Vibra Healthcare To Pay $33 Million To Settle Qui Tam Lawsuit That Alleged Healthcare Fraud in Medicare Billing Practices

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Vibra Healthcare ("Vibra") recently settled a False Claims Act ("FCA") lawsuit which alleged that, between 2006-2013, at least six of the company's medical facilities billed Medicare for expenses related to admitting Medicare beneficiaries and administering treatment that was medically unnecessary. The lawsuit was filed under the FCA's *qui tam* provision by a former employee of Vibra Hospital of Southeastern Michigan in the Southern District of Texas in 2010. Although Vibra has refused to admit any wrongdoing, it has agreed to pay $32.7 million to settle the case.

Vibra Healthcare was founded in 2004, and is currently headquartered in Mechanicsburg, Pennsylvania. The company boasts more than 9,000 employees in over 30 acute care hospitals and outpatient physical therapy centers across 18 states. Vibra's medical facilities function as non-traditional hospitals that offer healthcare services for patients who need additional acute care following a short-term visit to a traditional hospital. Additionally, Vibra operates rehabilitation centers and nursing facilities where patients can complete a variety of programs in physical, occupational, and speech-language therapy, among others.

In the context of the FCA, healthcare fraud is a form of government programs fraud in which a company or individual submits false claims for payment, or causes another to submit false claims for payment, to government healthcare programs such as Medicare and Medicaid. By engaging in these deceptive schemes, companies are swindling money from taxpayers who largely fund these programs, and in turn, misdirecting the financial resources that are set aside to assist some of the most vulnerable individuals. One of the most prevalent methods that companies employ when committing healthcare fraud is to overbill Medicare and Medicaid for the services that they provide to their patients by submitting false claims for reimbursement.

In the lawsuit that was filed against Vibra, the government alleges that the healthcare company regularly billed Medicare and other government healthcare programs for the services that were provided to Medicare beneficiaries who were not qualified to be admitted to its hospitals. Furthermore, the lawsuit contends that Vibra unnecessarily extended the length of time that many of these patients were admitted to their facilities, even at times defying the recommendations of the medical providers that they employ. Sylvia Daniel, the *qui tam* relator who blew the whistle on Vibra's fraudulent schemes when she filed her lawsuit in 2010, was formerly employed at a Vibra hospital in Michigan as a Health Information Management Coder/Director.

Within her initial Complaint, Daniel argued that Vibra's scheme was a deceptive attempt for the company to ensure that they were meeting the standards to qualify as a Long Term Care Hospital ("LTCH") that was eligible for Medicare reimbursements. In order for LTCH's to be classified as such and to be eligible for Medicare reimbursements, the average length of stay of Medicare beneficiaries must exceed 25 days. The relator asserts that many of the Medicare patients that were admitted to Vibra healthcare facilities should have instead been treated at nursing homes, hospices or other types of medical facilities. Moreover, as someone who was in charge of inputting the diagnostic codes that described what a patient's ailment was and determined their length of stay at the hospital, Daniel claims that she was often pressured by the CEO and other supervisors to alter the codes of Medicare patients so that their lengths of stay were extended. Daniel also alleges that the CEO and other executives conspired to find ways to re-admit patients who were recently discharged in order for these days to be added to the days from their previous stay. As a whistleblower acting on behalf of the United States Government, Daniel is set to receive $4 million of the total amount that the government was able to recover in the settlement.

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