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Kickbacks, False Claims and Billing for a Suspended Doctor

July 28, 2021

by [Sean Weiss](#), Partner & VP of Compliance

settlement resolved allegations from 2006 through 2013.

Now Prime, Dr Reddy and Dr. Siva Arunansalam agreed to a [settlement](#) to pay \$37.5 million to settle allegations of kickbacks, billing for a suspended physician and false claims. Why are they still allowed to engage in healthcare? To me, this is just weak on the part of the DOJ in that “in connection with the settlement, Prime and Dr. Reddy 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, that Prime maintain a compliance program and hire an Independent Review Organization to review arrangements entered into by or on behalf of its subsidiaries and affiliates”.

“The settlement resolves allegations that:

1. Prime paid kickbacks when it overpaid to purchase Dr. Arunasalam’s physician practice and surgery center because the company wanted Dr. Arunasalam to refer patients to its Desert Valley Hospital in Victorville, California. The purchase price, which was substantially negotiated by Dr. Reddy, exceeded fair market value and was not commercially reasonable. Prime also knowingly overcompensated the doctor when HDHVI (High Desert Heart Vascular Institute) entered into an employment agreement with him that was based on the volume and value of his patient referrals to Desert Valley Hospital;
For approximately two years between 2015 and 2017, HDHVI and Dr. Arunasalam used Dr. Arunasalam’s billing number to bill Medicare and Medi-Cal for services that were provided by Dr. George Ponce, even though they knew Dr. Ponce’s Medicare and Medi-Cal billing privileges had been revoked, and that billing Dr. Ponce’s services under Dr. Arunasalam’s billing number was improper; and
3. Certain Prime hospitals billed Medi-Cal, the Federal Employees Health Benefits Program and the U.S. Department of Labor’s Office of Workers’ Compensation Programs for false claims based on inflated invoices for implantable medical hardware. Dr. Arunasalam was not implicated in this conduct.”

[Frank Cohen](#)

[Sean M. Weiss](#)

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