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**MANHATTAN U.S. ATTORNEY ANNOUNCES \$2.75 MILLION
SETTLEMENT WITH NYC DERMATOLOGIST
FOR MEDICAID AND MEDICARE FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, ANDREW CUOMO, the Attorney General of the State of New York, and THOMAS O'DONNELL, the Special Agent in Charge of the New York Office of Investigations for the Office of Inspector General, U.S. Department of Health and Human Services, announced today a settlement between the United States and LAWRENCE D. JAEGER, D.O., of Community Medical and Dermatology Center and Advanced Dermatology of New York, resolving a whistleblower lawsuit that alleged JAEGER submitted false claims to Medicare and the New York Medicaid program. The settlement, approved late yesterday in Manhattan federal court by United States District Judge PAUL A. CROTTY, requires JAEGER to pay to the United States and the State of New York a total of \$2.75 million in civil damages under the False Claims Act.

According to the documents filed in Manhattan federal court:

JAEGER is a Doctor of Osteopathic medicine who provides dermatological services to Medicare and Medicaid patients in the Bronx and Manhattan. JAEGER made false representations to the New York State Department of Health in order to obtain a certification for his practice, Community Medical and Dermatology Center ("CMDC"), which would earn him a higher Medicaid reimbursement rate. Based on the fraudulently-obtained certification, JAEGER was able to increase CMDC's Medicaid reimbursement rate from \$30 to \$150.

To obtain the certification, JAEGER falsely represented that the majority of CMDC's services would be primary care services. Approval of CMDC's certification was based on this representation. In truth and in fact, however, during the time JAEGER operated CMDC as an Article 28 facility, it was almost

exclusively a dermatology center and performed only a negligible number of primary care services.

JAEGER also submitted false claims to Medicare for services carrying higher reimbursement rates than those he actually provided.

JAEGER has agreed to pay \$2.75 million to resolve these claims, representing \$2,674,000 under federal and state Medicaid claims and \$76,000 under federal Medicare claims.

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The allegations of fraud were first brought to the attention of the Government by a whistle-blower, who filed a lawsuit under the *qui tam* provisions of the False Claims Act. The False Claims Act permits the United States to intervene in cases originally commenced by private parties who have knowledge of fraud committed against the Government.

Mr. BHARARA praised the New York State Office of the Attorney General, the Office of Inspector General, U.S. Department of Health and Human Services, and the New York State Office of the Medicaid Inspector General for their work on this case.

"Healthcare fraud drains the system of billions of dollars of hard-earned taxpayer money," said SDNY U.S. Attorney PREET BHARARA. "Doctors are supposed to treat patients, not defraud the public. The Southern District of New York will continue to work with our state and federal law enforcement partners to aggressively enforce the laws prohibiting healthcare fraud."

"If you promise to deliver services to the neediest New Yorkers and then fleece taxpayers through lies and deceit, there will be very real consequences," said Attorney General ANDREW CUOMO. "This settlement underscores that abuse of the Medicaid program will not be tolerated."

"The Office of Inspector General will continue aggressively investigating Medicare fraud committed by individuals and companies alike," said THOMAS ODONNELL, the Special Agent in Charge of the New York Office of Investigations for the Office of Inspector General, U.S. Department of Health and Human Services. "This successful provider investigation reflects our continued resolve to protect vulnerable Medicare and Medicaid populations, as well as the Nation's taxpayers."

For more information on the Department of Justice's efforts to fight Medicare fraud, go to:
www.stopmedicarefraud.gov.

This case is being handled by the Southern District of New York's newly formed Civil Frauds Unit, working together with the Medicaid Fraud Control Unit of the New York State Office of the Attorney General. Assistant United States Attorney KATHLEEN A. ZEBROWSKI is in charge of the case.

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