

Are Your Payment Arrangements Illegal?



Patient referrals by physicians are a common practice.

They can benefit patients, but they can also constitute fraud and abuse when illegal financial arrangements are involved. And, as one healthcare practice recently learned, such financial arrangements can lead to multi-million dollar fines! **\$15.5 Million Fraud and Abuse Settlement**

Diagnostic Imaging Group (DIG) and its subsidiaries operate radiological imaging centers in New York and New Jersey. The practice entered into "Service Agreements" with physicians who would agree to refer patients to DIG facilities for diagnostic tests. Under the agreements, DIG would pay physicians primarily based on the number of patients referred. Those agreements, among other concerns, caused the United States Department of Justice to investigate the practice. According to the DOJ, the payments were made in violation of the federal Anti-Kickback Statute, the federal False Claims Act, and the False Claims Acts of New York and New Jersey, because DIG billed Medicare and Medicaid for the diagnostic tests. The parties announced a \$15.5 million settlement last month to resolve those allegations as well as to resolve unlawful billing of diagnostic tests that were never needed, provided, or ordered. The settlement requires DIG to pay \$13.65 million to the federal government and \$1.85 million to New York and New Jersey. "Paying physicians for their referrals and submitting false claims to increase Medicare and Medicaid reimbursements – as was alleged in this case – simply cannot be tolerated," said Inspector General of the U.S. Department of Health and Human Services Daniel R. Levinson. "Besides levying a hefty penalty, the settlement requires an independent organization to review Diagnostic Imaging Group's claims for five years and to send reports to the government." **Future DOJ Efforts** Since 2009, the DOJ has recovered more than \$13.4 billion in cases involving fraud against federal health care programs and we expect their substantial fraud fighting efforts will continue in the foreseeable future. Do you have questions about payment arrangements and want them to be lawful? Let our experienced [health care attorneys](#) advise you how to mitigate the risks involved in financial relationships and maintain compliance with federal laws. Photo: Thinkstock/Ljupco