Missouri Laboratory Owners Agree to Pay $1.9 Million and Relinquish $7 Million in Escrow in Settlement of Civil Fraud Claims

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For Immediate Release

U.S. Attorney’s Office, Eastern District of Missouri

ST. LOUIS – The owners of a Fenton, Missouri-based clinical testing laboratory have agreed to pay $1.9 million and relinquish another nearly $7 million being held in escrow to settle civil claims alleging that they submitted claims for lab tests that were not medically necessary.

The settlement agreement was signed by Thyroid Specialty Laboratory Inc., which does business as TEN Healthcare (TEN), their management company, 3890 Management LLC, and TEN Marketing, which employs the sales and marketing staff of TEN.

The settlement will resolve allegations that TEN billed for tests that were not medically necessary. The government alleges that from June 12, 2018 to July 3, 2023, TEN falsely represented to medical providers that TEN's Upper Respiratory Infection (URI) and Urinary Tract Infection (UTI) Polymerase Chain Reaction (PCR) testing panels were reasonable and medically necessary. The government alleges that until about Feb. 10, 2021, TEN used a requisition form that ensured that medical providers did not make an independent medical necessity decision.
about each laboratory test ordered by including PCR tests that were not medically necessary or reasonable when providers selected a URI or UTI PCR panel. The panel included over thirty pathogens that lacked a common symptomology and, therefore, did not reasonably require PCR testing to rule out the included pathogens, the government alleges.

Even after Feb. 10, 2021, TEN continued to represent to those providers and to the public that the entire URI and UTI PCR panels were reasonable and superior to other forms of testing, the government alleges.

TEN allegedly falsely submitted claims for payment to Medicare, Medicaid, TRICARE and the Railroad Retirement Board for their URI and UTI PCR panels of tests when they knew or should have known that the tests were not reasonable or medically necessary.

TEN continued to submit claims for payment to Medicare, Medicaid, TRICARE, and the RRB for their URI and UTI PCR panels even after Medicare began rejecting certain billing codes. Rather than deciding to stop billing for those panels or re-evaluate the legitimacy of such panels, TEN selected other billing codes to circumvent the rejections it was receiving from Medicare, the government alleges.

From Jan. 1, 2016, to March 1, 2021, TEN also allegedly submitted false claims for reimbursement for therapeutic drug assays and specimen validity testing using certain CPT codes at the same time as they submitted claims for reimbursement using a different code that incorporates some of the same tests, the government alleges. TEN was not entitled to the additional reimbursement, but continued to submit these claims even after Medicaid conducted an audit of the TEN Healthcare Entities in 2017 and collected an overpayment in 2019 due to these billing practices, the government alleges.

On May 19, 2020, the Centers for Medicare & Medicaid Services suspended Medicare payments to TEN that now total more than $6.9 million.

“This Settlement Agreement is neither an admission of liability by the TEN Healthcare Entities nor a concession by the United States that its claims are not well founded,” the agreement says.

"Laboratories have a responsibility to ensure that claims they submit to Medicare are for legitimate and medically necessary services," said Curt L. Muller, Special Agent in Charge at the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG). "HHS-OIG is committed to ensuring that providers fulfill that fundamental obligation, and to investigating those who, with reckless disregard for American taxpayers and patients, attempt to waste or defraud federal health care programs."

The case was investigated by HHS-OIG, the Missouri Attorney General’s Medicaid Fraud Control Unit, and the Defense Criminal Investigative Service and the FBI. Assistant U.S. Attorney Amy Sestric handled the case.