



# Department of Justice

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Northern District of New York

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**MEDICAL REIMBURSEMENT SYSTEMS, INC. TO PAY \$500,000 TO RESOLVE ALLEGATIONS THAT IT SUBMITTED FALSE CLAIMS TO MILITARY HEALTH INSURER**

***Resolution Marks 14<sup>th</sup> Settlement in Investigation that has Targeted Improper Billings for HPSA Bonuses and Returned Nearly \$3 Million to the TRICARE Program***

ALBANY, NEW YORK: Medical Reimbursement Systems, Inc., a Massachusetts-based company that provides billing, coding, compliance and revenue cycle services to hospitals and physician practices, will pay \$500,000 under the False Claims Act to resolve allegations that it submitted false claims to the TRICARE Program regarding a client's eligibility to receive bonuses intended for providers who render care in qualifying Health Professional Shortage Areas ("HPSAs"), announced United States Attorney Richard S. Hartunian.

TRICARE is the uniformed health care program for active duty and retired service members, National Guard and Reserve members, family members, survivors and other eligible beneficiaries. HPSAs are geographic areas, population groups, or facilities that lack sufficient health care providers to meet the health care needs of the area or population. The federal government has implemented various reimbursement policies designed to encourage providers to treat beneficiaries in these underserved areas. Physicians who provide covered services in areas designated as geographic HPSAs are entitled to receive 10-percent bonus payments above the amount ordinarily reimbursed for Medicare-covered professional services. These "HPSA bonuses" are also available to providers who treat TRICARE beneficiaries in geographic areas that qualify for the bonus from Medicare. To obtain HPSA bonuses from TRICARE, billers must certify to the government that services were rendered in a qualifying HPSA.

In May 2009, Medical Reimbursement Systems, Inc. ("the Company") entered into a billing services agreement with a physician group ("the Practice") in Watertown, New York. Under that agreement, the Company agreed to provide coding, billing, physician education, and data entry services for the Practice. In exchange, the Company was paid a percentage of its net collections from the Practice.

Shortly after the Company and the Practice entered into that agreement, they began discussions about the Practice's eligibility to receive HPSA bonuses from TRICARE. Despite the Company being informed that the Practice was not in a qualifying HPSA and therefore not entitled to the bonuses, the Company, at the Practice's request, continued to certify to TRICARE that services were rendered in a qualifying HPSA. Significantly, according to the settlement agreement, a Company employee wrote the Company's vice-president in 2009 to explain that they were billing TRICARE as if the Practice was in a "geographical area and they should not

be.” The following week, that same employee reiterated that the Practice does not qualify for the HPSA bonus, and warned the Company’s vice president: “We need to stop billing this before we get in trouble.” The Company continued to bill TRICARE for HPSA bonuses on the Practice’s behalf through October 2014.

The Company, which accepted responsibility for the facts set forth in the settlement agreement, acknowledged that it was inappropriate under the circumstances for it to have sought HPSA bonuses from TRICARE for the Practice. It also agreed to hire an outside consultant to conduct TRICARE-specific billing training for its staff, and to appoint a new compliance officer with appropriate training or certification who will report directly to the Chief Executive Officer and whose responsibilities will include ensuring compliance with the statutes, regulations, and guidelines applicable to federal healthcare programs.

United States Attorney Hartunian said: “Healthcare providers rely on billing companies to assist them in processing claims in accordance with applicable statutes and regulations. While Medical Reimbursement Systems, Inc. should not have submitted claims for HPSA bonuses on its client’s behalf in these circumstances, I commend the Company and its management for accepting responsibility for this issue and for agreeing to implement forward-looking compliance measures to assure adequate systems are in place to facilitate and promote ethical and legal conduct.”

“This civil settlement demonstrates the continued commitment of the Defense Criminal Investigative Service (DCIS), partnering with the Defense Health Agency (DHA) and the United States Attorney’s Office for the Northern District of New York, to protect military members and their families and every other American taxpayer from those who seek to exploit our nation’s healthcare programs, including TRICARE,” said Craig W. Rupert, Special Agent in Charge, DCIS Northeast Field Office, United States Department of Defense Office of the Inspector General. “A company’s organized false and inappropriate billing, either through fraudulent schemes or willful ignorance, steals away hard-earned tax dollars, erodes public confidence, and undermines the mission of our military. We will continue to tirelessly pursue and investigate healthcare fraud allegations in order to shield America’s investment in national defense.”

Today’s settlement marks the fourteenth matter that this office, working in partnership with DCIS and DHA, has resolved since July 2015 involving improper claims for HPSA bonuses from TRICARE. Combined, these cases have returned \$2,947,322.41 to TRICARE to continue to provide health care to members of our Nation’s armed services and their families. The United States was represented in each of these cases by Assistant United States Attorney Adam J. Katz.

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