

NextCare Inc. which operates urgent care facilities with locations in North Carolina, Arizona, Colorado, Texas, Ohio, and Virginia, recently agreed to pay \$10 million to resolve False Claims Act allegations. The settlement was **announced by the Justice Department** in early July 2012. The settlement resolved allegations that NextCare submitted false claims to Medicare, TriCare, and the Federal Employees Health Benefits Program, as well as State Medicaid programs, by billing for unnecessary allergy, H1N1 virus, and respiratory panel testing. The government also charged NextCare with inflating its billings for urgent care medical services in the years under review, a practice known as “upcoding.”

The \$10 million settlement was announced by the U.S. Attorney for the Western District of North Carolina. The allegations of fraud were initially raised by a former NextCare employee who stepped forward as a whistleblower and reported NextCare’s fraud. As a whistleblower bringing forth the fraud allegations (also known as a “relator”), the former employee will receive \$1.614 million as her share of the recovery.

The settlement of charges against NextCare is part of the government’s effort to combat healthcare fraud and thereby control healthcare costs. The Department of Justice has redoubled efforts to reduce and prevent Medicare and Medicaid financial fraud. Since the beginning of 2009, the Justice Department has recovered more than \$7.7 billion in False Claims Act cases involving fraud against federal healthcare programs.

The substantial award for the whistleblower is indicative of the importance of whistleblowers in helping the government and private whistleblower (also known as “qui tam” attorneys) combat fraud committed against the government. Awards for whistleblowers typically range between 15% and 25% of the recovery in cases in which the government intervenes and prosecutes the case. Whistleblowers are often current or former employees of a wrongdoing company who have direct knowledge of the company’s fraudulent conduct and the government overcharges.