

# **Whistleblower Allegations Result in \$11.2 Million Settlement for False Claims Act Violations Against Nursing Home Conglomerate that Diverted Millions in Healthcare Funds Intended for Older and Disabled Patients**

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May 27, 2021. A skilled nursing home conglomerate based in Georgia but with hundreds of facilities throughout the country will pay \$11.2 million, to resolve allegations that it violated the False Claims Act. Five whistleblowers will share between 15-25% of that recovery.

[Five whistleblowers](#) described how the conglomerate violated the False Claims Act by using individual nursing homes and pressuring staff working in the homes to inflate bills to Medicare and Medicaid and to divert government funds to corporate profits rather than the intended patient care. For example, each nursing home allegedly systematically inflated Medicare billings for rehabilitation therapy services. The nursing homes also billed Medicare for medically unreasonable, unnecessary, and unskilled services and disregarded patients' actual medical needs. They also held patients at their facilities for longer than was necessary so they could increase their Medicare payments. Finally, the nursing homes double-billed both Medicare and Medicaid for the same patients.

[The whistleblowers also described how, in some skilled nursing homes, protocols were not followed resulting in vulnerable patients suffering unnecessary pressure ulcers, avoidable falls, and preventable medication errors.](#) The homes were grossly understaffed. These homes failed to meet federal standards of care and regulatory requirements and thus submitted false claims to Medicare and Medicaid for materially substandard skilled nursing services.

The conglomerate's settlement of \$11.2 million with the United States and certain states was based on its limited ability to pay, as determined by a financial analyst at the United States Department of Justice, but its liability may increase if certain financial contingencies occur. The conglomerate was also required to submit to a 5-year Corporate Integrity Agreement with the government that requires an independent review organization to annually review them for compliance and an [Independent Monitor to review the quality of residential care.](#)

The False Claims Act allows private parties known as "relators" to sue on behalf of the government for false claims and to share in any recovery. It also allows the government to intervene and prosecute such an action. The relators' share of the recovery, in this case, has not yet been

determined but should be between 15% to 25% of the settlement amount. Healthcare fraud is exposed by individuals with the knowledge that the fraud is occurring. Whistleblowers might be executives, employees, colleagues, clients, or competitors of the offending healthcare provider. Whistleblowers are protected against retaliation under the whistleblower provisions of the False Claims Act.

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