

## **APS Healthcare Pays \$13 Million to Settle False Claims Act Case**

*Company Failed to Provide Services to Georgia's Medicaid Population*

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**U.S. Attorney's  
Office** February 22, 2011

• **Northern District of  
Georgia** (404) 581-6000

ATLANTA—The United States Attorney's Office today announced that "INNOVATIVE RESOURCES GROUP, LLC," doing business as "APS HEALTHCARE MIDWEST," of White Plains, New York, has reached a \$13 million settlement with the United States and the state of Georgia to resolve allegations under the False Claims Act. The United States' share of the settlement is \$5.2 million. The government alleges that APS Healthcare submitted false claims to Medicaid through the Georgia Department of Community Health (DCH) because it did not provide specialty services related to disease management and case management to members of the Georgia Medicaid Management Program (GAMMP) during the period from September 1, 2007 through February 28, 2010.

United States Attorney Sally Quillian Yates said of the settlement, "In this time of tight budgets and rising health care costs, the state of Georgia tried to improve its services to its Medicaid recipients by contracting with APS Healthcare. But instead of providing improved efficiency and effectiveness the company billed for, APS Healthcare took Medicaid's money for itself and left some of our most vulnerable citizens without the aid they deserved."

"Investigating Medicaid grant fraud is an important priority, because it diverts desperately needed resources from those who need it most," said Special Agent in Charge Derrick L. Jackson, Health & Human Services, Office of Inspector General, Atlanta Region.

"This substantial recovery of taxpayer dollars is attributable to the continued strong partnership between state and federal law enforcement agencies in the fight against health care fraud and abuse," said Scott Smeal, Georgia Senior Assistant Attorney General. "This case should send a strong message to companies such as APS Healthcare that they will be held fully accountable when they fail to provide the services they promised to provide to Medicaid patients."

Under the GAMMP contract, APS Healthcare agreed to provide case and disease management services to Georgia Medicaid recipients and was paid a monthly fee for each member receiving such services. The government contends that APS Healthcare failed to provide the required services to a large portion of the Medicaid recipients and over-billed the Georgia Department of Community Health in its monthly invoices.

APS Healthcare has executed a Corporate Integrity Agreement (CIA) with the Department of Health and Human Services, Office of Inspector General, which will require an aggressive compliance program. The Corporate Integrity Agreement requires, among other things, intensive training and implementation of policies and procedures designed to ensure compliance with federal health care program requirements. In addition, APS Healthcare will be subject to external review of its compliance with state Medicaid contracts. If APS Healthcare fails to comply with certain material terms of the CIA, the company is subject to monetary penalties and exclusion from federal health care programs, including Medicare and Medicaid.

The civil settlement resolves a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which allow private citizens to bring civil actions on behalf of the United States and share in any recovery. The case, pending in the Northern District of Georgia, is filed under *United States ex rel. Michael Claeys and State of Georgia ex rel. Michael Claeys v. APS Healthcare, Inc., APS Healthcare Bethesda, Inc., and Innovative Resource Group, LLC d/b/a/ APS Healthcare Midwest*, 1:09-cv-2779-WSD.

This civil investigation was conducted by special agents of the FBI and HHS-OIG.

The civil settlement was reached by Assistant United States Attorneys Christopher J. Huber and Lena Amanti.

For further information please contact Sally Q. Yates, United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016.

The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.justice.gov/usao/gan](http://www.justice.gov/usao/gan).