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Press Release

HHS, IRS & DOJ Block and Freeze $17M in Payments for Emergency Ambulance Services; Now Want Company to Pay Taxes on Unpaid Services

The U.S. government halted payments to hundreds of thousands of Medicare providers in May 2008 without warning or notice when the 2008 Great Recession hit. To quickly raise $1.5 trillion for Wall Street, the Treasury seemingly turned to the Medicare Trust Fund. Consequently, 312,266 healthcare providers nationwide, including over 4,000 in Virginia, were put out of business—mostly conservative providers, it appears. Now, the government demands purported taxes with 100% penalties and interest on ambulance services the company provided for various government programs but never received payment for. CMS, a part of Health & Human Services, administers Medicare.

Congress did not budget the $1.5 trillion bailout for Wall Street in its $3.5 trillion Fiscal Budget for FY2008. The only place to rob funds from was the Medicare Trust Fund, already in the red. CMS intentionally ousted half of its 1.2 million providers, informing them months later that they needed to re-enroll. This effectively ended spending the FY2008 budget 5 months early for those affected 45%, or at least 300,000 to 500,000 physicians and suppliers. CMS contracts with insurers for operations, many of which are also Medicare Advantage and Supplemental Medicare providers, so they did not complain and went along with the ruse.

After CMS wasted providers' time, they coordinated with the IRS to block them further over taxes purportedly owed during the period CMS never paid them for. This problem was, and still is, highlighted in the National Tax Advocate Reports to Congress from 2008-2012. An Automated Collection System (ACS) immediately strips notice and due process from taxpayers, driving the situation into the ground with 100% penalties. The IRS bypassed the usual 20-24 months of notices, levying almost immediately.

CMS and the DOJ then targeted the same providers in Virginia with fictitious overpayment demands in the same month. Medicaid and other insurers followed suit, ceasing payments across the board. CMS then proclaimed a 30-day window for prior claims submissions. All of this now appears to be a larger ruse to pave the way for Obama and Obamacare while ripping off providers. The big question: Where did those budgeted funds disappear to?

Lifeline Ambulance Services is one of over 312,266 providers that ceased to exist after being booted, unable to "float" the government for a year plus during the 2008 credit freezes. Lifeline's disputed tax amount is purported to be around $10,000, yet the government was holding $4 million in unpaid claims hostage before 100% penalties and interest were piled on. Now the IRS wants taxes paid on the stiffed amount with extraordinary penalties, without addressing the $13 million more in business they obstructed. All of this is on top of Congress telling the IRS in 1998 to lay off levies as part of the Rehabilitation and Reform Act of 1998.

An IRS Revenue Officer appeared at Lifeline Ambulance Service after more than 6 months of waiting for a return call and took more than $330,000 in ambulance claims in late May 2009, many times more than any alleged amount in question, which was never actually discussed. Lifeline was waiting on a refund, never credited to the account, nor provided an explanation. More than $700,000 in tax refund attachments for clients Lifeline provided services to under its contracts to state agencies prior to mid-2008 were also requested. The state agency was the payer of last resort after exhausting all avenues.

Unbeknownst to the company, the Revenue Officer originally demanded $100,000 plus via levies before ever responding in May 2009. She denied any knowledge of "government payment problems" to the company, far from the truth. The IRS assigned lawyers days later who indicated there were no government funds. A few months later, he indicated the Revenue Officer was in pursuit of bonuses and promotion, including a slice of those 100% penalties.

The lawyer advised that the Revenue Officer was not budging off the 100% penalties and indicated to "think about a $25,000 cash payment." This is a classic pay-to-play scheme, except the perpetrator is the government, which blocks your invoices, freezes you in time, stacks 100% penalties on top even though you were never paid for the related services, denies involvement, and suddenly profits from your original unreimbursed expenses.

Lifeline had over 20 years of business under its belt and no past tax issues. As soon as the government stopped paying, within 90 days, the IRS illegally levied the company and advertised them as deadbeats, all while obstructing their payments, violating due process rights, ability to do business, and privacy rights.

After Lifeline's beginnings in Blacksburg in 1987, they moved headquarters to Christiansburg in 1994. Other locations included Roanoke, Richmond, Newport News, Charlottesville, Chesterfield, Fredericksburg, Tazewell, Pulaski, Northern Neck, Fort A.P. Hill, Goochland, and Loudon.

Lifeline reached peak size in 2004 with over 300 employees and 39 ambulances. They serviced 128 hospitals, 220 nursing homes and related facilities, 15 local governments under mutual aid agreements, Veteran Administration Medical Centers (VAMC), Life Net Organ Transplant, and several federal agencies.

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