

JUSTICE NEWS

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Ambulance Company and its Municipal Clients Agree to Pay Over \$21 Million to Settle Allegations of Unlawful Kickbacks and Improper Financial Relationships

Seven ambulance industry defendants have agreed to pay the government a total of over \$21 million to settle a False Claims Act lawsuit alleging that they knowingly submitted claims to the Medicare and Medicaid programs that violated the Anti-Kickback Statute, the Justice Department announced today.

The Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid, and other federally funded programs. The Anti-Kickback Statute is intended to ensure that medical providers' judgments are not compromised by improper financial incentives and are instead based on the best interests of their patients.

The settlements announced today resolve allegations brought in a whistleblower action filed under the False Claims Act in the U.S. District Court for the Eastern District of Texas by Stephen Dean. Dr. Dean alleged that East Texas Medical Center Regional Healthcare System, Inc. and East Texas Medical Center Regional Health Services, Inc. (together, "the ETMC Defendants"), and their affiliated ambulance company, Paramedics Plus, LLC ("Paramedics Plus"), offered kickbacks to several municipal entities to secure their lucrative ambulance business, including Emergency Medical Services Authority ("EMSA"), Alameda County, California, and Pinellas County Emergency Medical Services Authority in Florida ("Pinellas EMSA"). The False Claims Act authorizes private parties to file suit for false claims on behalf of the United States, and permits the United States to intervene in such suits, as it did here in part.

Prior to intervening in Dr. Dean's lawsuit, the United States settled with Alameda County and Pinellas EMSA. Alameda County agreed to pay the government \$50,000, and Pinellas EMSA agreed to pay the United States \$66,000, plus an additional \$5,200 to the State of Florida. After filing suit against the ETMC Defendants, Paramedics Plus, EMSA, and its former president and CEO, Herbert Stephen Williamson, the United States settled with the ETMC Defendants and Paramedics Plus for \$20.649 million and EMSA for \$300,000. Williamson agreed to pay the United States and the State of Oklahoma \$80,000. The latter two settlements were based on the defendants' ability to pay.

"The United States' efforts in this case ended abusive practices in the ambulance industry," said Acting Assistant Attorney General Chad A. Readler for the Justice Department's Civil Division. "These settlements demonstrate our commitment to ensuring that health care decisions are made based on patient needs, not a health care provider's financial interests."

"Paramedics Plus paid millions of dollars in illegal inducements over the course of a number of years," said U.S. Attorney Joseph D. Brown for the Eastern District of Texas. "Williamson allegedly received gifts and also directed Paramedics Plus to make political contributions to local Oklahoma politicians, which EMSA could not do on its own. Sophisticated health care companies do not simply give away millions of dollars to referral sources without expecting something in exchange. *Quid pro quo* arrangements for the referral of health care business are illegal."

The matters alleged in Dr. Dean's action were investigated by the U.S. Attorney's Office for the Eastern District of Texas, the Civil Division of the U.S. Department of Justice, the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG), and the states of California, Florida, Indiana, and Oklahoma.

The False Claims Act claims resolved by this settlement are allegations only and there has been no determination of liability. The case is captioned *United States ex rel. Dean v. Paramedics Plus, LLC, et al.*, 4:14-CV-203. Dr. Dean will receive over \$4.9 million as his share of the settlements.

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