

CareAll Management, LLC (formerly known as Diversified Health Management, Inc.) and related entities have agreed to pay \$9.375 million to the federal government to resolve a whistleblower suit filed under the False Claims Act. The complaint alleged that the defendants caused Medicare to pay out money through mistake of fact and that the defendants were unjustly enriched by falsely concealing the home health agency's relationship with their management company.

CareAll and its related entities are one of the largest home health providers in Tennessee. The recently-announced settlement resolves the whistleblower suit alleging that the CareAll entities fraudulently submitted cost reports from 1999 to 2001 to support their Medicare billings. The complaint asserted that the cost reports were false because they knowingly concealed the relationship between the management company and home health agencies. Reporting of that relationship would have lowered the Medicare reimbursement for the management company's services.

The False Claims Act suit is part of the government's emphasis on combating healthcare fraud and represents another victory for the Healthcare Fraud Prevention and Enforcement Action Team (HEAT) initiative, a program announced by Attorney General Eric Holder and Kathleen Sebelius, Secretary of the Department of Health and Human Services in May 2009. The partnership between the two federal agencies has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. Suits under the False Claims Act have been an important part of their joint efforts. Since January 2009, the Justice Department has used the False Claims Act to recover more than \$9.3 billion in cases involving fraud against federal healthcare programs. The Justice Department's total recoveries in False Claims Act cases since January 2009 are more than \$12.9 billion.