

DOJ Announces Settlement with Home-Health Services Company Over FCA Kickback and Overbilling Allegations

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by Tess Erickson

The Department of Justice recently announced that it resolved two civil lawsuits filed under the *qui tam*, or whistleblower, provisions of the False Claims Act to the tune of nearly \$4 million. The suits alleged that a suburban Chicago diagnostics company, SNAP Diagnostics, LLC, that provides home testing for sleep disorders was defrauding Medicare and four other federal health care programs through kickbacks and unnecessary testing. Since Medicare began covering home sleep testing in 2009, SNAP has received nearly \$9 million from Medicare - almost all of it the result of fraud and kickbacks, according to the government's allegations.

As alleged by the government, SNAP, its founder Gil Raviv, and its vice president Stephen Burton violated the False Claims Act and the Anti-Kickback Statute through various fraudulent billing practices. In particular, Raviv allegedly instructed SNAP to submit claims for patients' second and third nights of home sleep testing when the company knew they were medically unnecessary because only a single night of testing was needed to effectively diagnose certain sleep disorders.

In addition, the government alleged that SNAP's business model relied on multiple unlawful kickback schemes. First, SNAP purportedly paid commissions and bonuses to its sales force for selling multi-night testing to providers, and it gave free home sleep tests to physicians and their families to induce referrals.

Second, after its sleep testing was performed, SNAP personnel allegedly interpreted the results and gave unsigned reports to referring physicians who in turn would bill as if the physicians had performed the professional service of interpreting the results themselves. This allowed providers to "keep" the billing for the professional component of home sleep testing services. SNAP intentionally allowed physicians to fraudulently bill for this service as a way of increasing referrals and driving the volume of SNAP's business.

Other allegations against SNAP include the unnecessary and unlawful multiplication of

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the copays of federal health care beneficiaries including senior citizens on Medicare.

The settlement requires that SNAP pay \$3.5 million, Raviv pay \$300,000, and Burton pay \$125,000 for a total settlement amount of \$3.925 million.

This is not the first home-health services company to settle with the DOJ in recent months ([see our March 8, 2022 blog](#)) and serves as yet another reminder to healthcare companies of the importance of internal controls and due diligence - especially when federally-funded treatment is involved.