



U.S. Department of Justice

Vincent H. Cohen, Jr.
*Acting United States Attorney for the
District of Columbia*
Judiciary Center
555 Fourth St. N.W.
Washington, D.C. 20530

PRESS RELEASE

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For Information Contact:

Public Affairs

(202) 252-6933

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Durable Medical Equipment Supplier to Pay United States \$300,000 To Resolve False Claims Allegations **Company Was Accused of Overcharging D.C. Medicaid Program**

WASHINGTON – American Rehab Equipment Company, formerly known as Patients First Medical Equipment Company, has agreed to pay the United States and the District of Columbia a total of \$300,000 to settle allegations that it violated the False Claims Act by overcharging the District of Columbia Medicaid Program for custom power wheelchairs provided to residents of nursing facilities.

The settlement was announced today by Acting U.S. Attorney Vincent H. Cohen, Jr.; Nick DiGiulio, Special Agent in Charge for the Inspector General’s Office of the U.S. Department of Health and Human Services in the region including Washington, D.C., and Daniel W. Lucas, Inspector General for the District of Columbia.

The settlement resolves allegations by the United States and the District of Columbia that American Rehab Equipment Company (American Rehab) submitted invoices to the Medicaid program for reimbursement for custom power wheelchairs that were inflated by approximately 20 percent greater than the amount actually paid by the durable medical equipment supplier. These activities allegedly took place between 2004 and 2008.

An investigation determined that American Rehab reported its costs to Medicaid at retail cost, and did not disclose that it was actually paying lower wholesale prices including “special” customer discounts from its vendors. This was confirmed through documents obtained by the investigative team demonstrating that American Rehab specifically instructed its vendors to provide written quotes using “retail” prices only. Those “retail” quotes were then submitted to Medicaid to show the price paid by American Rehab, when in fact it was paying much less.

“Every dollar that taxpayers spend on fraudulent Medicaid claims is one less dollar that can be spent on the legitimate health care needs of our most vulnerable citizens,” said Acting U.S. Attorney Cohen. “Companies that overcharge federal health care programs pad their bottom lines at the expense of public health. We will fight to protect every penny of taxpayer money from waste, fraud, and abuse.”

“My Office is working diligently to ensure the District not only recoups payments for fraudulent billing from Medicaid providers but, in particular, my Medicaid Fraud Control Unit dedicates themselves to the health and welfare of District residents by continually working to ensure that the needs of the District and its residents are met by investigating and prosecuting fraudulent providers and ensuring that victims of abuse and neglect are fought for,” said Inspector General Lucas. “This settlement is just one example of how my Office will continue its resolve to positively impact the District and its residents.”

The False Claims Act prohibits the submission of false claims for government money or property and allows the United States to recover treble damages and penalties for a violation. The United States will distribute \$100,000 of the \$300,000 amount to the District of Columbia to reimburse D.C. Medicaid for the overcharge.

The settlement is the result of a joint investigation involving the U.S. Attorney’s Office for the District of Columbia, the U.S. Department of Health and Human Services Office of the Inspector General, and the District of Columbia Office of the Inspector General, Medicaid Fraud Control Unit. The claims settled by this agreement are allegations only, and there has been no determination of liability.