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Department of Justice

U.S. Attorney's Office

Western District of Washington

FOR IMMEDIATE RELEASE

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Vancouver, Washington Toxicology Testing Lab Settles Allegations it Paid Kickbacks for Government Program Business

Molecular Testing Labs Allegedly Violated the False Claims Act and the Anti-Kickback Statute by Paying for Referrals of Medicare and TRICARE Program Business

A Vancouver, Washington toxicology and genetic testing laboratory has agreed to pay up to \$1,777,738 to settle allegations that it violated the False Claims Act by paying illegal kickbacks to obtain referrals from government healthcare insurance programs, announced U.S. Attorney Annette L. Hayes. Molecular Testing Labs is a wholly owned subsidiary of Blackfly Investments, LLC.

"The False Claims Act and Anti-Kickback Statute are aimed at making sure taxpayers get value for their money," said U.S. Attorney Annette L. Hayes. "Those who try to game the system will be held accountable. This settlement sends a clear message that those doing business with government healthcare programs are being scrutinized to ensure they are not engaging in illegal side deals that harm government healthcare systems."

According to the settlement, between August 2014 and July 2015, the United States claims that Molecular Testing Labs made payments to local laboratories in exchange for referrals of Medicare and TRICARE program business, in violation of the Anti-Kickback Statute. The United States further claims that by submitting claims for payment to Medicare and TRICARE based on those illegal referrals, Molecular Testing Labs violated the False Claims Act.

Paying remuneration to medical providers or provider-owned laboratories in exchange referrals encourages providers to order medically unnecessary services. The False Claims Act and the Anti-Kickback Statute function, in part, to discourage such behavior.

"Kickbacks intended to gain government program business amount to little more than thinly-veiled bribes," said Steven J. Ryan, Special Agent in Charge of the Office of Inspector General for the U.S. Department of Health and Human Services. "Along with our law enforcement partners these cases will be thoroughly investigated and resolved."

"Every year, fraudulent medical claims cause immeasurable damage to U.S. taxpayers by wrongly inflating health care costs," said Special Agent in Charge Chris D. Hendrickson, Defense Criminal Investigative Service, Western Field Office. "The announced settlement between the U.S. Government and

Molecular Testing Labs is a victory for the U.S. taxpayer, and representative of DCIS and our law enforcement partners' commitment to aggressively pursue those who attempt to defraud the U.S. military's health care program and other health care programs in order to ensure the health care system works for U.S. military personnel and their families.”

Molecular Testing Labs remains in separate litigation with the Centers for Medicare & Medicaid Services (CMS) concerning potential overpayment of claims. Depending on the outcome of that litigation, the ultimate settlement in this case could be between \$180,000 and \$1,777,738.

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 Attorneys Pooja Faldu Davé and 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 Public Affairs Officer Emily Langlie at (206) 553-4110 or Emily.Langlie@usdoj.gov.

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