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UCHealth Settles FCA Violations for $23 Million

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Headlines that Matter for Companies and Executives in Regulated Industries

UCHealth Settles FCA Violations for $23 Million

On November 12, the US Department of Justice (DOJ) announced that University of Colorado Health (UCHealth) agreed to resolve allegations that it violated the False Claims Act (FCA) for $23 million.

According to the DOJ, UCHealth sought and received payment from federal health care programs for visits to emergency room departments by falsely coding Evaluation & Management (E&M) claims that were submitted to Medicare and TRICARE programs. E&M claims concern medical visits where a patient's health and medical conditions are evaluated and managed, including visits to emergency departments.

The DOJ alleged that from November 1, 2017, through March 31, 2021, UCHealth hospitals automatically coded certain claims for emergency room visits using an E&M claim code. UCHealth allegedly used the E&M claim code whenever its provider had checked a patient's vital signs more times than the total number of hours that the patient was present in the emergency department (except patients who were in the emergency department for less than an hour), regardless of the severity of the patient's medical condition or resources used to manage the patient's health and treatment. The DOJ also alleged that UCHealth knew its automatic coding system did not satisfy the requirements for the E&M claim code and did not reasonably reflect the facility resources used by

UCHealth hospitals. According to the settlement, UCHealth had received complaints from its employees warning about the use of the automatic coding but did not fix the issue.

Pursuant to the settlement, UCHealth agreed to pay $23 million to the government, of which $11,500,000 was allotted for restitution. The relator is to receive approximately $3,910,000 of the proceeds from the settlement.

The press release can be found here.

Two Convicted in $15 Million Health Care Fraud Scheme

On November 8, a federal jury in Michigan convicted a pharmacist, Raad Kouza, and his brother, Ramis Louza, for conspiracy to commit health care fraud and wire fraud.

According to the government, the defendants billed Medicaid, Medicare, and private insurance companies for prescription medication that they did not dispense at pharmacies that they had owned and operated, causing over $15 million in losses. The government alleged that the scheme began in 2010 and continued through 2019.

Raad and Ramis Kouza were convicted of conspiracy to commit health care fraud and wire fraud, and Raad was also convicted of health care fraud. They face a maximum penalty of 20 years in prison on the conspiracy count, and Raad faces an additional maximum penalty of 10 years in prison on the health care fraud count.

The press release can be found here.

Insurance Mogul Pleads Guilty to $2 Billion Fraud Scheme

On November 12, the DOJ announced that Greg Lindberg pleaded guilty to one count of conspiracy to commit offenses against the United States, including wire fraud, investment adviser fraud, and crimes in connection with insurance businesses, and one count of money laundering conspiracy in connection with a scheme to defraud insurance regulators and policyholders.

According to the DOJ, from 2016 through 2019, Lindberg and his co-conspirators conspired to deceive the North Carolina Department of Insurance, regulators, insurance companies, and other ratings agencies, evaded regulatory requirements, concealed the true financial condition of Lindberg's insurance companies, and improperly used insurance company funds for Lindberg's own personal benefit. As a part of this scheme, Lindberg and his co-conspirators allegedly caused Lindberg's companies to invest more than $2 billion in loans and other securities with his own affiliated companies and laundered the proceeds from the scheme. The indictment alleges that Lindberg directed the scheme and forgave more than $125 million in loans to himself from the insurance companies he controlled. In order to accomplish the scheme, Lindberg and his co-conspirators allegedly engaged in circulator transactions among Lindberg's web of companies using insurance company funds, made and caused to be made false and misleading representations, and concealed material facts.

Lindberg faces a maximum penalty of five years in prison on the conspiracy to commit offenses against the United States count and 10 years on the money laundering conspiracy count. A sentencing date has not been set. In addition, earlier this year, Lindberg was also convicted by a federal jury in Charlotte, North Carolina, of conspiracy to commit honest services wire fraud and

bribery.

The press release can be found here.

Heather M. Zimmer also contributed to this article.

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