JUSTICE NEWS

Indiana University Health and HealthNet to Pay $18 Million to Resolve Allegations of False Claims

The Department of Justice announced today that Indiana University Health Inc. (IU Health) and HealthNet Inc., have agreed to pay a total of $18 million to resolve allegations that they violated federal and state false claims laws by engaging in an illegal kickback scheme related to the referral of HealthNet’s OB/GYN patients to IU Health’s Methodist Hospital. Under the settlement agreement, IU Health and HealthNet each will pay approximately $5.1 million to the United States and $3.9 million to the State of Indiana.

“The payment of illegal remuneration to induce patient referrals interferes with health care providers’ independent judgment when they make referral decisions for their patients,” said Deputy Assistant Attorney General Joyce R. Branda for the Civil Division. “We will continue to pursue health care providers that engage in such conduct, which undermines public confidence in our health care system.”

The Anti-Kickback Statute prohibits, among other things, the knowing and willful payment of any remuneration to induce the referral of services or items that are paid for by a federal health care program, such as Medicaid. Claims submitted to federal health care programs in violation of the Anti-Kickback Statute are also false claims under the False Claims Act.

The United States alleged that from May 1, 2013 through Aug. 30, 2016, IU Health provided HealthNet with an interest-free line of credit, the balance of which consistently exceeded $10 million. United States further alleged that HealthNet was not expected to repay a substantial portion of this loan and that this financial arrangement was intended to induce HealthNet to refer its OB/GYN patients to IU Health’s Methodist Hospital.

“Helping to return millions of dollars in taxpayer funds to federal healthcare programs and the Indiana Medicaid program is critically important to me and my office,” said U.S. Attorney Joshua Minkler for the Southern District of Indiana. “Waste, fraud, and abuse can never be tolerated and tear at the fabric of first-class healthcare in this country.”

The settlement resolves a lawsuit filed in federal court in Indianapolis, Indiana, under the qui tam provisions of the False Claims Act, which permit private individuals to bring a lawsuit on behalf of the United States for false claims and to share in any recovery. The lawsuit was filed by Dr. Judith Robinson, who formerly held a number of positions at both Methodist Hospital and HealthNet. Under the settlement, Dr. Robinson will receive approximately $2.8 million out of the federal share of the recovery.

This settlement was the result of a coordinated effort by the Civil Division’s Commercial Litigation Branch, the U.S. Attorney’s Office for the Southern District of Indiana, the U.S. Department of Health and Human Services Office of Inspector General, and the Indiana Office of the Attorney General.

The lawsuit is captioned United States et al. ex rel. Robinson v. Indiana University Health, Inc. et al., Case No.
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