

Update

Awards for Stopping Healthcare Fraud

Federal and state governments are serious about preventing healthcare fraud. The False Claims Act (and related state statutes) encourage citizens to stop false claims against the government. In fact, citizens can be financially rewarded when public funds are recovered from dishonest contractors and similar entities.

When it comes to healthcare fraud, we are talking about literally millions of dollars.

The following cases are relatively recent and support previous additional content in my online course: [How to Profit by Preventing Healthcare Fraud.](#)

July 12, 2022

Mallory Health Systems (Mallory), a not-for-profit health system that owns and operates three hospitals and one clinic in Central Kentucky, agreed to pay a total of \$22.5 million pursuant to two separate settlements to resolve allegations that they violated the Federal False Claims Act by submitting claims classified “not allowed medical expenses” under the contract between Mallory and State and Federal agencies.

The course identifies common healthcare schemes that often result in the loss of millions of dollars to the U.S. taxpayer.

As a result of the settlements, Mallory will pay \$20.0 million to the United States and \$1.5 million to the State of Kentucky

This investigation was initiated and supported by a whistleblower. A former billing manager within the Mallory system, she worked with Federal investigators to resolve the case and recover taxpayer funds. Estimated whistleblower reward for this recovery is approximately **\$1.6 million.**



September 26, 2022

Pharmaceutical company Biogen Inc. (Biogen), based in Cambridge, Massachusetts, has agreed to pay \$900 million to resolve allegations that it caused the submission of false claims to Medicare and Medicaid by paying kickbacks to physicians to induce them to prescribe Biogen drugs.

The settlement resolves a lawsuit filed and litigated by former Biogen employee Michael Bawduniak. He filed against Biogen under the *qui tam* or whistleblower provisions of the federal False Claims Act.

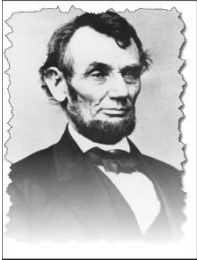
This law permits a private party (known as a relator) to file a lawsuit on behalf of the United States and receive a portion of any recovery. The United States may intervene in the action or, as in this case, the relator may proceed with the lawsuit.

Citizens recovering public funds from false claims are authorized between 15 and 30 percent of the amount recovered by the government.

This literally, can be millions of dollars.

Mr. Bawduniak alleged that Biogen paid kickbacks to physicians to induce them to prescribe the company's multiple sclerosis drugs. According to the relator's complaint, from Jan. 1, 2009, through March 18, 2014, Biogen offered and paid remuneration, including in the form of speaker honoraria, speaker training fees, consulting fees and meals, to health care professionals who spoke at or attended Biogen's speaker programs, speaker training meetings or consultant programs to induce them to prescribe the drugs Avonex, Tysabri and Tecfidera, in violation of the Anti-Kickback Statute.

Under the terms of the settlement, Biogen will pay \$843,805,187 to the United States and \$56,194,813 to 15 states. Mr. Bawduniak will receive approximately 29.6% of the federal proceeds from the settlement. **This is approximately \$17.4 million.**



**How to Profit
by
Preventing Healthcare
Fraud**

*What does "Honest Abe" have
to do with modern healthcare fraud?*

Did you know the False Claims Act (FCA) was passed by President Abraham Lincoln during the U.S. Civil War?

Countless government contractors ripped-off the Union Army on everything from horses and ammunition to bandages and beans.

September 6, 2022

Bayer pays \$40M to settle with whistleblower who said company violated False Claims Act

Two whistleblower lawsuits, filed by a former marketing employee at Bayer more than 15 years ago, have been settled by the company for \$40 million.

It took 17 years, but Bayer and former employee Laurie Simpson have finally resolved their whistleblower lawsuit.

Without admitting wrongdoing, Bayer agreed to pay \$40 million—including **\$11 million to Simpson**—to settle her claims that the company used kickbacks and violated the False Claims Act in marketing its drugs Avelox, Baycol and Trasylol.

March 7, 2022

260 MILLION SETTLEMENT / \$29.6 MILLION WHISTLEBLOWER AWARDS

Mallinckrodt ARD LLC was found liable for fraud under the False Claims Act.

Former employees alleged the **company** knowingly underpaid state Medicaid programs by improperly calculating amounts it owed under the Medicaid Drug Rebate Program, and unlawfully using a foundation as a conduit to subsidize co-payments.

With the assistance of the ex-employees, the government recovered \$260 million. The reward for the whistleblowers is **approximately \$9.9 million**.



April 23, 2023

A plastic surgeon in Beverly Hills, California, along with his son, medical practices, and billing company, have agreed to pay \$23.9 million to resolve allegations that they violated the False Claims Act by submitting or causing the submission of false claims to both Medicare and Medicaid.

The false claims included falsified location of service; and reusing single-use skin grafts. Numerous other illegal practices were routinely exercised to maximize profits.

The *qui tam* case was initiated by former employees of the medical practice—and related companies. The reward to the whistleblowers is **approximately \$567,000**.

June 10, 2023

A Los Angeles doctor agreed to pay \$9.5 million to resolve FCA allegations that he submitted claims to Medicare for procedures and tests that he never performed and admitted that he intentionally submitted false claims for payment.

The settlement amount includes nearly \$5.5 million paid as criminal restitution following a guilty plea to health care fraud in a separate criminal matter.

The allegations originally stemmed from a *qui tam* lawsuit filed by a former medical assistant and former IT consultant. The two whistleblowers will receive more than **\$1.75 million** as their share of the recovery.

July 12, 2013

People who know the “ins and outs” of a business are valuable in healthcare fraud investigations. They also need to have access to information, documents and conversations that support their allegations.

However, this does not mean one has to be a manager, senior executive or partner in the business. For example:

Two billing clerks for an Oregon-based home health care agency, became “relators” when they brought a case against their employer, *WonderCare, Inc.* They identified years of billings for services never rendered to their clients. Working with government agents, more than \$3million in false claims were identified and recovered for the U.S. taxpayer. The two billing clerks, turned whistleblowers, received approximately **\$180,000** each.

July 24, 2023

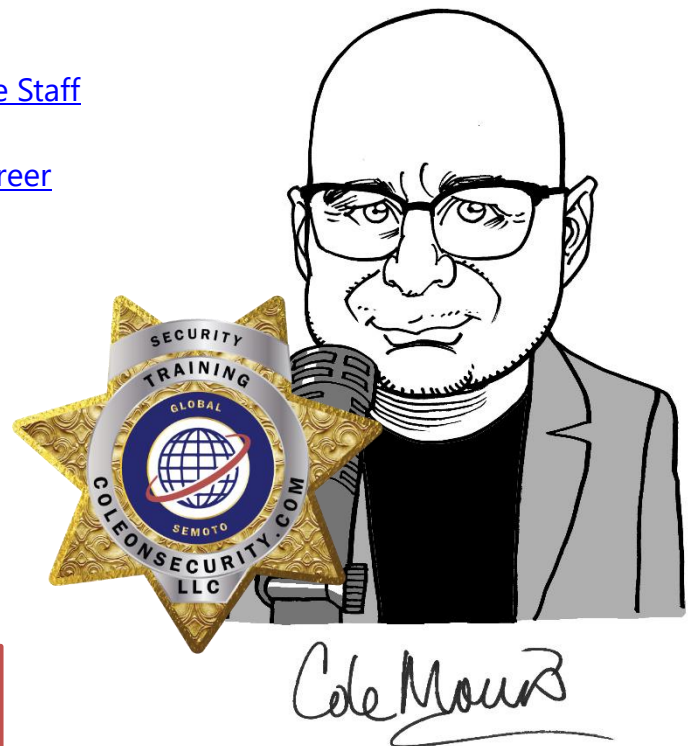
Three delivery drivers for a durable medical equipment (DME) company alleged their New Hampshire firm was delivering unnecessary or excessive products to Medicare/Medicaid recipients. This includes wheelchairs, walkers, oxygen tanks, blood-pressure kits, orthopedic pillows, face masks and blood testing strips for diabetes.

The three *relators* worked with the Department of Health and Human Services (Office of Inspector General.) The investigation resulted in the recovery of more than \$4.3 million. Each of the relator/whistleblowers will share **approximately \$475,000**.

Want to learn more about the False Claims Act and how you can be rewarded for doing the right thing? Then consider enrolling in [How to Profit by Preventing in Healthcare Fraud](#).

Related Learning Opportunities

- [Risk Management for Medical Office Staff](#)
- [How to Succeed in your Security Career](#)
- [Introduction to Internal Investigations](#)



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