

Miami senior facility settles Medicare fraud charges for \$17M

South Florida Business Journal – June 16, 2015

Plaza Health Network in Miami has settled Medicare fraud charges for \$17 million, reportedly the largest settlement for alleged kickbacks paid by a skilled nursing facility in the U.S.

The senior home, **formerly known as Hebrew Homes Health Network**, settled the charges Monday. The company, founded 60 years ago, operates seven centers throughout South Florida.

This is the nation's largest settlement paid by a skilled nursing facility for alleged **violations of the Anti-Kickback Statute**, according to the U.S. Attorney's Office for the Southern District of Florida.

It stems from a whistle-blower lawsuit filed in 2012 by former Plaza Health CFO Stephen Beaujon, who alleged that the senior care facility was paying physicians as sham medical directors in exchange for Medicare patient referrals to the facilities, according to the settlement. Beaujon also alleged that Plaza Health improperly billed Medicare and Medicaid and created false records to support the claims. In total, **the defendants billed Medicare for almost \$130 million between 2008 and 2011**, according to the suit.

The Federal Bureau of Investigation, the U.S. Attorney's Office, and the U.S. Department of Health and Human Services (DHHS) announced the settlement Tuesday.

Plaza Health, its operating subsidiaries and affiliates, and former President and Executive Director William Zubkoff agreed to settle the case. Zubkoff was the company's executive director between January 2006 and March 2015.

Zubkoff was previously CEO of South Shore Hospital in Miami Beach, which was disqualified from participating in Medicare and Medicaid after being charged with over-billing, defaulting on bonds and losing its accreditation, according to the suit.

Beaujon's suit also alleged that the company's executives and board of directors – including past Chairman Russell Galbut, a Miami real estate developer, and his brother, Abraham Galbut – helped to orchestrate the scheme.

"Illegal kickbacks undermine the integrity of the Medicare system by putting profits in front of patient welfare," said George L. Piro, special agent in charge of the FBI Miami Field Office.

Beaujon will receive \$4.25 million from the settlement.

"We welcome the conclusion of the recent government investigation and have fully cooperated with the relevant authorities throughout this long process," said Ronald Lowy, chairman of Plaza Health's board of directors. "The individuals associated with the business procedures that were the focus of the investigation are no longer affiliated with Plaza Health Network and we feel it is important to note that the high quality of care at Plaza Health Network has never once been compromised."

Hebrew Homes, its affiliates and Zubkoff agreed to the settlement without admitting to the findings. The first payment of \$3 million is due within seven business days of the signing, followed by a \$2 million payment within six months. All payments thereafter are subject to a 2 percent annual interest rate.

"The record settlement announced today demonstrates this office's commitment to rooting out all forms of illegal kickback schemes," U.S. Attorney of the Southern District of Florida Wifredo A. Ferrer said. "The integrity of our public health care program requires that such decisions be based on quality of care."

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