

JUSTICE NEWS

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Government Settles False Claims Act Allegations Against Oxygen and Sleep Therapy Company

North Atlantic Medical Services Inc. (NAMS), doing business as Regional Home Care Inc., has agreed to pay \$852,378 to resolve allegations that it violated the False Claims Act by submitting claims to Medicare and Medicaid for respiratory therapy services provided by unlicensed personnel, the Department of Justice announced today. NAMS is a medical device company based in Massachusetts that provides equipment and services for the treatment of respiratory ailments, such as oxygen deficiency and sleep apnea.

“Respiratory care services should be performed by properly licensed personnel,” said Acting Assistant Attorney General Joyce R. Branda for the Civil Division. “We will not tolerate companies prioritizing their own profits and convenience at the expense of patient safeguards.”

Medicare and Medicaid require suppliers of respiratory therapy equipment and services to comply with state licensing standards. In Massachusetts, the Department of Public Health requires respiratory therapists to apply for and obtain a license. Applicants can do so by passing the National Board for Respiratory Care’s “Certification Examination for Entry-Level Respiratory Therapy Practitioners” or obtaining a reciprocal license from a different jurisdiction. This settlement resolves allegations that, from September 2010 to January 2013, NAMS used unlicensed employees to set up sleep apnea masks and oxygen therapy equipment for patients in Massachusetts. The government alleged that, even after the Massachusetts Department of Public Health informed the company that the practice was illegal, NAMS continued to use unlicensed personnel and bill Medicare and Medicaid for these services.

“This respiratory care company flouted important licensure requirements, failed to provide patients the standard of care that they deserve and fraudulently billed the federal government for improperly rendered services,” said U.S. Attorney Carmen M. Ortiz for the District of Massachusetts. “With the important assistance of whistleblowers, our health care fraud team seeks to ensure patient safety and protect the public fisc.”

“To safeguard patient health and ensure that taxpayer money is spent well, Medicare and Medicaid require providers of respiratory care services to follow state licensure rules,” said Special Agent in Charge Phillip M. Coyne for the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “Companies seeking to boost profits by using unlicensed personnel will be held accountable for their actions.”

Medicaid is jointly funded by the states and federal government. The Commonwealth of Massachusetts, which paid in part for the Medicaid claims at issue, will receive \$229,210 of the settlement amount.

The government’s investigation was initiated by a *qui tam*, or whistleblower, lawsuit filed under the False Claims Act by former NAMS employees Konstantinos Gakis and Demetri Papageorgiou. The False Claims

Act allows private citizens to file suit for false claims on behalf of the government and to share in the government's recovery. Gakis and Papageorgiou will receive \$153,428.

This settlement illustrates the government's emphasis on combating health care fraud and marks another achievement for the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which was announced in May 2009 by the Attorney General and the Secretary of Health and Human Services. The partnership between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in this effort is the False Claims Act. Since January 2009, the Justice Department has recovered a total of more than \$23.2 billion through False Claims Act cases, with more than \$14.9 billion of that amount recovered in cases involving fraud against federal health care programs.

This settlement was the result of a coordinated effort by the Civil Division, the U.S. Attorney's Office for the District of Massachusetts, FBI, HHS-OIG, and the Commonwealth of Massachusetts.

The case is captioned *United States ex rel. John Does v. Regional Home Care, Inc. d/b/a North Atlantic Medical also d/b/a North Atlantic Medical Tolman Clinical Laboratory and as North Atlantic Medical Services*, Docket No. 12-CA-11979 (D. Mass.). The claims resolved by this settlement are allegations only, and there has been no determination of liability.

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Civil Division

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