

LONG TERM CARE & SENIOR LIVING BLOG

Extendicare Enters \$38 Million Settlement for False Claims Act Allegations

AUTHOR: SANDBERG PHOENIX

The Department of Justice (DOJ) announced a settlement for claims of substandard nursing care and medically unnecessary rehabilitation therapy wherein Extendicare will pay \$38 million to settle False Claims Act allegations. Rehabilitation services have been a frequent target for DOJ investigation and settlement of alleged overpayments. Once again, DOJ brings closure to an investigation of an initiative from the Health Care Fraud Prevention and Enforcement Action Team (HEAT). In addition to HEAT, this settlement arose from an investigation related to the Justice Department's Elder Justice initiative, which coordinates the Office of Inspector General (OIG) efforts to combat elder abuse, neglect and financial exploitation.

Besides paying \$38 million to settle the False Claims Act allegations, Extendicare will be subject to a five year Corporate Integrity Agreement (CIA), requiring a comprehensive compliance program, which will include retaining an independent monitor, selected by the OIG. The private citizen whistleblowers, who brought suit on behalf of the United States, will share from the settlement with one whistleblower receiving more than \$1.8 Million and the other to receive \$250,000.

Compliance needs to be a culture, rather than a response to a costly investigation. As seen by the results Extendicare faces, a five year CIA with oversight of an independent monitor plus a \$38 Million settlement; failure to comply with regulatory requirements can be costly. By creating and keeping a culture of compliance, providers are not only doing the right thing for their patients and complying with the law, but they may avoid costly actions and close oversight initiated by the government to prevent future problems in operations.

HEAT, as well as the Elder Justice Initiative, take compliance seriously, as the government continues to obtain significant settlements in matters of False Claims Act allegations.

By Denise Bloch

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