



Workplace Whistleblower

Record \$17M Settlement Of False Claims Act Lawsuit Alleging Doctor Kickbacks

By *Ada W. Dolph and Craig B. Simonsen*

Hailed as “another achievement” for the government’s Health Care Fraud Prevention and Enforcement Action Team (referred to as “HEAT”), the U.S. Department of Justice has [announced](#) that a Florida skilled nursing company and its former president and executive director will pay \$17 million to resolve allegations that the company violated the False Claims Act by submitting claims to Medicare and Medicaid for patients that were referred to the company through illegal kickbacks. The Department of Justice called it the largest settlement involving alleged violations of the Anti-Kickback Statute by a skilled nursing facilities company in the United States. Under the False Claims Act, the company’s former CFO, who initiated the lawsuit, will receive an eye-popping \$4.25 million as his share of the recovery.

The CFO alleged that from 2006 through 2013, the company operated a kickback scheme in which they hired physicians as medical directors under contract. The lawsuit alleged that the medical director positions were actually “ghost positions,” which did not require the medical directors to perform any actual work; rather, they were on contract for their patient referrals to the company’s facilities. The CFO alleged that up to 70% of admissions to the skilled nursing facilities resulted from referrals by paid medical directors.

As part of the settlement, the company’s president agreed to resign from his position. The company also entered into a five-year “corporate integrity agreement” with the Department of Health & Human Services Office of Inspector General, and agreed to change its policies on hiring and maintaining medical directors.

The Department of Justice asserted in its press release that with the help of HEAT, since January 2009 it has recovered more than \$24 billion through False Claims Act cases, of which more than \$15 billion was recovered in cases involving fraud against federal health care programs.

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