



## NEWS RELEASE

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### **Shield Healthcare Pays \$5 Million to Resolve ‘Whistleblower’ Lawsuit Alleging It Overbilled Medi-Cal Program for Incontinence Supplies**

*Santa Ana, California* – Shield Healthcare, a medical supply provider based in Santa Clarita, has paid the United States and the State of California a total of \$5 million to resolve a “whistleblower” lawsuit alleging that the company submitted inflated bills to California’s Medicaid program, Medi-Cal.

The settlement was announced today when the government learned that United States District Judge David O. Carter had unsealed the case and dismissed the lawsuit. Judge Carter signed the dismissal order on November 22. Shield paid the settlement on November 17.

The lawsuit filed under the *qui tam* provisions of the federal and California False Claims Acts alleged that Shield submitted false claims in violation of a regulation designed to eliminate excessive markups charged to the Medi-Cal program. The company allegedly evaded the regulation’s upper billing limit, which requires that providers bill Medi-Cal no more than double their net purchase price.

Shield is the largest supplier of incontinence supplies, such as adult diapers and waterproof sheeting, to the Medi-Cal program.

The settlement resolves claims in the lawsuit against Shield and Dharma Ventures Group, which owns Shield. The \$5 million settlement included a \$2 million payment to the United States and \$3 million payment to the State of California because both governments fund the Medi-Cal program.

Pursuant to the provisions of the state and federal False Claims Acts, a portion

of the settlement amount will be paid to the “relator” who filed the lawsuit in August 2007. The relator discovered the misconduct while working for one of Shield’s suppliers.

The settlement was negotiated by the United States Attorney’s Office and the California Attorney General’s Bureau of Medi-Cal Fraud and Elder Abuse. The offices received assistance from federal and state auditors, as well as the United States Department of Health and Human Services.

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