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in Medicare Case

Health Law

Record \$24.7M Qui Tam Settlement in Medicare Case

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By Martha Neil

Two registered nurses who blew the whistle on an alleged Medicare fraud by a major hospice provider have sparked a record \$24.7 million settlement with the U.S. government by their former employer, from which the RNs themselves will get \$4.9 million.

The settlement by Birmingham, Ala.-based SouthernCare, which admits no wrongdoing, puts an end to two federal lawsuits that were unsealed yesterday, reports the Birmingham News. The qui tam litigation contends that the private company, which has offices in 15 states, enrolled ineligible patients in hospice care when they didn't qualify (patients must be expected to have only six months or less to live).

"It was a numbers game with SouthernCare," attorney Henry Frohsin, who represents one of the nurses, tells the newspaper. "They were trying to bolster their rolls because Medicare pays for hospice care and does not (always) pay for home care."

However, SouthernCare says it's often difficult to predict a patient's life expectancy. "We are pleased to put this matter to rest so we can focus on what we do best—serving patients and families with compassion and dignity—rather than remain tangled in protracted legal issues," president and chief executive Michael Pardy tells the newspaper.

"The \$24.7 million landmark settlement is the largest whistle-blower settlement in Alabama history and the largest civil settlement involving allegations of Medicare hospice fraud in U.S. history," the Frohsin & Barger law firm states in a press release.

The U.S. Department of Justice and other federal agencies also were involved in the litigation.

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