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DAB Affirms OIG's \$1.32M Penalty on Provider for Breaching CIA

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The HHS Departmental Appeals Board (DAB) has upheld the largest stipulated penalty imposed by the HHS Office of Inspector General (OIG) in years. OIG fined Friendship Home Healthcare Inc., and related entities in Nashville, Tennessee, \$1.32 million for failing to return overpayments identified under its corporate integrity agreement (CIA) by an independent review organization (IRO).

Friendship had appealed the 2018 stipulated penalty to an administrative law judge (ALJ), who upheld it in October 2019. The home health company appealed the ALJ ruling to the DAB and lost. Although that decision is not available online yet, OIG said the DAB agreed with the ALJ decision,^[1] which stated, “The IG had the contractual right to demand stipulated penalties because Petitioners breached the CIA when they failed to repay overpayments identified by the IRO.”

According to the ALJ decision, Friendship settled a false claims lawsuit for \$6.5 million in 2014 for allegedly submitting claims for services that were provided by people who weren’t authorized to provide care and for relying on falsified authorizations by a director of nursing. As part of the settlement, Friendship entered into a five-year CIA and was required to hire an IRO to review Medicare and Medicaid claims, include the IRO’s findings in its annual reports to OIG and repay overpayments identified by the IRO in 30 days.

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