

Genesis Healthcare Settlement with Federal Government

June 23, 2017 – Dorsey Health Law

by Alissa Smith

On June 16th, 2017, The Department of Justice (“DOJ”) announced a \$53.6 million dollar settlement with Genesis Healthcare Inc. (“Genesis”) over six federal whistleblower lawsuits alleging that subsidiaries of the rehabilitation and transitional care provider violated the False Claims Act (“FCA”). The original qui tam plaintiffs, former employees of companies acquired by Genesis, will receive a combined \$9.67 million dollars in recovery.

The settlement resolved allegations involving Genesis subsidiaries; Skilled Healthcare Group Inc. (“SKG”) and its subsidiaries, Sun Healthcare Group Inc., SunDance Rehabilitation Agency Inc., and SunDance Rehabilitation Corp. The settlement resolved the allegations that SKG and its subsidiaries knowingly submitted false claims for Medicare services by “billing for hospice services for patients who were not terminally ill” and “billing inappropriately for physician evaluation management services.” The complaint does not elaborate on the nature of the management services billing violations.

Further, SKG and its subsidiaries allegedly submitted false claims to Medicare, TRICARE, and Medicaid by providing therapy to patients longer than medically needed, as well as billing for more therapy than patients actually received. The settlement also resolved allegations that Sun Healthcare Group Inc., SunDance Rehabilitation Agency Inc., and SunDance Rehabilitation Corp. knowingly submitted false claims to Medicare by billing for therapy services in the state of Georgia that were either medically unnecessary or unskilled in nature.

Finally, the settlement resolved allegations that Skilled LLC, a subsidiary of SKG, violated the FCA by submitting false claims to the Medicare and Medi-Cal programs for “services that were grossly substandard or worthless and therefore ineligible for payment.” Specifically, the allegations pointed to Skilled LLC failing to meet the requirements for nurse staffing in order to be eligible for government healthcare program reimbursements.

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The case matter was handled by the DOJ Civil Division's Commercial Litigation Branch, the Office of the Inspector General, and the U.S. Attorney's Offices for the Northern District of California, the Northern District of Georgia, the Western District of Missouri, and the District of Nevada.

Acting U.S. Attorney Steven W. Myhre for the District of Nevada noted, "Today's settlement is an example of the U.S. Attorney's Office's commitment to holding medical providers accountable...We are committed to protecting federal health care programs, including Medicare, TRICARE, and Medicaid, which are funded by taxpayer dollars." The recent settlement falls in line with the DOJ's increased commitment to combating health care fraud. The DOJ budget request for 2017 included a \$70.8 million dollar increase (\$320.2 million in total) of funding for health care fraud prevention.

Summer Associate Justin Taylor provided substantial assistance with the drafting of this blog post/article.