



Department of Justice

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POLYMEDICA TO PAY \$35 MILLION TO UNITED STATES TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS

WASHINGTON, D.C. - Polymedica Corporation and two of its wholly-owned subsidiaries have agreed to pay the United States \$35 million to resolve multiple allegations that they submitted claims to Medicare without proper documentation, the Justice Department announced today. The Woburn, Massachusetts-based medical products company and its subsidiaries, Liberty Medical Supply and Liberty Home Pharmacy, agreed to pay the government to resolve allegations that they improperly submitted reimbursement claims for various diabetic and nebulizer products.

According to the settlement, the subsidiaries, based in Port St. Lucie, Florida, violated the False Claims Act by not obtaining a signed doctor's order or prescription for the products and without first obtaining and maintaining documentation verifying the necessity of treatment volumes in excess of administrative guidelines and documentation of the actual use of these products. Additionally, the government alleged that the companies did not maintain documentary proof of an oral order from the treating physician prior to shipping a product, obtain a written doctor's order or prescription prior to shipping the product or obtain written authority from the beneficiary to bill Medicare on the beneficiary's behalf prior to submitting a bill to Medicare. The settlement also resolves certain administrative violations related to this conduct.

"The documentation and record-keeping requirements imposed by Medicare and its contractors are crucial to the integrity of the federal health care program and this settlement demonstrates the Justice Department's commitment to vigorous enforcement of these rules," said Peter D. Keisler, Assistant Attorney General for the Civil Division.

Under the terms of this settlement, Polymedica Corporation and/or its subsidiaries also agree to comply with a corporate integrity agreement negotiated by the Office of the Inspector General, United States Department of Health and Human Services. The settlement resolves the United States' claims in two *qui tam* or whistleblower suits filed by private citizens against Polymedica Corporation, Liberty Home Pharmacy and Liberty Medical Supply. The suits were filed in 2001 in federal court in Miami and Boston. The United States and the citizen plaintiffs in these two suits have not reached an agreement regarding the private citizens' share of the settlement amount.

This investigation was spearheaded by the Federal Bureau of Investigation's West Palm Beach Office and the Office of the Inspector General, HHS. Attorneys from the Justice Department's Civil Division, the U.S. Attorney's Office for the Southern District of Florida, the U.S. Attorneys' Office for the District of Massachusetts and the U.S. Department of Health and Human Services' Office of the General Counsel negotiated the civil settlement.

The cases are entitled *United States ex rel. Donna Ben-Barrack v. Polymedica Corporation and Liberty Medical Supply, Inc.*, Civil Action No. 01-8705 (S.D. Fl.) and *United States ex rel. Claire Schultz v. Liberty Home Pharmacy Corporation and Polymedica Company*, Civil Action No. 01-11370 (D. Mass.).

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