



Department of Justice

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Mount Washington Laboratory Agrees to Pay \$1.2 Million to Resolve Allegations of False Claims for Urine Drug Testing Services

LEXINGTON, Ky. – Bluewater Toxicology, LLC, a clinical laboratory in Mount Washington, Ky., has agreed to pay \$1,252,403.40 to resolve civil allegations that it violated the False Claims Act, a federal law that prohibits submitting false or fraudulent claims to the federal government.

According to the settlement agreement, the United States alleged three issues relating to claims for urine drug testing services that Bluewater submitted to Medicare, Kentucky Medicaid, Indiana Medicaid, TRICARE, and CHAMPVA. First, the United States alleged that Bluewater submitted claims that misrepresented the number of drug classes tested. Specifically, the United States contended that from January 2016, through September 2018, Bluewater submitted claims for definitive urine drug tests of 22 or more drug classes. The United States alleged that these claims were false because Bluewater tested for fewer than 22 drug classes. By billing as if they tested for a greater number of classes, Bluewater secured higher reimbursements to which it was not entitled.

Second, the United States alleged that from January 2016, through December 2017, Bluewater submitted certain claims without sufficient documentation to support the treating medical physician's intent to order the test that was billed. By billing for these tests, Bluewater again secured reimbursements to which it was not entitled.

Finally, the United States alleged that Bluewater billed Medicare for specimen validity testing, a quality control process used to analyze a urine specimen to ensure that it has not been diluted or adulterated. Since January 2014, Medicare's guidance has stated that specimen validity testing should not be separately billed to Medicare. The United States alleged that Bluewater nonetheless submitted claims to Medicare for specimen validity testing during the period October 2014 to May 2016.

“Whenever the valuable resources of government health care programs are dissipated, to those who are not entitled to them, that diminishes the ability of these critically important programs to meet the needs of their beneficiaries,” said Carlton S. Shier, IV, Acting United States Attorney for the Eastern District of Kentucky. “We must all remain committed to doing our part to protect the fiscal security of these vital resources.”

This matter arose from Bluewater’s self-disclosure of false claims for urine drug testing services. Because Bluewater self-disclosed the misconduct, it was able to resolve its liability for only 1.5 times the amount of monetary loss caused by its false claims. By statute, the False Claims Act imposes liability for three times the amount of loss suffered by the government.

Healthcare providers may voluntarily disclose self-discovered evidence of fraud to the U.S. Department of Health & Human Services Office of Inspector General. More information about how to self-disclose misconduct under the Provider Self-Disclosure Protocol is available at <https://oig.hhs.gov/compliance/self-disclosure-info/protocol.asp>.

The United States also encourages anyone with information about potential fraud, abuse, or mismanagement of Medicare or Medicaid funds to call the U.S. Department of Health and Human Services’ hotline at 800-HHS-TIPS (800-447-8477). False Claims Act allegations can also be brought under the *qui tam* provisions of the Act, which encourage whistleblowers to bring suit on behalf of the United States and potentially share in any financial recovery.

This investigation was conducted by the United States Attorney’s Office for the Eastern District of Kentucky, the Kentucky Attorney General’s Office of Medicaid Fraud and Abuse Control, the Indiana Attorney General’s Medicaid Fraud Control Unit, the U.S. Department of Health and Human Services Office of Inspector General, the Defense Health Agency’s Program Integrity Division, and the Department of Veterans Affairs’ Office of Inspector General. The United States was represented by Assistant United States Attorney Meghan Stubblebine.

The settlement resolves claims asserted by the United States; there has been no determination of liability.