

# **The Power of Three: Three Whistleblowers Rewarded for Reporting Unlawful Kickbacks and Laboratory Fraud Scheme**

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The Department of Justice has announced a settlement with Precision Toxicology, also known as Precision Diagnostics, for [\\$27 million](#). This resolves allegations of false claims and violations of the Anti-Kickback Statute, reminding medical professionals of the critical role compliance plays in the industry. There were three qui tam whistleblower lawsuits, one of which is still partially sealed. One of the whistleblowers will receive \$2,743,000 as a reward for reporting the unnecessary testing fraud scheme.

## **Background of the Case**

One of the nation's largest urine drug testing laboratories, Precision Toxicology allegedly systematically billed Medicare, Medicaid, TRICARE, and the Veterans Health Administration for unnecessary urine drug tests (UDT). The allegations spanned nearly a decade, from January 1, 2013, to December 31, 2022. The United States alleged that Precision violated federal health care rules by encouraging physicians to order excessive urine drug tests through "custom profiles" that bypassed individualized patient assessments, resulting in billing for medically unnecessary tests. Additionally, the toxicology lab company allegedly violated the Anti-Kickback Statute by providing free test cups to physicians, as long as the physicians used the cups to send samples back to Precision for further testing, as a means of inducing UDT referrals.

## **Legal and Financial Outcomes**

The settlement entails Precision paying \$18.2 million to the United States, with the remaining \$8.7 million distributed among impacted states for false claims billed to their Medicaid programs, including Colorado, Georgia, Illinois, Maryland, Minnesota, and Virginia. The exposure and prosecution of this laboratory fraud scheme was largely driven by three whistleblower lawsuits filed under the qui tam provisions of the False Claims Act. This act enables private individuals to file lawsuits on behalf of the government and potentially receive a portion of the recovered funds, as seen here with one whistleblower receiving over \$2.7 million.

## **Implications for Medical Professionals**

This case underscores the importance of adherence to ethical and legal standards within medical

practice, such as the Stark Law and the Anti-Kickback Statute, which prohibits exchanging anything of value for patient referrals. Whistleblowers serve as critical sentinels in maintaining the integrity of healthcare systems, thwarting schemes that prioritize profits over patient care. Whistleblowers' actions not only expose fraudulent practices but also promote a culture of honesty that benefits both patients and the broader medical community. Medical professionals are reminded of their responsibility to ensure that all tests and procedures are both necessary and appropriate.

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