Health Care Alert: Aggressive Federal Health Care Fraud and Abuse Actions Result in Record $4.3 Billion Recovery in 2013

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The Department of Justice (DOJ) and the Department of Health and Human Services (HHS) recently announced that 2013 was a record breaking year for health care fraud recovery. In total, $4.3 billion was returned to the federal government, primarily to the Medicare and Medicaid health care programs. In a joint DOJ-HHS report to Congress, the agencies described numerous civil, criminal and administrative actions that were taken against health care providers on claims of fraud, waste and abuse. The agencies also emphasized the aggressive actions they have taken as part of the Healthcare Fraud Prevention Partnership to use health care billing code information acquired from insurance payers, states, individuals and associations to identify and to track fraud schemes. This unprecedented information sharing and coordination resulted in actions against health care providers across the spectrum.

In fiscal year 2013, the agencies recouped $26 million from Shands Healthcare to settle allegations that its six hospitals submitted false claims to Medicare, Medicaid and other federal health programs for inpatient procedures that should have been billed as outpatient services. The agencies also recouped $10.5 million from Renew Therapy Center of Port St. Lucie LLC, an outpatient rehabilitation facility, for a fraudulent Medicare billing scheme. The largest individual settlements were those against pharmaceutical companies, with a nearly $1 billion recovery against Amgen, Inc. and a $500 million recovery against Ranbaxy Laboratories Limited to resolve criminal and civil prescription drug claims.

The DOJ-HHS report calls attention to the increased sophistication of federal, health care payment review and investigative activity as well as the agencies' commitment to using all available resources to recover Medicare and Medicaid dollars. While the agencies appear to be amenable to resolving and preventing "honest mistakes," providers are encouraged to identify, adopt and follow best practices to avoid unnecessary scrutiny and to ensure compliance with applicable laws and regulations.