

DOJ Secures FCA Settlement with Health Services Companies

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The U.S. Attorney's Office for the District of Massachusetts recently secured a settlement agreement resolving allegations that Molina Healthcare, Inc. and its prior subsidiary, Pathways of Massachusetts, which provide mental health services in Springfield and Worcester, Massachusetts, violated the False Claims Act ("FCA"), 31 U.S.C. § 3729 *et seq.* and the Massachusetts-equivalent to the FCA. The settlement agreement also resolves similar claims brought by employees of Molina Healthcare and Pathways under the *qui tam* provisions of these statutes. Under the terms of the settlement agreement, Molina Healthcare and Pathways have agreed to pay the federal government and Massachusetts \$4,625,000 to resolve these claims.

As detailed in the settlement agreement, the governments allege that Molina Healthcare and Pathways submitted claims to MassHealth, a joint federal and state Medicaid program, as well as other care centers managed by MassHealth, for services despite knowing such services were provided while failing to adhere to applicable licensing and supervisory regulations. Specifically, the governments contend that Molina Healthcare and Pathways did not properly document their supervision of clinicians requiring supervision and allowed unqualified clinicians to supervise social workers and other psychological associates. The governments further claim that Molina Healthcare and Pathways received overpayments for their services and did not return the overpaid amount.

Additionally, the settlement agreement resolves claims asserted by employees of Molina Healthcare and Pathways, who had previously brought suit against these companies under the FCA's *qui tam* provisions. According to the settlement agreement, these employees contended that the companies submitted claims to MassHealth despite not qualifying as an eligible mental health care center under state law and regulations as well as lacked sufficient staff for the services provided.

In settling these claims, Molina Healthcare and Pathways explicitly stated that they do not admit to any liability or to the truth of the allegations asserted in the suit brought by

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the employees. Moving forward, healthcare companies billing federal and state healthcare programs ought to be mindful that a lack of tight internal controls and regulatory compliance may result in becoming a target of the government's enforcement of the FCA.