FOR IMMEDIATE RELEASE

IBM Agrees To Pay $14.8 Million To Settle Federal False Claims Act Allegations Relating To Maryland Health Benefit Exchange

Baltimore, Maryland – International Business Machines Corporation (IBM) and Cúram Software have agreed to pay $14.8 million to settle allegations under the federal False Claims Act that they made material misrepresentations to the State of Maryland during the Maryland Health Benefit Exchange contract award process for the development of Maryland’s Health Insurance Exchange (HIX) website and IT platform.

The settlement agreement was announced today by United States Attorney for the District of Maryland Robert K. Hur; Assistant Attorney General Jody Hunt of the Justice Department’s Civil Division; and Special Agent in Charge Maureen R. Dixon of the Office of Inspector General for the Department of Health and Human Services.

“When companies misrepresent their products and capabilities in order to win government contracts, they enrich themselves at taxpayers’ expense,” said U.S. Attorney Robert K. Hur. “Today’s resolution demonstrates our continuing commitment to hold companies accountable for their actions.”

“Making misleading statements to win contract awards violates fundamental tenets of government contracting and harms the government and taxpayers,” said Assistant Attorney General Jody Hunt for the Department of Justice’s Civil Division. “The Department is committed to protecting the American taxpayer from false claims and preserving the integrity of federal funding decisions.”

“Companies are expected to be candid about products, skills and abilities during contract negotiations,” said Special Agent in Charge Maureen R. Dixon of the Office of Inspector General for the Department of Health and Human Services. “We will continue to work with the U.S. Department of Justice to ensure taxpayer dollars are only spent for honest, high-quality health care products and services.”

According to the settlement agreement, on December 19, 2011, IBM completed its acquisition of Cúram...
Software Ltd (Cúram). That same day, a proposal was submitted to the State of Maryland to support the HIX, which was drafted in part by Cúram and included Cúram as a subcontractor for software and services. On January 5, 2012, as part of the bid evaluation process and with IBM’s knowledge, Cúram participated in a presentation to the State of Maryland that illustrated Cúram software conducting eligibility determinations for health assistance coverage, calculating applicable tax credits, addressing changes in life events (e.g., changes in income), and illustrating the integration of Cúram’s software with another subcontractor’s health plan shopping software. On February 22, 2012, the State, acting through MHBE, awarded the contract for development of Maryland’s HIX website and IT platform. Cúram-IBM served as a subcontractor on the project. Federal grants from the U.S. Department of Health and Human Services partially funded MHBE’s contract for the Maryland HIX.

After repeated problems following the launch of the HIX website in October 2013, Maryland, acting through MHBE, terminated the contract and replaced the HIX website and IT platform, including the Cúram software. The settlement covers the time period from January 1, 2011, through May 31, 2014, and resolves allegations against Cúram-IBM regarding material misrepresentations made to the State of Maryland during the HIX contract procurement process, including misrepresentations regarding the development status of the Cúram for Health Care Reform software; the existing functionality of the Cúram software to meet the State’s technical requirements, such as addressing life events and calculating tax credits under the Patient Protection and Affordable Care Act; and the integration of Cúram software with other software needed to provide a properly functioning HIX website.

The claims resolved by this settlement agreement are allegations. The settlement is not an admission of liability by IBM, nor a concession by the United States that its claims are not well founded.

The investigation and settlement in this matter were the result of a coordinated effort by the Civil Division’s Commercial Litigation Branch, the U.S. Attorney’s Office for the District of Maryland, the Department of Health and Human Services Office of Inspector General, and the Office of the Attorney General of Maryland. U.S. Attorney Robert K. Hur thanked Assistant United States Attorneys Allen F. Loucks and Rebecca A. Koch, and Michael Hoffman with the Civil Division’s Commercial Litigation Branch, who handled the case.

**Component(s):**

**USAO - Maryland**

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