

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, April 15, 2020

Reference Laboratory, Pain Clinic, and Two Individuals Agree to Pay \$41 Million to Resolve Allegations of Unnecessary Urine Drug Testing

Logan Laboratories Inc. (Logan Labs), a reference laboratory in Tampa, Florida; Tampa Pain Relief Centers Inc. (Tampa Pain), a pain clinic also based in Tampa Florida, and; two of their former executives, Michael T. Doyle and Christopher Utz Toepke (collectively, Defendants) have agreed to pay a total of \$41 million to resolve alleged violations of the False Claims Act for billing Medicare, Medicaid, TRICARE, and other federal health care programs for medically unnecessary Urine Drug Testing (UDT), the Department of Justice announced today. Both Logan Labs and Tampa Pain are subsidiaries of Surgery Partners Inc. Doyle is the former CEO of Surgery Partners and Logan Labs. Toepke is the former Group President for Ancillary Services at Surgery Partners, with oversight of Logan Labs, and a former Vice President at Tampa Pain.

The government alleged that Defendants knowingly submitted or caused the submission of false claims to federal health care programs for presumptive and definitive UDT, in circumstances where such testing was not medically reasonable or necessary. Presumptive UDT are tests that screen for the presence of drugs, and definitive UDT are tests that identify the amounts of those drugs in a patient's system. The government alleged that Defendants developed and implemented a policy and practice of automatically ordering both presumptive and definitive UDT for all patients at every visit, without any physician making an individualized determination that either test was medically necessary for the particular patients for whom the tests were ordered. According to the government's allegations, the medically unreasonable and unnecessary definitive UDT was performed at Logan Labs, the medically unreasonable and unnecessary presumptive UDT was performed at Tampa Pain, and the respective resulting false claims were submitted by both Tampa Pain and Logan Labs to federal health care programs, from Jan. 1, 2010 through Dec. 31, 2017.

"The Department of Justice is committed to ensuring that federally-funded laboratory tests are ordered based on each patient's medical needs and not for the purpose of increasing laboratory profits," said Assistant Attorney General Jody Hunt of the Department of Justice's Civil Division. "We do not tolerate practices that are not based on patient medical needs and that lead to unnecessary costs for federal health care programs."

"Medical providers seeking profits at the expense of individualized patient care will be held accountable in our district," said U.S. Attorney Maria Chapa Lopez for the Middle District of Florida. "We will protect our district's residents from providers whose concern for their bottom line overrides medical decision making."

"The indiscriminate and unnecessary testing alleged here increased medical costs to the government without serving patients' real medical needs," said U.S. Attorney William M. McSwain for the Eastern District of Pennsylvania. "A laboratory that promotes and knowingly conducts medically unnecessary drug testing – prioritizing profits over objective medical decision-making – operates unlawfully and wastes limited federal health care resources. That is unfair to both patients and taxpayers and is the type of conduct that must be rooted out of our health care system."

Contemporaneous with the False Claims Act settlement, Logan Labs entered into an “Integrity Agreement” and Tampa Pain entered into a “Corporate Integrity Agreement” with the Department of Health and Human Services, Office of Inspector General.

“Increasing the profits of a sister-company by referring patients for testing services that are not medically reasonable and necessary and then having that sister-company submit claims to government health insurance programs for those needless services drains resources from legitimate patient care,” said Omar Pérez Aybar, Special Agent in Charge, Office of Inspector General of the Department of Health and Human Services. “Those scheming to enrich themselves at the expense of taxpayer-funded programs must be held accountable for their actions.”

“It’s offensive when medical providers choose to bilk our healthcare billing system for personal enrichment,” said Special Agent in Charge Cynthia A. Bruce, Defense Criminal Investigative Service (DCIS) Southeast Field Office. “DCIS and our investigative partners are dedicated to fully investigate and bring to justice those who deprive the Department of Defense of limited resources needed for the healthcare of our military, veterans, and their families.”

“The Department of Labor appreciates the efforts of the OIG community and the Department of Justice in identifying and pursuing cases where unnecessary testing has resulted in excessive charges to our federal workers’ compensation program,” said Antonio Rios, Director of the Office of Workers’ Compensation Programs Division of Federal Employees’ Compensation. “Healthcare fraud detection efforts are a high priority for us.”

The allegations that are the subject of today’s settlement were originally alleged in two cases filed under the whistleblower, or *qui tam*, provision of the False Claims Act. The act permits private parties to sue for fraud on behalf of the United States and to share in any recovery. The act also permits the government to intervene in such actions, as the government previously did in the two whistleblower cases. The whistleblowers will receive approximately \$7.79 million of the settlement.

The government’s pursuit of these matters illustrates the government’s emphasis on combating healthcare fraud. One of the most powerful tools in this effort is the False Claims Act. Tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement can be reported to the Department of Health and Human Services at 800-HHS-TIPS (800-447-8477).

This matter is being handled by the Civil Division’s Commercial Litigation Branch and the U.S. Attorneys’ Offices for the Eastern District of Pennsylvania and Middle District of Florida, with assistance from the Department of Health and Human Services, Office of Inspector General. The two lawsuits are captioned *United States ex rel. Ashton v. Logan Laboratories, LLC, et al.*, Case No. 16-4583 (E.D. Pa.) and *United States ex rel. Cho v. Surgery Partners Inc., et al.*, Case No. 8:17-cv-983 (M.D. Fla.).

The claims resolved by this settlement are allegations only and there has been no determination of liability.

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Topic(s):

False Claims Act

Component(s):

[Civil Division](#)

[USAO - Florida, Middle](#)

[USAO - Pennsylvania, Eastern](#)

Press Release Number:

20-383