



Urgent Care Facility Chain Settles False Claims Act Lawsuit for \$10 Million

July 11, 2012

The United States Department of Justice (DOJ) announced on July 2, 2012, that NextCare, owner of a chain of urgent care facilities, agreed to pay \$10 million to settle federal and state false claims allegations. The settlement resolved allegations that NextCare billed Medicare, TRICARE, and five state Medicaid programs for unnecessary allergy, H1N1 virus and respiratory panel testing. The government also alleged that NextCare inflated billings (known as upcoding) for urgent care services.

Billing for medically unnecessary services and upcoding routinely form the basis of False Claims Act suits. In March 2012, Wisconsin hospice provider Odyssey HealthCare settled three qui tam lawsuits for submitting claims for medically unnecessary home care services. In 2011, New Milford Hospital in Connecticut paid a six figure settlement for upcoding involving the drug Lupron.

The allegations against NextCare were originally raised in a lawsuit filed by former NextCare employee Lorin Cohen. Private citizens such as Ms. Cohen may bring suit on behalf of the United States under the False Claim Act's qui tam provision. The whistleblower receives a portion of any recovery in these suits. For bringing this suit against NextCare, Ms. Cohen will receive more than \$1.6 million.

The DOJ has intensified its focus on combating health care fraud via the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which is a collaborative effort with the Department of Health and Human Services (HHS). The DOJ has recovered more than \$7.7 billion from health care entities since the advent of the HEAT initiative.

HHS Inspector General Daniel R. Levinson stated in a DOJ press release, "Providers who subject beneficiaries to unnecessary medical testing, as alleged against NextCare, compromise the well-being of their patients and squander Federal health care funds."

This settlement serves as a reminder that all federal contractors should take employee complaints and concerns seriously, particularly those involving potentially fraudulent billing practices. The settlement also demonstrates the critical importance of a strong compliance program to ensure that billing practices meet federal requirements.

Supporting Documents

[Arizona-based Nextcare Inc. to Pay US \\$10 Million to Resolve False Claims Act Allegations](#)

July 2, 2012 press release from the U.S. Department of Justice

[Second Amended Complaint of Qui Tam Relator](#)

Filed in March 2012 in U.S. District Court, Western District of North Carolina

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