

Pinnacle Medical Solutions, a Mississippi-based medical equipment company, has agreed to pay approximately \$1.8 million to resolve a 2009 whistleblower lawsuit. The whistleblower lawsuit was brought by two former Pinnacle employees pursuant to the False Claims Act. The lawsuit asserted that Pinnacle defrauded government insurance groups out of money for delivery of diabetic supplies to patients.

One of the whistleblowers reported to Pinnacle management, shortly after her hiring in 2007, that there were fraudulent practices in the company's handling of insurance reimbursements. When she suggested the company repay the money, Pinnacle management ignored her requests and fired her in 2009. She then reported problems to the U.S. Department of Health and Human Services ("DHHS"). An investigation revealed that from September 2006 through May 2009, Pinnacle submitted false claims to Medicare and the Federal Employees Health Benefits Program for blood glucose monitoring strips and lancets that either were for more or different supplies than Pinnacle had actually shipped, for more supplies than had been ordered, or that lacked supporting documentation for the supplies. When the issues were reported to DHHS, Pinnacle made a voluntary repayment of \$236,204. Under the settlement announced on September 5, 2012, Pinnacle agreed to repay an additional \$1,771,522. As a further condition of the settlement, Pinnacle is also required to enter into a Corporate Integrity Agreement with the Department of Health and Human Services Office of Inspector General, pursuant to which the company will be monitored for a period of five years to ensure that it complies with all federal healthcare program rules.

Under the False Claims Act, the whistleblowers may receive an award of 15-25% of the money recovered in the case. More and more, state and federal health insurance programs are relying on whistleblower suits to help recover money out of which the government has been defrauded.