

Substance Abuse Treatment Facility Pays \$9.25 Million In Healthcare Fraud Settlement

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The **Department of Justice** [announced last week](#) that **CRC Health Group**, a nationwide provider of substance abuse and mental health treatment services, has agreed to pay \$9.25 million to the United States government and the State of Tennessee to settle allegations of **healthcare fraud**. The **qui tam lawsuit** alleges that CRC knowingly submitted false claims to TennCare, Tennessee's Medicaid program, by providing substandard treatment to adult and adolescent patients suffering from alcohol and drug addiction at its facility, New Life Lodge, located in Burns, Tennessee.

The government alleges that, between 2006 and 2012, CRC billed TennCare for substance abuse therapy that was not actually provided, or was provided by therapists who were not properly licensed in the state of Tennessee. It is also alleged that New Life Lodge failed to make a licensed psychiatrist available to the facility's patients, which is required by state law, and double-billed TennCare for prescription substance abuse medications. In addition to these issues, the lawsuit also noted other noncompliance with Tennessee regulations, including failure to maintain adequate patient to staff ratios, billing for services that were either not documented or not provided, failure to conform to the facility's own patient treatment plans, billing for extra Medicaid patients after the facility was already over its bed capacity, and failure to meet "medical necessity" requirements.

The healthcare fraud whistleblower who brought this lawsuit on behalf of the United States government and the State of Tennessee was Angela Cederoth, a former employee of New Life Lodge who worked in the facility's billing department. Under the qui tam provision of the False Claims Act, whistleblowers, also known as "relators", can bring a case on behalf of the federal government, and if the case is successful, can share in any monetary recovery that results from the proceedings.

For her part in bringing this case to the attention of the government, Cederoth will receive \$1.5 million as her share of the \$9.25 million recovery. The State of Tennessee will receive approximately \$3.4 million of the recovery, with the federal government receiving the remainder.

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