LINK: http://www.justice.gov/opa/pr/florida-skilled-nursing-facility-agrees-pay-17-million-resolve-false-claims-act-allegations

Department of Justice
Office of Public Affairs

FOR IMMEDIATE RELEASE
Tuesday, June 16, 2015

Florida Skilled Nursing Facility Agrees to Pay $17 Million to Resolve False Claims Act Allegations

Hebrew Homes Health Network Inc., its operating subsidiaries and affiliates, and William Zubkoff, the former president and executive director of Hebrew Homes Health Network Inc. (collectively Hebrew Homes), have agreed to pay $17 million to resolve allegations that Hebrew Homes violated the False Claims Act by improperly paying doctors for referrals of Medicare patients requiring skilled nursing care, the Department of Justice announced today. Hebrew Homes provided skilled nursing services at seven rehabilitation and skilled nursing facilities in Miami-Dade County, Florida. This is the largest settlement involving alleged violations of the Anti-Kickback Statute by skilled nursing facilities in the United States.

"Illegal inducements paid to physicians in exchange for patient referrals will not be tolerated," said Principal Deputy Assistant Attorney General Benjamin C. Mizer of the Justice Department's Civil Division. "Medicare funds should be used to provide care for our senior citizens, not as an inducement to physicians to refer business."

From 2006 through 2013, Hebrew Homes allegedly operated a sophisticated kickback scheme in which they hired numerous physicians ostensibly as medical directors pursuant to contracts that specified numerous job duties and hourly requirements. The various facilities had several such medical directors under contract at any given time, paying each several thousand dollars monthly. The United States alleged that in reality these were ghost positions, and that most of the medical directors were required to perform few, if any, of their contracted job duties. Instead, they were allegedly paid for their patient referrals to the Hebrew Homes facilities, which increased exponentially once the medical directors were put on the payroll.

"The record settlement announced today demonstrates this office's commitment to rooting out all forms of illegal kickback schemes," said U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida. "And that is certainly true in the context of nursing homes, where the Department of Justice will not allow healthcare decisions for elderly Medicare patients to be influenced by kickback payments to physicians. The integrity of our public health care program requires that such decisions be based on quality of care."

"Hebrew Homes' intricate kickback scheme in this record-setting case threatened the impartiality of physician referrals, the financial integrity of Medicare and the public's trust in the health care system," said Special Agent in Charge Shimon R. Richmond of the U.S. Department of Health and Human Services' Office of Inspector General (HHS-OIG). "Our agency will continue to investigate nursing homes and other health care providers that seek to illegally boost profits at the expense of federal health care programs."

The Anti-Kickback Statute is intended to ensure that a physician's medical judgment is not compromised by improper financial incentives. The Anti-Kickback Statute prohibits offering, paying, soliciting or receiving remuneration to induce referrals of items or services covered by federal health care programs, including Medicare.

"Illegal kickbacks undermine the integrity of the Medicare system by putting profits in front of patient welfare," said Special Agent in Charge George L. Piro of the FBI's Miami Field Office. "The investigators who helped unravel this intricate scam are to be commended for their diligence and commitment to root out fraud within our health care system."

As part of the settlement, Mr. Zubkoff has agreed to resign as Hebrew Homes' Executive Director and to no longer be an employee of the company. Also, as part of the settlement announced today, Hebrew Homes has entered into a five-year corporate integrity agreement with HHS-OIG, and has agreed to change its policies on hiring and maintaining medical directors.

The settlement announced today resolves allegations made in a lawsuit filed by Stephen Beaujon, a former CFO of Hebrew Homes, under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery. Mr. Beaujon will receive $4.25 million.

This settlement illustrates the government's emphasis on combating health care fraud and marks another achievement for the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which was announced in May 2009 by the Attorney General and the Secretary of Health and Human Services. The partnership between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in this effort is the False Claims Act. Since January 2009, the Justice Department has recovered a total of more than $24.3 billion through False Claims Act cases, with more than $15.3 billion of that amount recovered in cases involving fraud against federal health care programs.

The settlement was the result of a coordinated effort by the Civil Division's Commercial Litigation Branch, the U.S. Attorney's Office of the Southern District of Florida, the FBI and HHS-OIG.

The case is captioned *United States ex rel. Beaujon v. Hebrew Homes Health Network, Inc., et al.*, Case No. 12-20951 CIV (S.D. Fla.). The claims resolved by the settlement are allegations only and there has been no determination of liability.

15-746
Civil Division

Updated June 16, 2015