



Department of Justice

Robert M. Duncan, Jr.
United States Attorney
Eastern District of Kentucky

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 16, 2019
www.usdoj.gov/usao/kye

CONTACT: ALLEN LOVE
PHONE: (859) 685-4805
E-MAIL: william.allen.love@usdoj.gov

Substance Abuse Clinic Agrees to Pay Federal Government \$200,494 to Settle Civil Claims

LEXINGTON, Ky. – 2nd Chance, PLLC (“2nd Chance”), a substance abuse treatment center in Lexington, has agreed to pay \$200,494 to resolve civil allegations that it violated the False Claims Act, a federal law that prohibits causing the submission of false or fraudulent claims to the federal government.

According to the settlement agreement, the United States alleged that 2nd Chance caused the submission of false claims to the Kentucky Medicaid program through its referral of urine drug testing services to Compliance Advantage, LLC, a toxicology laboratory in Nicholasville, Kentucky known as “CAL Lab.” CAL Lab provided 2nd Chance with a chemistry analyzer, which is a valuable piece of laboratory equipment that enabled 2nd Chance to perform some urine drug testing on-site beginning on or around October 3, 2016. On November 29, 2016, CAL Lab and 2nd Chance entered into a lease agreement that required 2nd Chance to pay CAL Lab a monthly fee for use of the analyzer. But, 2nd Chance did not make any payments for use of the analyzer until March 14, 2017.

Accordingly, for a five-month period, 2nd Chance received the benefit of the analyzer without paying for it. The United States alleged this was a substantial benefit to 2nd Chance: not only did 2nd Chance receive the benefit of the test results for use in patient care, 2nd Chance also received over \$400,000 from Kentucky Medicaid for drug tests performed on the analyzer during this period.

For its part, CAL Lab received referrals for more complex drug testing from 2nd Chance’s physicians. CAL Lab then submitted claims for payment for that testing to Kentucky Medicaid, totaling close to \$90,000. According to the settlement agreement, the United States alleged that these claims were false, because they were tainted by 2nd Chance’s acceptance and use of the chemistry analyzer without making lease payments to

CAL Lab in violation of the Anti-Kickback Statute, a federal law that prohibits healthcare providers from accepting anything of value in exchange for the referral of services paid for by federal health insurance programs, including Kentucky Medicaid.

“Sweetheart deals paid for by taxpayers, as the Government alleged in this case, will not be tolerated,” said Derrick Jackson, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. “We will work with our law enforcement partners to investigate and prosecute organizations entering into such illicit arrangements.”

This case is part of a larger investigation into CAL Lab and affiliated individuals and entities. Earlier this year, in a criminal matter, Samuel L. Ford and Dinesh Goyal pled guilty to conspiracy to commit an offense against the United States in connection with their illegal billing arrangement with CAL Lab. Specifically, Ford, Goyal, and CAL Lab’s owner, Mason Routt, agreed that urine drug tests referred to and performed by CAL would be billed to certain federal health insurance programs using another laboratory’s billing information in order to evade payment restrictions placed on CAL by those insurers. Earlier this week, Mr. Ford was sentenced to 24 months in federal prison and 36 months supervised release for his role in this scheme. Mr. Goyal is scheduled to be sentenced on October 15, 2019.

In June 2018, CAL Lab agreed to a civil settlement with the United States that included the entry of a civil judgment against it and in favor of the United States in the amount of \$2,816,015. As part that settlement, CAL Lab admitted that it violated the False Claims Act by knowingly failing to return to federal health insurance programs overpayments it received for specimen validity testing – a service not covered by Medicare or Kentucky Medicaid.

The Government’s work in this investigation illustrates its commitment to combatting health care fraud, waste, and abuse. Tips from all sources about potential fraud, waste, and abuse can be reported to the U.S. Department of Health and Human Services, at 800-HHS-TIPS (800-447-8477).

The case against 2nd Chance was investigated by the Federal Bureau of Investigation, the U.S. Department of Health and Human Services, Office of Inspector General, and the U.S. Attorney’s Office for the Eastern District of Kentucky. Assistant United States Attorney Christine Corndorf represented the United States. The claims

resolved by the settlement with 2nd Chance are allegations only; there has been no determination of liability.

– END –