

New York City to Pay Federal Government \$70 Million to Settle Medicaid False Claims Act Suit

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New York City officials and federal prosecutors announced Monday that the city would pay the federal government \$70 million to settle a False Claims Act lawsuit. The city was accused of overbilling Medicaid by improperly authorizing home care for the frail and elderly. In its settlement with the government, the city admitted that for a ten year span beginning in 2000, it had authorized personal care for elderly patients without first obtaining the required prior assessments. The city also admitted that it had often failed to get independent medical reviews as required when there was a dispute over an appropriate care plan for the elderly.

The government's suit against New York City was unusual in that the False Claims Act is typically used to prosecute individuals or business entities, not local governments. One city attorney said that the law was being used to "resolve funding disputes among governmental entities."

During the settlement process, and afterwards to the media, the city argued that the case was primarily about "paperwork" and "technical record-keeping deficiencies." The federal government strongly disagreed, with the U.S. Attorney for Manhattan claiming that the settlement represented a step toward "restoring the integrity of [Medicaid]." A federal judge also expressly rejected the city's line of argument when it denied the city's earlier motion to dismiss the case.

The government's case was brought in response to a complaint by a whistleblower, an independent medical reviewer under contract with the city. The whistleblower will receive \$14.7 million from the settlement.

For more information, see <http://www.nytimes.com/2011/11/01/nyregion/new-york-settles-medicare-fraud-suit-for-70-million.html> and http://online.wsj.com/article/SB10001424052970204394804577010601077291884.html?mod=googlenews_wsj.