

Part B Insider (Multispecialty) Coding Alert

Physician Notes: Dermatologist Faces 7 Years in Prison

Plus: Kmart to pay millions in False Claims Act fines.

An Illinois dermatologist is heading behind bars for seven years after submitting \$3.7 million in claims for pre-cancerous lesion destructions when in actuality his patients didn't suffer from pre-cancerous lesions.

Some of the doctor's claims involved the destruction of lesions that weren't pre-cancerous, while other claims for this service actually occurred on dates of service when the doctor performed cosmetic procedures such as "lunchtime laser peels," the Department of Justice said in an Aug. 28 statement. One former patient testified that she underwent repeated laser treatments to lighten her freckles, which the doctor subsequently billed as destroying 491 pre-cancerous lesions on her skin (to the tune of \$4,597).

In addition to spending 84 months behind bars, the doctor also has to pay \$3.76 million back to the government.

Resource: To read more about the case, visit the Department of Justice's website at www.justice.gov/usao-ndil/pr/west-suburban-dermatologist-sentenced-7-years-federal-prison-defrauding-medicare-and.

In other news...

You may feel like regulators are always breathing down your practice's neck looking for False Claims Act violations, but it might surprise you to learn that even your local discount store chains are facing the pinch from the feds.

On Sept. 1, the Department of Justice announced that Kmart, a discount chain with 780 in-store pharmacies under its banner, paid \$1.4 million to the government to settle allegations that the stores violated the False Claims Act by inducing Medicare beneficiaries to fill prescriptions at Kmart locations by offering them coupons and gas discounts.

"The government alleged that from June 2011 to June 2014, Kmart knowingly and improperly influenced the decisions of Medicare beneficiaries to bring their prescriptions to Kmart pharmacies by permitting the Medicare beneficiaries to use drug manufacturer coupons to reduce or eliminate prescription co-pays that they otherwise would be obligated to pay," the DOJ said in a Sept. 1 statement. "Federal law prohibits a person from offering beneficiaries of certain federal health programs, such as Medicare, remuneration that is intended to influence the beneficiary's choice of provider."

Further, the government alleged that Kmart's actions prompted Medicare patients to request expensive, brand name drugs rather than cheaper generic drugs, causing the government to increase its Medicare costs even though the more expensive drugs were not medically advantageous to the patients, the DOJ said. "The government also alleged that Kmart improperly encouraged Medicare beneficiaries to bring their prescriptions to Kmart pharmacies by offering them varying levels of discounts on the purchase of gasoline at participating gas stations based on the number of prescriptions that they filled at Kmart pharmacies," the news release said.

The case was brought to the government's attention after a Kmart pharmacist reported the potential violations. As a whistleblower, that pharmacist will collect almost \$250,000 as his portion of the settlement.

Resource: To read more about the Kmart case, visit www.justice.gov/opa/pr/kmart-corporation-pays-14-million-resolve-false-claims-act-allegations-connection-drug.

