

Medicare Contractor hit with Billion Dollar Class Action Suit

Medicare Contractor

CHICAGO, ILLINOIS, UNITED STATES, April 10, 2019 /EINPresswire.com/ -- A Chicago based home health company filed a class action complaint in Federal Court on Friday April 5th against the U.S. Department of Health and Human Services and a federal Medicare contractor named Advancemed. The complaint accuses the contractor of wrongly continuing the suspension of the home health company's Medicare reimbursement payments when responding to its rebuttal letter and then knowingly computing past debt to Medicare based on a false documentation error rate it had calculated.

Simply Home Healthcare LLC said in April 5th filing that AdvanceMed Corporation, a subsidiary of NCI corporation and a contractor for CMS (Centers for Medicare and Medicaid Services), misapplied federal laws and regulations "for the sole purpose of inflating billable hours and winning additional contracts" with CMS.

AdvanceMed is tasked by CMS to use data mining techniques to identify possible patterns of fraud in Medicare claims. After examining 30 patient charts that Simply sent to Advancemed in August of 2016, 9 months later without warning it had Simply's Medicare payments suspended alleging overpayments resulting from documentation errors. At the same time the payments were suspended, Advancemed requested a much larger number of medical records for further examination and told the company that it had only 15 days to submit both these records and a rebuttal letter.

Simply cooperated and within the 15-day period provided over 20,000 pages of additional medical records and a rebuttal letter with 24 pages of supportive information. AdvanceMed responded in writing to the rebuttal letter by informing Simply that unnamed parties at CMS had decided to continue the suspension and that the reason for the continuation of the suspension had changed from overpayment to fraud. In a subsequent conference call, Advancemed refused to identify who at CMS made this decision and also confirmed that law enforcement consultation, which is required by law for an accusation of fraud, never took place. Based on this admission by Advancemed, the payment suspension should have ceased at this point but it was continued.

Simply kept treating patients and paying employees with borrowed funds hoping the suspension would end, but after several months it had to lay off all but the president and one nurse plus transfer over 100 patients to other providers. In September of 2017, after 160 days of zero Medicare payments, AdvanceMed lifted the suspension but at the same time informed Simply that it now owed Medicare \$5.4 million dollars. This debt was calculated by applying an alleged medical record error rate against Simply's previous 4 years of Medicare payments. Although an appeal by Simply to another CMS contractor reduced this to \$4.8 million, it had no choice but to shut down in August 2018, "faced with millions of dollars in alleged debt," according to the filing.

Robert Kunio, the president of Simply, stated that well over 100 other home health agencies and hospices were put out of business by Advancemed's use of these same illegal methods. He also stated that if the annual revenues and profits of only 100 members of the class were comparable

to Simply's, then Advancemed and its parent company NCI could easily be liable for over \$1 billion in direct and punitive damages if found guilty in Federal Court.

Simply is represented in this action by Michael J. Raiz and Lesley R. Arca of Jurisprudence Health Law Group PC (630-995-9220) and George S. Bellas of Bellas & Wachowski (847-823-9032). Mr. Kunio can be reached at his office in Chicago (773-698-6908).

The case is Simply Home Healthcare LLC v. AdvanceMed Corp. et al., case number 1:19-cv-02313, in the U.S. District Court for the Northern District of Illinois.

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