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THE UNITED STATES ATTORNEY'S OFFICE  
WESTERN DISTRICT *of* KENTUCKY

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**Department of Justice**

U.S. Attorney's Office

Western District of Kentucky

FOR IMMEDIATE RELEASE

Thursday, March 8, 2018

## **California Genetic Testing Service Pays \$11 Million To Resolve False Claims Allegations**

*Allegedly submitted fraudulent medical claims for reimbursement*

***Will Pay \$10,635,615.90 as part of Federal Settlement and \$756,183 to a Number of States***

LOUISVILLE, Ky. – United States Attorney Russell M. Coleman, acting on behalf of the Office of Inspector General of the Department of Health and Human Services, the TRICARE Program, and the Federal Employees Health Benefits Program (FEHB) today announced a \$10,635,615.90 settlement with Natera, Inc., to resolve claims that Natera improperly billed federal healthcare programs for Natera's non-invasive prenatal test known as Panorama®. Natera has also agreed to pay an additional \$756,183 to a number of state Medicaid programs.

"Let this hefty settlement send a message that pursuing healthcare fraud is a priority of our Office and of the Department of Justice" stated United States Attorney Russell Coleman. "Overbilling federal healthcare programs steals from taxpayers and drives up the cost of healthcare for us all. Recovering taxpayer dollars lost to fraud helps keep strong those critical public healthcare programs so many Kentucky families depend on."

"I applaud the Department of Justice and the U.S. Attorney for their untiring efforts to hold health care providers accountable to the American taxpayer," said Vice Adm. Raquel Bono, director of the Defense Health Agency, which manages the TRICARE Health Plan. "The Department of Justice's efforts safeguard the TRICARE benefit for American service members, veterans and their families. The Defense Health Agency continues to work closely with the Justice Department, and other state and federal agencies to investigate all those who participated in fraudulent practices."

"In concert with our investigative partners, DCIS aggressively pursues fraud and corruption that undermines the integrity of Department of Defense programs, especially those involving the well-

being of our Warfighters who deserve the best medical care available,” stated John F. Khin, DOD-DCIS Special Agent in Charge. “It is unconscionable for a health care provider to make profits by taking advantage of military members and their families when they are most vulnerable.”

“Today’s settlement shows the OPM-OIG’s commitment to investigating and prosecuting fraudulent billing practices that waste taxpayer dollars, increase the cost of medical care, and undermine the integrity of the Federal Employees Health Benefits Program. I would like to thank the United States Attorney’s Office and our law enforcement partners for all their hard work,” stated Scott Rezendes, OPM-OIG Special Agent in Charge.

The United States contended that between January 1, 2013, through December 31, 2016, Natera knowingly submitted false or fraudulent claims seeking payment from the TRICARE Program, FEHB, and Medicaid program for Natera’s genetic testing services, including its non-invasive prenatal test known as Panorama® (including optional panels that screened for microdeletion syndromes).

Specifically, the United States contended that for dates of service between January 1, 2013, through March 4, 2015, Natera improperly billed TRICARE for its Panorama® test, (including optional panels that screened for microdeletion syndromes), when TRICARE did not reimburse for certain laboratory developed test. Further, during dates of service between January 1, 2013, through December 31, 2016, Natera improperly billed TRICARE for non-invasive prenatal screening of certain microdeletion syndromes when TRICARE did not reimburse for this screening. During the same period, Natera improperly billed TRICARE, FEHBP, and Medicaid for its Panorama® test and for its non-invasive prenatal screening of certain microdeletion syndromes, by using an improper code which misrepresented the services Natera was billing to these programs. Lastly, during the same dates of service, Natera billed TRICARE, FEHBP, and Medicaid for its Panorama® test (including optional panels that screened for microdeletion syndromes) for patients with low-risk pregnancies. Natera denies this allegation.

This matter arose as a complaint for monetary damages under the qui tam provisions of the federal False Claims Act. The relators, Sallie McAdoo and Steven Aldridge, filed a qui tam action on January 26, 2015, in United States District Court for the Western District of Kentucky (United States, ex rel. Sallie McAdoo and Steven Aldridge v. Natera, Inc., Civil Action No. 3:15-cv-88-DJH).

Natera is entering into a separate settlement agreement in the amount of \$756,183.00 (the “Medicaid State Settlement Agreements”) for similar conduct related to various state Medicaid programs. The Medicaid State Settlement Agreement was negotiated by a team with the National Association of Medicaid Fraud Control Units.

The matter was handled by Assistant United States Attorney Benjamin S. Schecter, of the U.S. Attorney’s Office for the Western District of Kentucky. The investigation was conducted by the Department of Defense, Office of the Inspector General, Defense Criminal Investigative Services (DCIS) and the Defense Health Agency (DHA).

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**Topic(s):**

Health Care Fraud

**Component(s):**

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