

THE UNITED STATES ATTORNEY'S OFFICE
WESTERN DISTRICT *of* WASHINGTON

[U.S. Attorneys](#) » [Western District of Washington](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Western District of Washington

FOR IMMEDIATE RELEASE

Monday, July 20, 2020

DOJ settles False Claims Act allegations against drug testing lab with operations in Tacoma and Denver

Cordant Health Solution pays nearly \$12 million to settle allegations it paid kickbacks for urine testing referrals

Seattle - The U.S. Department of Justice and Sterling Healthcare Opco, LLC d/b/a/Cordant Health Solutions (Cordant), today settled a civil suit alleging Cordant illegally paid kickbacks to generate urine testing business from government insured consumers. Cordant has agreed to pay various government healthcare programs \$11,942,913 to settle the allegations. Twenty percent of the settlement will go to the relator who first filed a *qui tam* case regarding the conduct in 2015, alerting the government to the misconduct.

According to the settlement, Cordant paid millions of dollars in remuneration to Northwest Physicians Laboratories, LLC ("NWPL"), and Genesis Marketing Group ("Genesis") in exchange for referrals of urine drug tests paid for by federal healthcare programs in violation of the Anti-Kickback Statute and the False Claims Act. The kickbacks were paid to NWPL for claims that were filed between January 1, 2013, and July 31, 2015, and to Genesis from August 7, 2013, through March 31, 2015.

"This is the largest civil settlement in the illegal kickback scheme involving Northwest Physicians Laboratories," said First Assistant United States Attorney Tessa G. Gorman. "The False Claims Act and Anti-Kickback Statute work together to make sure medical providers don't cut side deals that line their pockets, but fail to provide value for taxpayers."

The settlement specifically applies to two Cordant operated labs: Regional Toxicology Services LLC d/b/a Sterling Reference Laboratory in Tacoma and Rocky Mountain Tox LLC d/b/a Forensic Laboratories in Denver.

In December 2019, NWPL and three executives were indicted for conspiracy to pay and solicit kickbacks in their dealings with various urine testing labs. Trial in the criminal case is set for February 1, 2021.

Payments to local laboratories in exchange for referrals of government insured health care, such as Medicare and TRICARE, violates the Anti-Kickback Statute. Paying remuneration to medical providers or provider-owned laboratories in exchange for referrals encourages providers to order medically unnecessary services. The False Claims Act and the Anti-Kickback Statute function, in part, to discourage such behavior.

“The questionable business practices and unnecessary medical testing revealed in this matter only served to improve financial gain and not the patients' well-being,” said Bryan D. Denny, Special Agent in Charge of the Defense Criminal Investigative Service, Western Field Office. “This settlement outcome is but one example of DCIS's on-going commitment to working with its law enforcement partners to protect the integrity of federal healthcare programs, especially the Department of Defense's TRICARE program.”

“The government alleged that the Cordant organization paid millions of dollars to buy referrals at the expense of the nation's taxpayers. By working with our law enforcement partners, we are able to root out kickback schemes that defraud the government,” said Steven J. Ryan, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. “We will remain vigilant in guarding the integrity of our healthcare programs.”

As part of the settlement, Cordant does not admit any wrongdoing. Cordant agrees to cooperate fully in the government investigation. Cordant also entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG). The CIA promotes compliance with the statutes, regulations, program requirements, and written directives of Medicare and all other federal health care programs. Among other things, the CIA requires that for the next five years Cordant must retain an Independent Review Organization to monitor its arrangements with other individuals and entities, and it requires that Cordant routinely report to the OIG.

In addition to the U.S. Attorney's Office, this matter was investigated by the Department of Health and Human Services Office of the Inspector General (HHS-OIG), the Defense Health Agency of the U.S. Department of Defense, and the FBI. Assistant United States Attorney Kayla Stahman negotiated the settlement for the U.S. Attorney's Office.

Topic(s):

False Claims Act
Health Care Fraud

Component(s):

USAO - Washington, Western

Contact:

Press contact for the U.S. Attorney's Office is Communications Director Emily Langlie at (206) 553-4110 or Emily.Langlie@usdoj.gov.

Updated July 20, 2020