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Sutter Health Settles FCA Case for \$13M Over Urine Tests; It's Not a Typical UDT Case

By Nina Youngstrom

In a new twist on urine drug testing (UDT) fraud cases, Sutter Health and Sutter Bay Hospitals agreed to pay more than \$13 million to settle false claims allegations that they billed for urine toxicology tests that were performed by outside labs, the U.S. Attorney's Office for the Northern District of California said Oct. 17.^[1]

Sutter Bay Hospitals is the successor to Sutter East Bay Hospitals doing business as Alta Bates Summit Medical Center (collectively Sutter Health), a Sacramento, California-based health care services provider.

According to the settlement, the government alleged from Aug. 1, 2016, through June 30, 2017, Sutter Health entered into a laboratory services agreement (LSA) with Navigant Network Alliance LLC, which involved Navigant referring urine toxicology specimens to Sutter from physicians and laboratories across the country.^[2] Sutter submitted claims to commercial insurers and government payers, including Medicare, Medicaid and TRICARE, for all qualitative and quantitative testing performed on the specimens but allegedly didn't perform quantitative tests on certain specimens referred under the LSA. Instead, they were "performed by third-party labs," the government alleged.

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