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Medical Equipment Company Pays \$7 Million to Resolve False Claims Act Allegations

LEXINGTON, Ky.— United Seating and Mobility, LLC, d/b/a Numotion (Numotion) has paid \$7 million to resolve civil allegations that it made false statements in connection with claims for reimbursement it submitted to Kentucky Medicaid, two of Kentucky Medicaid’s Managed Care Organization contractors (MCOs), MO HealthNet (Missouri Medicaid), and D.C. Medicaid.

Numotion is a national supplier of durable medical equipment (DME), such as hospital beds, manual wheelchairs, power wheelchairs and accessories, and gait trainers. The investigation involved DME that was “manually priced” by Medicaid payors in Kentucky, Missouri, and D.C. Those Medicaid programs reimbursed manually priced DME based on the cost Numotion actually paid the manufacturer for the equipment. Specifically, in Kentucky, reimbursement is based on “a manufacturer’s actual charges” billed to Numotion, or the “invoice price;” in Missouri, reimbursement is based on the “actual invoice of cost;” and in D.C., reimbursement is based on “original documentation reflecting all discounts.”

In the Settlement Agreement, the United States alleged that Numotion did not disclose all discounts Numotion received from, or the cost Numotion actually paid to, DME manufacturers when submitting claims for manually priced DME to Kentucky Medicaid, two Kentucky Medicaid MCOs (Aetna Better Health of Kentucky and WellCare of Kentucky), MO HealthNet, and D.C. Medicaid. Numotion’s failure to disclose all discounts, or the actual cost paid, resulted in these Medicaid programs paying Numotion higher reimbursements than it was entitled to receive. The United States contended that the conduct violated the False Claims Act, 31 U.S.C. § 3729(a)(1)(B), a federal law that prohibits knowingly making or using a false statement material to a false claim for reimbursement.

As part of the settlement, Numotion also entered into a 5-year Corporate Integrity Agreement (CIA) with the U.S. Department of Health and Human Services Office of Inspector General. The CIA requires, among other things, that Numotion implement a centralized risk assessment program, as part of its compliance program, and hire an Independent Review Organization to complete annual reviews of some of its Medicare and Medicaid claims.

“By hiding or failing to disclose discounts, to receive higher reimbursement from Medicaid programs across the country, Numotion prioritized its financial incentives, to the detriment of these Medicaid programs,” said Carlton S. Shier, IV, United States Attorney for the

Eastern District of Kentucky. “Whenever the valuable resources of government health care programs are improperly dissipated to those who are not entitled, it diminishes the ability of these programs to meet the needs of their beneficiaries. We remain committed to doing our part to protect these programs from fraud, waste, and abuse and to preserve the taxpayer money that supports them.”

“When health care companies do not follow federal health care billing requirements, the integrity of those safety net programs can be undermined,” said Special Agent in Charge Tamala E. Miles of the U.S. Department of Health and Human Services Office of Inspector General. “Working with our law enforcement partners, the dedicated work of OIG’s investigators and attorneys has again resulted in the recovery of taxpayer dollars and better protection against improper billing in the future.”

The settlement resolves a lawsuit originally brought by L. Richard Parkey, a former Numotion employee, under the *qui tam*, or whistleblower, provisions of the False Claims Act. Under those provisions, a private party can file an action on behalf of the United States and receive a portion of any recovery. As part of this resolution, Parkey will receive approximately \$1.05 million of the settlement amount.

This case was investigated by the U.S. Department of Health and Human Services, Office of Inspector General. Assistant United States Attorney Jennifer A. Williams handled the matter for the United States.

The case is *United States ex rel. L. Richard Parkey v. United Seating and Mobility, LLC d/b/a Numotion*, Case No. 3:17-cv-53-GFVT. The claims resolved by the settlement are allegations only, and there has been no determination of liability.

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