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NEW JERSEY CARDIAC MONITORING COMPANY AGREES TO PAY OVER \$1.35 MILLION TO RESOLVE CLAIMS IT PAID ILLEGAL KICKBACKS TO PHYSICIANS

NEWARK, N.J. – MedNet Inc., a Ewing, New Jersey-based remote cardiac monitoring company and a subsidiary of BioTelemetry Inc., has agreed to pay more than \$1.35 million to resolve allegations that it paid kickbacks to induce physicians to use the company’s cardiac monitoring services, U.S. Attorney Paul J. Fishman announced today.

According to settlement agreement:

From March 15, 2006, through Jan. 31, 2014, before BioTelemetry acquired MedNet, MedNet entered into “fee-for-service” or “direct-bill” agreements with certain hospital and physician clinic customers. MedNet charged a fee to the customers for certain services that the company performed in connection with event monitoring and telemetry, two types of cardiac monitoring services. MedNet allowed the customers to bill Medicare directly for these same services and retain the reimbursements they received from Medicare, which exceeded the fee that MedNet charged them.

These agreements resulted in a net profit to MedNet’s customers who submitted claims to Medicare in accordance with the agreements, primarily for services that MedNet — and not the customers — performed. The government contends that MedNet entered these agreements and provided this remuneration to these customers in order to induce referrals from those customers for MedNet’s services.

The government alleges that the remuneration MedNet provided in connection with the agreements was illegal remuneration under the Anti-Kickback Statute. As a result, MedNet caused to be submitted to Medicare false claims for cardiac monitoring services provided to patients of its customers.

The allegations were raised in a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act. The act allows private citizens with knowledge of fraud to bring civil actions on behalf of the government and to share in any recovery.

The settlement is the culmination of an investigation conducted by special agents of the

U.S. Department of Health and Human Services-Office of the Inspector General, under the direction of Special Agent in Charge Scott J. Lampert, and the FBI, under the direction of Newark Special Agent in Charge Timothy Gallagher.

The government is represented by Assistant U.S. Attorneys Bernard J. Cooney and Nicole F. Mastropieri of the U.S. Attorney's Office Health Care and Government Fraud Unit in Newark.

U.S. Attorney Fishman reorganized the health care fraud practice at the New Jersey U.S. Attorney's Office shortly after taking office, including creating a stand-alone Health Care and Government Fraud Unit to handle both criminal and civil investigations and prosecutions of health care fraud offenses. Since 2010, the office has recovered more than \$1.32 billion in health care fraud and government fraud settlements, judgments, fines, restitution and forfeiture under the False Claims Act, the Food, Drug and Cosmetic Act and other statutes.

The claims settled by this agreement are allegations only, and there has been no determination of liability.

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Defense counsel: Thomas H. Suddath Esq. and Nancy B. Halstead Esq., Philadelphia

Relator's counsel: Suzanne E. Durrell Esq. and Robert M. Thomas Jr. Esq., Boston