

2016 False Claims Act cases result in over \$4.7 billion in recovery for Department of Justice

December 22, 2016

On December 14, 2016, the Department of Justice (DOJ) announced that it recovered more than \$4.7 billion in settlements and judgments from civil cases involving fraud and false claims. The \$4.7 billion recovered was the third highest annual recovery in the False Claims Act history and raised the total amount recovered since 2009 to \$31.3 billion.

\$2.5 billion of the \$4.7 billion recovered in 2016 came from the health care industry, which includes “drug companies, medical device companies, hospitals, nursing homes, laboratories, and physicians.” The DOJ reported that it has recovered \$19.3 billion in health care fraud claims since 2009 and that 2016 marks the seventh consecutive year that it has recovered at least \$2 billion as a result of health care fraud.

Whistleblowers were a key part in the large amount recovered in 2016. The DOJ recovered \$2.9 billion from *qui tam* cases in 2016 and awarded \$519 million to whistleblowers during that same period. Additionally, whistleblowers filed 702 *qui tam* suits in 2016.

The DOJ's [press release](#) includes additional statistics about recoveries from housing and mortgage fraud, procurement fraud and other settlements. The large amount recovered by the DOJ demonstrates the continued importance of the False Claims Act and of whistleblower actions in addressing fraud and false claims.

2016 significant cases

The \$2.5 billion recovered by the DOJ from the health care industry includes the following significant matters:

Pharmaceutical companies [Wyeth and Pfizer](#) paid \$784.6 million to resolve allegations that companies reported false and fraudulent prices on two drugs the companies developed to treat acid reflux. Wyeth, which was acquired by Pfizer in 2009, allegedly hid discounts it gave to hospitals in order to wrongfully avoid paying Medicaid rebates. Wyeth saved hundreds of millions of dollars by allegedly avoiding the rebates, which are designed to ensure that the Medicaid program pays the same amount as the pharmaceutical company's commercial customers. Wyeth paid \$413.2 million to the federal government and \$371.4 to affected state Medicaid programs.

U.S. hospital chain [Tenet Healthcare Corporation](#), and two of its subsidiaries in the Atlanta region, paid \$513 million to resolve criminal and civil allegations that four of its hospitals engaged in a plan to defraud the government and pay kickbacks for patient referrals. Tenet paid \$368 million to the federal government and the states of Georgia and South Carolina, while its two subsidiaries paid \$123.7 million to state Medicaid program and forfeited an additional \$145 million.

Medical lab [Millennium Health](#) paid \$256 million to resolve allegations that it billed Medicare, Medicaid and other programs for medically unnecessary urine and drug testing and for providing free items to physicians who agreed to refer profitable laboratory tests to Millennium. Millennium also allegedly submitted false claims for testing that was performed without an individualized assessment of need.

In addition to pursuing actions against health care companies, the DOJ also used the False Claims Act to address fraud by individuals. In 2016, several individuals in the health care field were held personally liable for alleged false claims, including Florida

cardiologist [Dr. Asad Qamar](#) (\$2 million); former owner and CEO of a Nashville drug testing company, [Dr. Jonathan Oppenheimer](#) (\$9.35 million); former CEO of Tuomeny Healthcare System, [Ralph J. Cox III](#) (\$1 million); and many others.

The government's ongoing False Claims Act enforcement demonstrates that the law continues to be a key enforcement tool for the DOJ. Additionally, the prevalence of whistleblower cases, and their resulting successes, highlights the continued need for health care providers and companies to continue to focus on developing policies and procedures to ensure compliance.

Authors

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