



United States Attorney's Office District of Connecticut
Press Release

September 22, 2008

PHYSICAL THERAPY NETWORK PAYS \$1.88 MILLION TO SETTLE ALLEGATIONS UNDER THE FALSE CLAIMS ACT

Nora R. Dannehy, Acting United States Attorney for the District of Connecticut, today announced that CARLSON THERAPY NETWORK, with a main office located at 31 Old Route 7, Brookfield, Connecticut, has entered into a civil settlement agreement with the Government in which it has paid \$1,886,834.00 to resolve allegations that it violated the False Claims Act by submitting false claims to various Government health care programs.

Acting U.S. Attorney Dannehy explained that CARLSON THERAPY NETWORK ("CTN") is a network of more than 20 physical therapy facilities located throughout Connecticut, including clinics in Fairfield County, New Haven County, Litchfield County, Tolland County, New London County, and Windham County, as well as an office in East Providence, Rhode Island. Relevant regulations require that when providing certain types of physical therapy services, the therapist must have direct, one-on-one contact with the patient. In other words, the physical therapy clinic can only bill Government health care programs if the therapist is providing therapy only to one patient at a time. The Government alleged that, on numerous occasions, CTN billed for direct, one-on-one care when such services were not provided. CTN therapists would routinely provide therapy services to multiple patients at the same time, but would bill Government health care programs, such as Medicare and Tricare, as if the therapist was providing direct, one-on-one care.

Through this practice, from October 2002 to December 2005, CTN defrauded the Government of approximately \$943,417. To settle allegations under the False Claims Act, CTN agreed to pay double damages, in the amount of \$1,886,834.

The False Claims Act provides for treble damages and penalties of \$5,500 to \$11,000 per false claim submitted to the Government.

A complaint against CTN was filed in the United States District Court in Connecticut under the qui tam, or whistleblower, provisions of the False Claims Act. The complaint made a number of allegations about CTN's billing practices, including that it improperly billed Medicare for direct, one-on-one services that were not provided. The relator (whistleblower), Leslie J. Bernstein, a former CTN employee, will receive a share of the proceeds of the settlement in the amount of \$320,762.

The whistleblower provisions of the False Claims Act provide that the whistleblower is entitled to receive a percentage of the proceeds of any judgment or settlement recovered by the Government.

“The health care system relies on providers to bill Government health care programs honestly and accurately,” Acting U.S. Attorney Dannehy stated. “Improperly billing for physical therapy services siphons critical resources away from Medicare and other Government health care programs. Health care fraud is a national problem that the United States Attorney’s Office is devoted to combating.”

In addition, CTN has entered into a Corporate Integrity Agreement with the U.S. Department of Health and Human Services that is designed to ensure future compliance with the requirements of the Medicare program.

In entering into the civil settlement agreement, CTN did not admit liability and the agreement indicates that the parties entered into the settlement to avoid the uncertainty and expense of litigation. In addition, CTN cooperated with the Government during the Government’s investigation of this matter.

This case was investigated by the Office of Inspector General for the Department of Health and Human Services, the Federal Bureau of Investigation, the U.S. Defense Criminal Investigative Service, and the U.S. Postal Service – Office of Inspector General. The case was prosecuted by Assistant United States Attorneys Richard M. Molot and David J. Sheldon, along with Auditor Kevin A. Saunders.

People who suspect health care fraud are encouraged to report it by calling 1-800-HHS-TIPS, or the Health Care Fraud Task Force at (203) 785-9270.

###

CONTACT: **U.S. ATTORNEY'S OFFICE**
Tom Carson
(203) 821-3722
thomas.carson@usdoj.gov