

Ferraris and Shell Companies: Justice Dept. Unveils Medicare Fraud Charges

The department is taking aim at pricey “skin substitutes,” an overused wound care treatment that cost the government nearly \$15 billion in 2025.



Mehmet Oz, center, the head of the Centers for Medicare and Medicaid Services, with Todd Blanche, right, the acting attorney general, and Health Secretary Robert F. Kennedy Jr. during a briefing at the Justice Department on Tuesday. Credit...Ken Cedeno/Agence France-Presse — Getty Images

By [Sarah Kliff](#)

Sarah Kliff investigated the skin substitute industry in 2025.

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Medicare paid nearly \$15 billion in 2025 for expensive wound coverings called skin substitutes, a spending spike that analysts have called one of the largest examples of waste in the federal health program’s history.

The spending was fueled by multiple kickback schemes that enriched both the companies that manufactured skin substitutes and the doctors and nurses who applied them, according to charges the Justice Department recently filed.

Todd Blanche, the acting attorney general, announced the charges Tuesday as part of a larger suite of health care prosecutions against 455 defendants who, in total, are accused of \$6.5 billion in fraudulent billing.

The 11 people charged included an executive of a skin substitute company featured in [an investigation by The New York Times in 2025](#), a salesman who provided the products to doctors and a nurse practitioner who owned a network of wound care clinics. The government claims they used their Medicare earnings to buy expensive cars, homes, jewelry and, in one instance, to fund the construction of a luxury resort in the Philippines.

For decades, skin substitutes, which are made from dried placenta, were a niche product with mixed evidence of efficacy that doctors occasionally used to treat wounds.

That changed in the early 2020s, when skin substitute manufacturers began taking advantage of a policy loophole that allowed them to set reimbursement rates for their products. In 2019, the most expensive skin substitutes cost \$1,042 per square inch. By 2025, some products on the market cost more than \$21,000, despite no major advances to the technology.

Medicare spending on skin substitutes skyrocketed from less than \$1 billion in 2019 to \$14.4 billion in 2025.

The Trump administration [closed the loophole](#) in July 2025, setting a fixed rate of \$806, after initially delaying a Biden-era proposal to limit Medicare's coverage of the bandages. Payments for skin substitutes have plummeted this year as a result, to about \$100 million so far.

Medicare spending on skin substitutes plummets

A 2026 policy change restricting coverage reversed a sharp rise in the amount spent by Medicare on skin substitute claims

Source: Department of Justice
The New York Times

A significant share of Medicare's skin substitute spending went to Legacy Medical Consultants, a company based in Fort Worth, Texas, that made at least \$2.6 billion from the federal health program.

Legacy's vice president of sales, Brian Rowan, was charged Monday with "offering illegal kickbacks, bribes and rebates" to providers that used Legacy Medical's skin substitutes. He was arrested Monday. The Justice Department estimated that he earned \$24 million from the scheme.

The charges describe a marketing document that Mr. Rowan gave to a sales representative, saying the size of the rebate they could receive was based on how large of a skin substitute they applied. The government claims that Mr. Rowan instructed doctors to file Medicare claims for the full sticker price of the skin substitutes — and not mention the significant rebates they had received.

The charging documents describe Mr. Rowan assisting health care providers with setting up shell companies in which the manufacturer could deposit doctors' rebates. Amounts as large as \$71 million would be wired into those accounts, the documents said.

The charges against Mr. Rowan list some of his purchases with the Medicare funds, including a \$47,000 Rolex watch and a life insurance policy that cost \$1 million.

Mr. Rowan is the first skin substitute executive to face criminal charges of Medicare fraud. He did not immediately respond to a request for comment. In an emailed statement, Legacy Medical Consultants said, "We have been fully cooperating with the government, and we are confident the company and its employees acted appropriately."

In a separate case, the Justice Department charged a Nevada nurse practitioner, Marizel Yukee, with both receiving kickbacks from a skin substitute manufacturer and also paying them to health care providers who would refer Medicare patients to a network of wound clinics that she owned. The government alleged that she sometimes applied skin substitutes to patients who were in hospice and terminally ill, raising

questions about whether the treatment was necessary since the wounds were unlikely to heal before their deaths.

The charging documents say Ms. Yukee's clinics typically submitted more than \$1 million in skin substitute claims per Medicare patient, an extremely high amount. Overall, prosecutors estimate she was paid \$297 million for false and fraudulent claims.

"She was using human beings, American citizens, as living piggy banks," Andrew Ferguson, the executive director of the White House Task Force to Eliminate Fraud, said of Ms. Yukee's behavior at a news conference on Tuesday.

She used that money, the documents say, to purchase a \$600,000 Ferrari, a \$865,000 Bulgari necklace and a multimillion dollar home in Hawaii, as well as to fund the construction of a "\$4.6 million beach resort in the Philippines."



Photos from the charging document against Marizel Yukee. Prosecutors have accuse her of using funds from skin substitute claims to purchase cars and jewelry and to build a resort in the Philippines.Credit...US District Court, Southern District of Texas

The government now plans to seize eight properties and eight cars, including the Ferrari. Ms. Yukee did not immediately respond to requests for comment.

An additional case against skin substitute sales representative, Michael McMillan, shed light on another part of the sprawling industry: middlemen companies that help manufacturers sell their products to doctors.

The case describes one meeting where Mr. McMillan told a medical provider that his company, Protectus, typically allowed clients to keep 35 percent of what Medicare paid for skin substitutes.

The government charged Mr. McMillan with paying doctors \$94 million in illegal kickbacks for using certain manufacturers' skin substitutes. He and Protectus received approximately \$174 million in Medicare reimbursement that the government claims Mr. McMillan used to purchase homes, luxury vehicles, and a private jet.

The Justice Department did not bring charges against executives of another large skin substitute manufacturer that has earned more than \$1 billion.

That company, Extremity Care, donated \$5 million to MAGA Inc., a political committee supporting President Trump, in February 2025. Its chief executive, Oliver Burckhardt, [attended a dinner at Mr. Trump's estate in Florida](#), where he spoke briefly with the president about his company's work and handed him a flier on the issue.

A Justice Department spokesman declined to comment on whether the agency was pursuing any investigations related to Extremity Care.

Sarah Kliff is an investigative health care reporter for The Times.