



Client Alert

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Georgia Medicaid Disease Management Contractor Settles False Claims Act Suit

Under Medicaid nationally, 79 percent of all spending is for 40 percent of beneficiaries with multiple chronic conditions. Disease management programs therefore are a critical component for controlling Medicaid expenditures. However, a Georgia initiative in disease management stumbled recently when its contractor, Innovative Resources Group LLC, a subsidiary of APS Healthcare, settled a lawsuit alleging violations of the Federal False Claims Act. The suit was filed in the Northern District of Georgia under the *qui tam*, or whistleblower, provisions of the False Claims Act. The \$13 million settlement will be shared among the United States (\$5.2 million), the State of Georgia (\$7.8 million) and Michael Claeys, a former APS executive director who “blew the whistle” by filing suit against APS.

As part of the settlement, APS entered into a corporate integrity agreement (CIA) with the Department of Health and Human Services, which subjects APS to external review of its compliance with state Medicaid contracts. Should APS fail to comply with the CIA, it could be subject to further monetary penalties and exclusion from Medicare and Medicaid.

APS entered into its contract with Georgia’s Department of Community Health to provide case and disease management services throughout all counties in Georgia pursuant to the Georgia Medicaid Management Program (GAMMP). APS was paid a fee for each Medicaid beneficiary enrolled in the GAMMP, but the suit alleged that APS failed to provide disease management or case management services to numerous enrollees from September 1, 2007, through February 28, 2010. Georgia Medicaid ended GAMMP on February 28, 2010. APS’s press release asserts that the disagreement centered around lack of clarity in contract provisions which it was already working to clarify and address when the suit was brought. APS continues to provide services to the State through a contract with the Georgia Division of Mental Health.

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