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Department of Justice

U.S. Attorney's Office

Southern District of Georgia

FOR IMMEDIATE RELEASE

Tuesday, August 4, 2015

Pediatric Services Of America And Related Entities To Pay \$6.88 Million To Resolve False Claims Act Allegations

SAVANNAH – The U.S. Attorney's Office announced that Pediatric Services of America Healthcare, Pediatric Services of America, Inc., Pediatric Healthcare, Inc., Pediatric Home Nursing Services (collectively, "PSA"), and Portfolio Logic, LLC agreed to pay \$6.88 million (\$6,882,387) to resolve allegations that PSA, a provider of home nursing services to medically fragile children, knowingly (1) failed to disclose and return overpayments that it received from federal health care programs such as Medicare and Medicaid, (2) submitted claims under the Georgia Pediatric Program for home nursing care without documenting the requisite monthly supervisory visits by a registered nurse, and (3) submitted claims to federal health care programs that overstated the length of time their staff had provided services, which resulted in PSA being overpaid.

United States Attorney for the Southern District of Georgia, Edward J. Tarver said, "The failure to report and return a known overpayment is a serious offense that ultimately drives up the costs of health care for all of us. This U.S. Attorney's Office and its federal and state law enforcement partners will continue to work together to ensure that health care providers, who receive millions of tax dollars every year, play by the rules and do not waste critical program funds."

"Participants in federal health care programs are required to actively investigate whether they have received overpayments and, if so, promptly return the overpayments," said United States Attorney for the Northern District of Georgia John Horn. "This settlement is the first of its kind and reflects the serious obligations of health care providers to be responsible stewards of public health funds."

"The healthcare system is trust-based and providers who willfully ignore their fiscal responsibilities will be held accountable for their actions. This precedent-setting case should send the message that we will not tolerate any provider keeping American taxpayer dollars unjustly. Special thanks to the United States Attorney's Office for recognizing the importance of this case and partnering with us to pursue justice," said Derrick L. Jackson, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General in Atlanta.

John F. Khin, Special Agent in Charge, DCIS-Southeast Field Office, stated, "This collaborative investigative effort reflects the Defense Criminal Investigative Service's ongoing commitment to ensuring accountability throughout the military health care system, protecting the integrity of Department of Defense programs, and preserving precious taxpayer dollars."

This is the first settlement under the False Claims Act involving a health care provider's failure to investigate credit balances on its books to determine whether they resulted from overpayments made by a federal health care program. Under section 6402 of the Affordable Care Act, health care providers must report and return any overpayments by the later of (i) 60 days after the overpayment was identified or (ii) the date any corresponding cost report is due (if applicable).

PSA had been maintaining numerous credit balances on its books that related to claims it had submitted to various federal health care programs, some of which had been on PSA's books for several years. Additionally PSA wrote off and absorbed credit balances that had resulted from overpayments into their revenue because they had not investigated the reason for the credit balances before doing so. At the government's request, PSA cooperated with a joint audit of the credit balances on its books in order to identify all outstanding overpayments.

As part of the settlement, PSA has agreed to enter into a corporate integrity agreement with the U.S. Department of Health & Human Services, Office of Inspector General (HHS-OIG), which will require PSA to put in place procedures and reviews to avoid and promptly detect conduct similar to that which gave rise to the settlement.

The settlement resolves allegations filed by Yvette Odumosu and Sheila McCray, former employees of PSA, under the qui tam or whistleblower provisions of the False Claims Act, which authorize private parties to sue for false claims on behalf of the United States and share in the recovery. Ms. Odumosu's lawsuit was filed in the Northern District of Georgia and is captioned U.S. ex rel. Yvette Odumosu v. Pediatric Services of America Healthcare, No. 1:11-CV-1007-AT and Ms. McCray's lawsuit subsequently was filed in the Southern District of Georgia and is captioned United States ex rel. Sheila McCray, et al. v. Pediatric Services of America, Inc., Pediatric Services of America, Pediatric Healthcare, Inc., Pediatric Home Nursing Services, collectively d/b/a PSA Healthcare; and Portfolio Logic, LLC, No. CV413-12. Ms. Odumosu and Ms. McCray will receive a share of the settlement payment that resolves the qui tam suits that they filed in the amount of \$1.1 million (\$1,121,729). The claims settled in the civil settlement are allegations only, and there has been no determination of liability.

This case was investigated by the U.S. Attorney's Office for the Northern District of Georgia, the U.S. Attorney's Office for the Southern District of Georgia, the U.S. Department of Health & Human Services, U.S. Department of Defense, Office of Inspector General, Defense Criminal Investigative Service, the Medicaid Fraud Control Unit of the Georgia State Attorney General's Office, and the National Association of Medicaid Fraud Control Units, comprised, in part, of the 20 states that are parties to the settlement.

The civil settlement was reached by Assistant United States Attorneys Neeli Ben-David, Darcy Coty and Charles Mulaney. For additional information, please contact First Assistant United States Attorney James D. Durham at (912) 201-2547 .

USAO - Georgia, Southern District

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