and fraudulent Medicare and Medicaid claims. The U.S. Attorney’s Office in Pennsylvania alleged that Northwestern billed for services delivered to patients too impaired to participate or benefit and for services that were simply recreational in nature.

Donald Burstein, a psychologist employed by Northwest Center, Inc., pleaded guilty to mail
fraud charges for his role in the submission of the false reports supporting the criminal charges.

Besides the individual tragedies of patient victims and the community tragedies of financial fraud, we are also subjected to other common criminal activities by individual mental health practitioners.

Psychiatrist liable for $8.6 million
On April 6, 2003, the San Jose Mercury News reported that a Santa Clara County (California) Superior Court jury determined that psychiatrist Cecil Bradley, member of the American Psychiatric Association, should be punished for not following state regulations and thereby failing to prevent a crime.

For five years, Bradley had treated a patient who was “obsessed with hurting and/or killing others with his vehicle.” The patient finally followed through with this wish, deliberately running his truck onto a sidewalk, killing one man and seriously injuring another.

California state regulations require doctors and mental health professionals to notify the Department of Motor Vehicles when a patient is incapable of driving safely. Bradley failed to adhere to this regulation.

The jury awarded $11 million to the surviving victim, $8.6 million of which Bradley is responsible for.

Psychiatrist jailed for perjury
On March 10, 2003 a federal judge sentenced Faidherbe Ceus, the former director for Westchester Medical Center’s psychiatric unit in New York, to nine months in prison for lying under oath.

Ceus, an American Psychiatric Association member, pleaded guilty to perjury for statements he had made about his qualifications during a deposition in a federal civil trial. He testified that he was board-certified in psychiatry, when in fact he was not.

The defense asked U.S. District Judge Charles Brieant to adhere to the sentence recommended by the federal probation department (six months house arrest and two years probation). Brieant was not swayed by character references, apologies by the defendant or other defense justifications, characterizing it as a serious crime that “obstructs the fact-finding process of the court.”

Verdict: psychiatrist to pay damages
In June 2002, a Hampden County Massachusetts jury awarded Joan E. Hamel $500,000 in damages against psychiatrist Kenneth Jaffe. Jaffe prescribed the antipsychotic drug Mellaril, resulting in a condition known as tardive dyskinesia, a serious nerve disorder that manifests as uncontrollable body and facial movements and for which there is no known cure.

Jaffe, a member of the American Psychiatric Association, graduated from Jefferson Medical College in Philadelphia and did his psychiatric residency at University of Wisconsin School of Medicine.

He treated Hamel from 1984 through 1995, but failed to inform her of the risks associated with the drugs and to adequately monitor her.

Rampant sexual crimes
On April 18, 2003, 44-year-old Anthony Rubonis, an associate psychology professor at Union College in Albany, New York, pleaded guilty to third-degree rape, for having sex with a 16-year-old girl he met over the Internet. He was sentenced to six months jail and ten years probation. He is also required to register as a sex offender.

Between 10% and 25% of psychiatrists and psychologists sexually abuse their patients. CCHR has campaigned aggressively for legislation to protect persons from this criminal assault. More than 20 psychiatric rape laws and crime law amendments have been passed to date in the United States, Australia, Canada, Germany, Israel and Sweden.

The mental health care industry represents a significant fraud and abuse problem for communities the world over. The Commissioners of CCHR continue to provide this community watchdog service as part of our continuing campaign to bring mental health care fraud under the law.

For further information regarding psychiatric insurance fraud, Call 1-800-869-2247 or e-mail humanrights@cchr.org or visit our website at http://www.psychcrime.org

The Citizens Commission on Human Rights was established in 1969 by the Church of Scientology to investigate and expose psychiatric violations of human rights.