DOJ Settlement Reached in Medicare Kickback Case



In a settlement agreement reached with the U.S. Department of Justice (DOJ), Health Diagnostic Laboratories, Inc. (HDL) and Singulex Inc. will pay a combined $48.5 million to the DOJ to resolve allegations that it violated the False Claims Act and federal Anti-Kickback Statute. According to allegations, HDL and Singulex violated the False Claims Act—which holds businesses liable when they commit fraud in regards to government programs—when it conducted unnecessary patient testing and paid rewards to physicians for referrals. **Physicians and HDL Team Up for Profits** After investigation, the DOJ filed suit against both HDL and Singulex on the grounds that the laboratories, which specialize in cardiovascular disease testing, essentially bribed physicians to refer patients to the labs. In return for a patient referral, the companies paid the physicians processing and handling fees, usually in an amount ranging from $10 to $17. What's more, the companies also waived patient co-pays, and then billed the cost of laboratory services to federal healthcare programs. In order to receive remunerations, the number of unnecessary patient referrals from physicians for lab testing increased. **Violation of the Anti-Kickback Statute** The federal Anti-Kickback Statute prohibits false statements or representations and remunerations in regards to any federal healthcare program. Put into context in the HDL settlement, the statute forbids the exchange of anything of value to reward a referral of a federal healthcare service. Kickbacks are forbidden for a number of reasons, including that the violate the integrity of the healthcare system of patient-doctor trust; and that they make the costs of federal healthcare programs surge, driving up taxpayer expenses. Health Diagnostics Laboratories, Inc. will pay a $47 million settlement amount; Singulex Inc. will pay $1.5 million for the violation. **HDL Denies Any Wrongdoing** Despite agreeing to the settlement, Health Diagnostic Laboratories denied any wrongdoing, instead stating that "paying processing and handling fees was a long-standing process in the diagnostic industry," according to *Modern Healthcare.* The company further stated that agreeing to the settlement was merely part of an effort to avoid "years of uncertainty" in the litigation process. **HDL & Singulex Cases Two of Many** The charges brought against HDL and Singulex by the DOJ are not unique; rather, the Department of Justice has also pursed similar claims against Berkley HeartLab and BlueWave Healthcare Consultants. As a note, the HDL and Singulex claims, as were other allegations, were brought based on whistleblower statements in three related lawsuits.While HDL and Singulex have been released from liability, the claims against Berkley and BlueWave are still ongoing. **Need Help?** Situations like this make it clear that good legal advice is always necessary for companies operating in the health care industry. If you need guidance from a health care attorney, please contact one of our Health Care Lawyers. Image: Thinkstock/Feverpitched *This article is very general in nature and does not constitute legal advice. Readers with legal questions should consult with an attorney prior to making any legal decisions.