

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

[U.S. Attorneys](#) » [Western District of Oklahoma](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Western District of Oklahoma

FOR IMMEDIATE RELEASE

Tuesday, October 18, 2022

## **Oklahoma City Home Health Company and Two Former Corporate Officers Agree to Pay \$22.9 Million to Settle Federal False Claims Act and Kickback Allegations Arising From Improper Payments to Referring Physicians**

OKLAHOMA CITY – CHC Holdings, LLC d/b/a Carter Healthcare, an Oklahoma limited liability company that provides home healthcare through subsidiaries in multiple states, including Texas and Oklahoma, as well as Stanley Carter and Brad Carter (collectively Defendants) agreed to pay \$22,948,004 to resolve allegations that Carter Healthcare wrongfully paid physicians to induce referrals of home health patients under the guise of medical directorships, resulting in the submission of false claims to the Medicare and TRICARE programs, announced United States Attorney Robert J. Troester.

The Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid, and other federally funded programs. The Physician Self-Referral Law, commonly known as the Stark Law, prohibits a hospital from billing Medicare for certain services referred by physicians with whom the hospital has an improper financial arrangement, including the payment of compensation that exceeds the fair market value of the services actually provided by the physician. Both the Anti-Kickback Statute and the Stark Law are intended to ensure that physicians' medical judgments are not compromised by improper financial incentives and instead are based on the best interests of their patients. Claims submitted under the Anti-Kickback Statute and the Stark Law violate the False Claims Act.

"Offering illegal financial incentives to physicians in return for patient referrals undermines the integrity of our health care system," said U.S. Attorney Robert J. Troester. "Patients deserve care based on good medicine and informed choice that is free from the corrupting influence of money and other motivating enticements. We are committed to pursuing entities and individuals that offer kickbacks and the doctors that solicit or accept them."

"The taxpayer dollars that fund Medicare and Medicaid are meant to support the delivery of health care services most suitable for beneficiaries. The payment of kickbacks to medical providers to induce referrals for home health services can improperly divert those dollars and undermine the quality of care being provided to patients," said Acting Special Agent in Charge Mike Stapleton with the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). "This outcome is the result of cooperation amongst law enforcement partners focused on upholding the integrity of federal health care programs."

"Government-sponsored programs like Medicare and TRICARE are intended to support the healthcare needs of deserving Americans," said FBI Oklahoma City Special Agent in Charge Edward J. Gray. "Today's announcement demonstrates the FBI's commitment to holding individuals and companies accountable for illegally profiting off of federally funded programs. We are determined to safeguard the integrity of our nation's healthcare systems."

The settlement resolves allegations that between 2013 and 2020, Carter Healthcare paid remuneration to its home health medical directors in Oklahoma and Texas for the purpose of inducing referrals of Medicare and TRICARE home health patients. The Defendants' alleged conduct resulted in the submission of claims for services provided to these illegally referred patients, in violation of the False Claims Act. Stanley Carter and Brad Carter, Carter Healthcare's previous CEO and COO respectively, also agreed to be excluded from participating in Medicare, Medicaid, and all other federal healthcare programs for a period of five years.

Contemporaneous with the civil settlement, CHC Holdings, LLC entered into a five-year Corporate Integrity Agreement (CIA) with the U.S. Department of Health and Human Services—Office of Inspector General (HHS-OIG). The CIA requires, among other things, an Independent Review Organization to review arrangements entered into by or on behalf of Carter Healthcare entities. The CIA also increases individual accountability by requiring compliance-related certifications from key executives.

The allegations resolved by the settlement were brought in a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private parties to sue on behalf of the United States for false claims and to receive a share of any recovery. The whistleblowers also alleged other claims under the False Claims Act and Oklahoma Medicaid False Claims Act. The *qui tam* case is captioned *United States ex rel. Duffield et al. v. CHC Holdings, LLC, et al.*, No. CIV-17-826-HE (W.D. Okla.). The whistleblowers will share in the settlement amount.

Assistant United States Attorneys Scott Maule, Ron Gallegos, and Amanda Johnson prosecuted the case on behalf of the United States. Investigative assistance was provided by HHS-OIG, HHS-OIG Office of Audit Services, the Department of Defense's Defense Criminal Investigative Service, and the Federal Bureau of Investigation.

In reaching this settlement, Defendants did not admit liability, and the government did not make any concessions about the legitimacy of the claims. The settlement allows the parties to avoid the delay, expense, inconvenience, and uncertainty involved in litigating the case.

Separately, on the same date, the Defendants also settled a *qui tam* False Claims Act civil suit filed in the United States District Court for the Southern District of Florida for \$7,175,000 to resolve allegations that, from 2014 through 2016, Defendants submitted claims for therapy services without regard to medical necessity and overbilled therapy services by upcoding patients' diagnoses. The Florida *qui tam* case is captioned *United States ex rel. Mahaffey et al. v. Carter Healthcare, et al.*, Case No. 9:16-cv-80459-MARRA (S.D. Fla.).

The total amount of the two settlement agreements, with interest, exceeds \$30 million.

---

**Topic(s):**

False Claims Act

**Component(s):**

Civil Division

Federal Bureau of Investigation (FBI)

USAO - Oklahoma, Western

Updated October 18, 2022