

Life Care Centers of America Agrees to \$145 Million Settlement!

October 26, 2016

The Department of Justice announced that Life Care Centers of America Inc. (Life Care) and its owner, Forrest L. Preston, have agreed to pay \$145 million to resolve a government lawsuit that alleged that Life Care violated the False Claims Act, by intentionally causing skilled nursing facilities (SNFs) to submit false claims to Medicare and TRICARE for rehabilitation therapy services that were not rational or medically necessary.

“This resolution is the largest settlement with a skilled nursing facility chain in the department’s history,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division.

This settlement resolved allegations that Life Care submitted false claims for rehabilitation therapy by partaking in activities used to increase its Medicare and TRICARE billings. Medicare reimburses skilled nursing facilities at a daily rate that reflects the skilled therapy and nursing needs of their qualifying patients. The greater the skilled therapy and nursing needs of the patient, the higher the level of Medicare reimbursement.

The United States alleged in its complaint that Life Care established guidelines and practices created to place as many beneficiaries in the **Ultra High** reimbursement level regardless of the medical needs of the patients, which resulted in unreasonable and unnecessary therapy to many beneficiaries. Life Care also pursued to keep patients longer than needed, in order to continue billing for rehabilitation therapy, even after the treating therapists felt that therapy should be discontinued. Life Care prudently tracked the minutes of therapy provided to each patient and number of days in therapy to guarantee as many patients as possible were at the maximum level of reimbursement for the longest possible period.

“The resolution announced today demonstrates the commitment of the U.S. Attorney’s Office to aggressively pursue providers who utilize fraudulent practices to knowingly put their own financial self-interest over a duty to patients,” said U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida. “It is imperative that providers make healthcare decisions based upon a patient’s need for services rather than a self-serving desire to maximize financial profit. Our office will continue to investigate fraud allegations, to ensure that providers do not compromise the integrity of our public health care programs.”