



Department of Justice

Acting United States Attorney Jeffrey M. Anderson
Western District of Wisconsin

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CONTACT: DAN FRUCHTER

PHONE: (608) 264-5158

TTY: (608) 264-5006

PRESTIGE HEALTHCARE AGREES TO PAY NEARLY \$1 MILLION FOR ROLE IN ALLEGED FALSE BILLING OF GENETIC TESTING

Madison, Wis. – Jeffrey M. Anderson, Acting United States Attorney for the Western District of Wisconsin, announced today that Prestige Healthcare has agreed to pay the United States \$995,500 to resolve allegations that it violated the False Claims Act with regard to its role in an alleged scheme to falsely bill Medicare for unnecessary genetic testing.

Prestige Administrative Services, LLC d/b/a Prestige Healthcare (Prestige), which has its principal place of business in Louisville, Ky., is an owner and operator of nursing homes in several states, including four facilities owned and operated by Prestige in Wisconsin. The four Wisconsin facilities are in Wisconsin Rapids, Rhinelander, Oshkosh, and Milwaukee.

Nursing home operators, such as Prestige, place orders with clinical laboratories for medically necessary diagnostic laboratory tests for their residents. In order to be considered medically necessary and thus reimbursable under Medicare, the laboratory test must be ordered by the physician treating the resident.

The United States alleged that in 2014, Prestige was approached by an entity known as Genomix, LLC, which claimed that it could perform genetic testing on Prestige's Medicare residents in order to ascertain whether Prestige's patients were properly metabolizing their medications. The United States alleged that in 2014 and 2015, Prestige provided Genomix with insurance and personal medical information, as well as access to Prestige patients in nursing homes in several states, including Wisconsin, for purposes of conducting the testing. Genomix conducted the testing by taking cheek swabs of each Prestige patient and then sending the cheek swab to a laboratory for analysis.

The United States alleged that Prestige failed to ensure that physician orders were obtained for the genetic testing prior to its being conducted, and that Prestige physicians were not aware of and did not agree with the medical necessity of the testing. The United States also alleged that Prestige failed to ensure that its patients (or, in some cases, their family members responsible for their medical decisions) were appropriately informed of the testing prior to its being conducted and provided with the opportunity to decline the

testing. Finally, the United States alleged that the lack of physician orders and patient consent was discovered during a survey conducted by state regulators in late 2015.

“I want to praise and thank not only the U.S. Department of Health and Human Services Office of Inspector General (HHS OIG) for the excellent investigative work that led to this settlement, but also the top-notch survey work done by the professionals in the Wisconsin Department of Health Services Division of Quality Assurance.” said Jeffrey M. Anderson, Acting United States Attorney for the Western District of Wisconsin. “The state surveyors did excellent work in identifying and documenting the issues that led to our investigation and, ultimately, this settlement. This settlement is an excellent example of our commitment to working in concert with our state and federal partners to eliminate Medicare fraud and elder mistreatment in Wisconsin.”

The settlement announced today resolved only Prestige’s civil liability and did not resolve any liability of any other individuals or entities, including that of Genomix, which is a separate entity headquartered in Southern California. As part of the settlement, Prestige agreed to cooperate in the United States’ ongoing investigation.

“As genetic testing technology is evolving, we see the same types of clinical testing abuses that are evident in more established testing,” said Lamont Pugh III, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. “Along with our law enforcement partners, we will investigate and prosecute violations in these newer health care technologies.”

The settlement was the result of a joint investigation conducted by HHS OIG and the U.S. Attorney’s Office for the Western District of Wisconsin. The prosecution of this case was handled by Assistant U.S. Attorneys Daniel Hugo Fruchter and Antonio M. Trillo.

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