Showalter To Admit Fraud

Harrisonburg Psychiatrist To Enter Plea, Lose License

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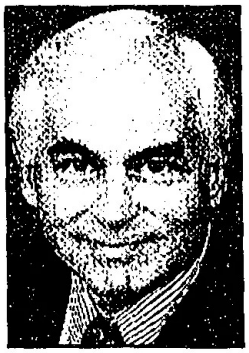
Under terms of a federal plea agreement, a 60-year-old Harrisonburg psychiatrist will plead guilty to a felony mail fraud charge and lose his medical license, according to the U.S. Attorney's Office in Roanoke.

Dr. Carl Robert Showalter, whose medical license was suspended earlier this year over his use of "masturbation therapy," is charged with one count of fraudulent overbilling of several federal and private health insurance plans between January 1993 and June 1998.

According to the plea agreement, Showalter defrauded federal and private insurance plans of between $20,000 and $40,000.

Under the terms of the agreement, Showalter agreed to pay restitution totaling $26,112 and agreed not to seek reinstatement of his medical license. Under Virginia law, persons convicted of felonies lose their medical licenses.



Dr. Robert Showalter
"I am, in fact, guilty."

The plea agreement also permits the U.S. Attorney's Office to pursue a civil lawsuit for additional alleged fraudulent billings.

The plea agreement was signed Nov. 10 and was filed Tuesday in the U.S. District Court for the Western District of Virginia, Harrisonburg Division. Showalter chose to be charged by the U.S. Attorney's Office, rather than face indictment by a federal grand jury, the U.S. Attorney's Office said.

The terms of the agreement are not binding on the sentencing judge.

In the agreement, Showalter said he understands there is a possibility he could be incarcerated. "I understand that I will not be eligible for parole during any term of imprisonment imposed," the document states.

The maximum penalty for the felony mail fraud charge is up to five years in a federal penitentiary and a fine up to $250,000 — plus restitution to the defrauded health plans.

"I am pleading guilty to the charge . . . because I am, in fact, guilty and because it is in my best interest to do so, and not because of any threats or promises," the document states.

Showalter will enter his plea at an arraignment that will be set by the U.S. District Court clerk's office, said Assistant U.S. Attorney Karen Peters of Roanoke, who has been handling the case along with Assistant U.S. Attorney John Moriarty of Richmond. Health care fraud cases are specialities of both

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Peters and Moriarty.

In February, Showalter's license was indefinitely suspended after seven male patients told the state Board of Medicine that they had been made to masturbate — sometimes with Showalter's assistance — as part of "unconventional masturbation therapy."

In all seven cases, Showalter represented masturbation as a legitimate form of treatment, but the board said, "the use of masturbation therapy was and is not a recognized psychiatric treatment modality."

The patients were treated by Showalter at various times over a 20-year period, with the oldest case going back to 1968.

At that time, the consent order stated that Showalter could petition the board for a stay of his suspension after three months, provided he submit to a comprehensive psychiatric evaluation and complied with the evaluators' recommendations.

On Tuesday, one of Showalter's attorneys, John S. West, refused to comment on either the plea agreement or on Showalter's professional status. West is with the Richmond law firm, Mays & Valentine.

On Tuesday night, T. Carter Melton Jr., president of Rockingham Memorial Hospital, said that Showalter has not reapplied to practice medicine at the hospital, where he was previously on the staff.

According to Peters, Showalter used various methods to overbill insurers, including:

- Billing of hospital rounds as either a half-hour or one hour of individual psychotherapy, which had a higher reimbursement rate.
- Claims for initial hospital exams of hospitalized patients that were never performed by Showalter.
- Billing for brief medication management visits as psychotherapy, which would be reimbursed at a higher rate.

The U.S. Attorney's Office said Showalter also used his provider number in obtaining reimbursement for the services of his employee, Robert Norvell, a licensed clinical social worker whose services would not have been covered by some of the insurance plans.

According to a U.S. Attorney's Office press release, Showalter overbilled Medicare, Medicaid and Tricare (formerly Champus) — all federal plans — as well as Trigon Blue Cross Blue Shield, a private insurer.

Peters said the mail fraud investigation was sparked by a citizen complaint, and was followed up initially by criminal investigators of the Defense Criminal Investigative Services, which oversees the Champus, or Tricare, program. Tricare provides health coverage for military personnel and their families.

Later, investigators with the Department of Health and Human Services, the Medicaid Fraud Control Unit in the Virginia Attorney General's Office, the U.S. Office of Personnel Management and the financial investigations unit of Trigon assisted.

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