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In FCA Case, DOJ Alleges Hospice Company Overruled Compliance Findings

By Nina Youngstrom

When the compliance hotline at Curo Health Services Holdings, a hospice company, received a report in February 2012 about the admission of ineligible patients to its Avalon Hospice in Jackson, Tennessee, a compliance auditor and vice president of compliance audited 17 charts. They found at least six patients who allegedly were not appropriate for hospice and reported their findings up the chain. Not long after the investigation started, the director of operations at the Jackson hospice resigned, but that wasn't a harbinger of change, according to allegations in a False Claims Act (FCA) complaint in intervention filed June 1 by the U.S. Attorney's Office for the Middle District of Tennessee and the Tennessee attorney general.[1] The audit findings were "overruled" in a move that wasn't isolated at a hospice company that allegedly "continued to submit claims to Medicare for hospice services provided to patients who were determined to be ineligible by their own clinical and compliance personnel."

The FCA complaint alleged that Curo, a for-profit chain; Curo Health Services LLC; Avalon Hospice; and Regency Healthcare Group LLC submitted claims to Medicare and Tennessee Medicaid for hospice patients who weren't eligible for the benefit. Hospice employees allegedly were pressured and incentivized to "maximize admissions," with the complaint describing a weekly "king of the mountain" bonus for the hospice care coordinators (HCCs) in Tennessee who generated the most referrals or admissions. The complaint also alleged that physicians who signed certificates of terminal illness "rarely saw patients in person." Because of the auditing and reporting, Curo was aware of problems, but didn't correct them or return overpayments, the complaint alleged.