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Did They Sell Their Seoul?

That was the subject of Monday's blog post, **Did They Sell Their Seoul? The \$62+ Million Settlement**. You can follow the link to read the post online, or just keep reading.

There's a reason why Medicare Advantage is fertile ground for fraud enforcement. In addition to basic capitated payments, it runs on diagnosis codes and risk adjustments, and the basic math for the ethically challenged is simple: Inflate certain diagnoses, inflate the payments.

But, of course, inflated diagnoses also result in false claims and in False Claims Act liability, or worse.

California based Seoul Medical Group ("Seoul"), its wholly owned subsidiary Advanced Medical Management ("AMM"), and its former president and majority owner, Dr. Min Young Cha, learned about this the hard way. They agreed to pay a combined \$60,500,000 in settlement of False Claims Act allegations that they caused the submission of bogus diagnostic codes for two spinal conditions, spinal enthesopathy and sacroiliitis, for patients who didn't suffer from either condition.

To add an interesting twist, the government alleged that when a Medicare Advantage Plan raised questions, Seoul enlisted the assistance of a radiology group, Renaissance Imaging Medical Associates, to create

reports that appeared to support the false diagnoses. The radiology group agreed to pay \$2,350,000 to settle the allegations against it.

It's important to note that the settled allegations, originally asserted in a whistleblower case brought by Paul Pew under the False Claims Act, are just that—civil case allegations, and that there's been no determination by any court.

Beginning prior to its acquisition by Seoul, AMM, at which Mr. Pew was an executive, provided management and other services to the medical group, including reviewing and auditing its financial and medical records. It was alleged that after Pew and other AMM employees raised the alarm about the improper diagnosis codes and recommended corrective action, Seoul purchased AMM and terminated Pew and others.

In addition to the heaping helping of Schadenfreude, here are some key takeaways for you:

1. The spotlight on Medicare Advantage isn't dimming anytime soon, and risk adjustment coding is the center of that beam. If your group is playing fast and loose with diagnoses, or worse, retroactively manufacturing support, you're not coding, you're auditioning for a civil False Claims Act lawsuit or, even worse, a criminal indictment.
2. Similarly seedy behavior leads to similar big trouble under any federal healthcare program. And, while we're at it, so, too, does simply scamming commercial payors, just under a different set of laws.
3. Obtain competent expert advice and regularly audit in connection with your billing and coding. And, if something seems off, obtain legal counsel immediately and properly investigate. Don't simply hope that the problem isn't a problem or, that it's going to correct itself on its own. It's not.
4. Don't create whistleblowers by terminating someone who raises concerns about your coding and billing practices. The majority of whistleblowers come from within an organization or from those closely working with it, such as its outside RCM provider or auditor. Don't add fuel to the fire.



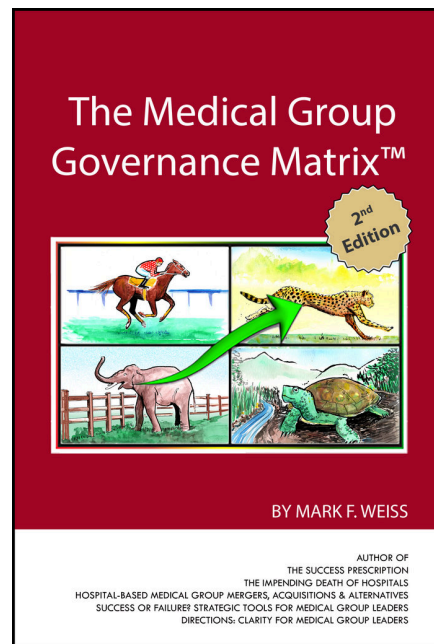
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