$18 Million Settlement: IU Health/HealthNet Whistleblower Case

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A whistleblower suit filed by Dr. Judith Robinson under the False Claims Act has led to an $18 million settlement with two of Indiana’s largest health care providers. Indiana University Health and HealthNet have agreed to pay $18 million to the federal government and State of Indiana to resolve illegal kickback and false billing claims. Dr. Robinson, a client of James Hoyer, P.A., filed the whistleblower lawsuit in 2013.

The Whistleblower

Dr. Judith Robinson is a prominent Indianapolis Ob/Gyn and former employee of both IU Health and HealthNet, a Federally Qualified Health Center (FQHC), which primarily provides services to low income populations. Her goal was to expose what she believed was substandard care being provided to pregnant women and babies on Medicaid. This settlement is an important step toward protecting those women and babies.

“I’m grateful this case has shined a light on the care that was provided to low income pregnant women and their babies. I’m hopeful the changes caused by this settlement will help to ensure our community’s most vulnerable patients get the care they need and deserve,” Dr. Robinson said.

Dr. Robinson is represented by Attorney Jillian Estes, a partner at the James Hoyer law firm.

“Dr. Robinson made a real difference because of her courage to come forward,” said Attorney Estes. “Pregnant women and babies in Indianapolis are safer today because of her decision to become a whistleblower.”

The Settlement

The settlement covers three areas, including:

- Inappropriate billing when Certified Nurse Midwives (CNMs), instead of doctors, cared for high risk pregnant women, in violation of Indiana Medicaid rules,
- Kickback claims, regarding various financial schemes between IU Health and HealthNet, which improperly induced referrals; and
- False claims for “wrap around” payments, which are payments made to FQHCs to supplement their care to the poor.

In addition to the $18 million dollars being paid for the settlement, HealthNet has agreed to a Corporate Integrity Agreement with the federal government related to the kickback allegations, which requires HealthNet to restructure and maintain complete independence from IU Health. HealthNet also signed a separate, side agreement with the State of Indiana, which requires HealthNet to bill only for care to high-risk pregnant women provided by a physician or under a physician’s direction.

“It’s important to note that as part of the settlement, HealthNet has been forced to change its conduct in how it operates and how its CNMs care for high-risk pregnant women,” Attorney Estes said. “We hope these agreements, along with regular monitoring, will ensure that patients will be protected for years to come.”

Certified Nurse Midwife Claims

The suit, filed under the federal and Indiana False Claim Acts, alleged that IU Health and HealthNet violated Indiana Medicaid rules to save money by using CNMs, instead of doctors, to care for medically high-risk pregnant women.
“Patient care has to come first, not money,” Dr. Robinson said. “Midwives can provide excellent care to low-risk patients, but when it comes to high-risk pregnancies, the danger for complications requires a doctor’s attention. It’s important to me that these moms and babies get the care they need to keep them safe.”

In Dr. Robinson’s unique position as both Director of Women’s Services for HealthNet and Medical Director of Ob/Gyn Services at Methodist Hospital/IU Health, she became aware of CNM care she believed was putting patients at risk. Dr. Robinson documented 3 instances of babies suffering permanent neurological damage and 17 “near misses” in just 6 months as a result of care to high-risk patients by CNMs. When her efforts to change the system fell on deaf ears, Dr. Robinson was ostracized and ultimately fired. She then learned that the billing for CNM care of high-risk patients violated Indiana Medicaid rules and felt compelled to bring her information forward to the government.

Kickback Claims

Anti-kickback laws are essential to discouraging physicians from accepting financial incentives for referring patients, which can lead to unnecessary medical services and increased overall healthcare costs. This whistleblower suit alleged that IU Health paid illegal kickbacks to HealthNet to induce a steady stream of referrals to Methodist Hospital from its FQHC clinics. A variety of financial schemes were at the center of the kickback allegations, including:

- IU Health providing an ever-increasing line of credit to HealthNet, which ballooned to nearly $14 million, with no strict requirement for payback;
- IU Health giving HealthNet a sweetheart deal for rent, charging just $1 a year; and
- IU Health paying to open and subsidize operation of a high-risk maternity clinic for HealthNet, with the understanding that critically ill newborns would be sent to IU’s Methodist Hospital Neonatal Intensive Care Unit, and not to other area NICU’s, as a scheme to make more money for IU Health off of sick babies.

“These hidden financial arrangements and sweetheart deals were not only illegal and costly to Indiana taxpayers, but also inappropriately restricted patient choice on where to get care,” said Attorney Estes. “Now, patients can be referred to the hospital that can best provide care, not just the hospital with financial connections to the clinic.”

Ultrasound Claims

The $18 million settlement also resolves claims from 2005 to 2010 that HealthNet inappropriately received extra payments provided to FQHC’s for physicians to read ultrasounds. To get the so-called “wrap-around” payments, doctors were required to meet face-to-face with patients, which they did not do. Additional wrap-around payments for claims made from 2011 to 2015 were also settled, but are still being calculated. The value of these claims is estimated at $1.4 million.

False Claims Act

The federal False Claims Act provides for private citizens to file suit on behalf of taxpayers when they become aware of fraud against the government. Whistleblowers receive a portion of the funds returned as a reward for exposing the fraud.

“The False Claims Act is an important tool for the government to fight fraud with the help of whistleblowers,” said Attorney Estes. “It’s very easy for a private citizen who sees wrongs to look the other way, but Dr. Robinson didn’t do that. She did the right thing, and with her help, millions of dollars will be returned to the taxpayers.”

The settlement was reached through a joint effort between Dr. Robinson, her attorneys, and attorneys from the United States Department of Justice and State of Indiana. Dr. Robinson and her counsel are particularly grateful to Assistant U.S. Attorney Jonathon Bont for his efforts throughout the case in helping to attain a successful resolution.

TAGS: Adventist Health System, Certified Nurse Midwives, Dr. Judith Robinson, false claims act, Illegal Kickbacks, Indiana, Indiana University Health, James Hoyer Law Firm, whistleblower