

Hagens Berman: Sound Physicians Whistleblower Plays Key Role in Exposing Fraud Leading to \$14.5 Million Settlement with the Government

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Tacoma-based Sound Physicians agrees to pay the United States \$14.5 million to settle Medicare fraud lawsuit

Seattle – Tacoma-based Sound Physicians (“Sound”) has agreed to pay the United States government \$14.5 million to settle a whistleblower lawsuit filed by whistleblower law firm Hagens Berman Sobol Shapiro LLP, alleging that Sound cheated the government out of millions of dollars by “upcoding” its bills to Medicare.

The suit was filed by Hagens Berman on behalf of Craig Thomas, a former regional vice president of operations for Sound, who blew the whistle on Sound’s alleged misconduct.

Sound promotes itself as a leading company providing primary care physicians, called “hospitalists,” to hospitals across the country to treat patients in hospital and acute care settings.

In the qui tam, or whistleblower lawsuit, Thomas alleged that internal audits performed by Sound showed up to 90 percent of its physicians’ visits with patients were coded at more expensive levels than supported by patient records. This practice, known as upcoding, allegedly caused Medicare to overpay by tens of millions of dollars for services rendered by Sound.

Thomas claimed that upon discovering the issue, he raised his concerns with Sound executives through normal channels, but his claims were rebuffed.

“We believe Sound’s internal audit gave it the information it needed to come forward, repay the government, and clean up its act,” said Steve Berman, Hagens Berman founding partner. “Instead, Sound did nothing until it learned the government had opened an investigation.”

Thomas ultimately decided to file a lawsuit under the False Claims Act, a law dating back to the U.S. Civil War that allows whistleblowers to file suit on the government’s behalf to recover taxpayer funds lost due to fraud. The law incentivizes whistleblowing by enabling informants who provide key information to receive a substantial portion of funds recovered by the government.

“In an era of budget cuts and rising health care costs, fraud committed against taxpayer-funded programs like Medicare is unconscionable,” said Berman. “We are very proud to have played a role in this case, returning millions of taxpayer dollars to the government.”

Berman also praised Thomas’ courage in coming forward. “His decision to blow the whistle has cost him and his family dearly,” said Berman. “His courage and dedication to expose the truth at such a high personal cost should be lauded.”

Thomas, his wife and his three young children endured tremendous stress during the four-year life of Thomas’ case.

“I encourage potential whistleblowers to come forward utilizing the qui tam provisions of the False Claims Act to stop those who choose to steal from our nation’s healthcare system,” said Thomas. “I am pleased that the information I provided assisted the Department of Justice in the recovery of funds.”

The lawsuit was originally filed on May 21, 2009, in the U.S. District Court for the Western District of Washington.

Thomas and his attorneys expressed appreciation for the work by the U.S. Attorney’s Office in Seattle and the Department of Justice in Washington, D.C. “I’m grateful for the dedication displayed by Assistant U.S. Attorney Harold Malkin and investigator Judy Swem in Seattle, and Patricia Hanower in Washington, D.C., in recovering taxpayers’ stolen funds,” Thomas said.

Under the False Claims Act, whistleblowers who file qui tam lawsuits are entitled to 15 percent to 30 percent of the amount the government recovers in a civil settlement as a result of their cases.

You can learn more about this case by visiting www.hb-whistleblower.com/work/SoundPhysicians

About Hagens Berman

Seattle-based Hagens Berman Sobol Shapiro LLP represents consumers, whistleblowers, investors, workers and others in complex and class-action litigation. The firm has offices in ten cities and has been named to the National Law Journal’s Plaintiffs’ Hot List six times. More about the law firm and its successes can be found at www.hbsslaw.com. Visit the firm’s whistleblower protection website at www.hb-whistleblower.com.

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