# $48.5 Million Fine: Two US Medical Labs To Settle Violations Of False Claims Act

By Dianne Depra, for med expose | April 12 2015, 2:08 AM


Thanks to four whistleblowers, medical labs HDL and Singulex face a huge fine for conducting unnecessary testing and paying kickbacks.
(Photo : Oliver Symens | Flickr)

Two U.S. medical labs are facing settlement agreements for violating the False Claims Act, which stipulates that they have to pay a combined $48.5 million in fines.
Health Diagnostics Laboratory Inc (HDL) will be set back $47 million while Singulex Inc will shell out $1.5 million to resolve allegations that they paid doctors to send the medical labs blood samples and billed Medicare for unnecessary tests. As part of the agreement, however, neither HDL nor Singulex acknowledged liability.

The violations allegedly occurred from November 2008 to January 2015 for HDL while Singulex was said to have paid kickbacks between January 2010 and October 2014.

Every doctor who took part of the scheme was paid $10 to $17 for each patient referral they directed to the medical labs for blood tests.

HDL is reported to have made hundreds of millions from this arrangement, filing claims with Medicare. The company, however, countered that the tests were necessary for detecting heart disease, arguing what it charged was just compensation for the costs of handling and processing blood.

The lawsuits against HDL and Singulex were filed when four whistleblowers came forward. According to the terms of the False Claims Act, those in the private sector can file lawsuits against companies on behalf of the U.S. government. In turn, they will be given a portion of the proceeds recovered in the lawsuits. How much each whistleblower will receive for their participation has not yet been determined, said the Department of Justice.

In addition to the settlement agreement, HDL and Singulex also entered into separate agreements with the Office of Inspector General at the Department of Health and Human Services — a move devised to improve procedures for review so incidents like this don't happen again.

According to the Department of Justice, over $23.9 billion has been recovered since January 2009, thanks to the False Claims Act. This includes over $15.2 billion from cases in which fraud against government health care programs was involved.

The False Claims Act is also known as the "Qui Tam statute," the "Informer's Act," and the "Lincoln Act." Qui Tam is short for "qui tam pro domino rege quam pro seipse," a Latin phrase that means "he who sues for the king as for himself."

It was first enacted during the Civil War to weed out dishonest suppliers for the Union military. Since 1986, over 4,000 lawsuits have been filed under the False Claims Act.