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National Dental Management Company Pays $24 Million to Resolve Fraud Allegations

Medically Unnecessary Dental Services Allegedly Performed on Children

WASHINGTON - The United States today announced that it has settled False Claims Act allegations against FORBA Holdings LLC, a dental management company that provides business management and administrative services to 69 clinics nationwide known as "Small Smiles Centers." Under the agreement, FORBA will pay the United States and participating states $24 million, plus interest, to resolve allegations that it caused bills to be submitted to state Medicaid programs for medically unnecessary dental services performed on children insured by Medicaid, which is funded jointly by the federal and state governments. FORBA has further agreed to put in place various remedial measures designed to prevent similar unlawful conduct from occurring in the future. The government's investigation of individual dentists is ongoing, and FORBA is cooperating with that investigation by providing information about dentists who may have violated professional standards.

The United States alleged that FORBA was liable for causing the submission of claims for reimbursement for a wide range of dental services provided to low-income children that were either medically unnecessary or performed in a manner that failed to meet professionally-recognized standards of care. These services included performing pulpotomies (baby root canals), placing crowns, administering anesthesia (including nitrous oxide), performing extractions, and providing fillings and/or sealants.

"We have zero tolerance for those who break the law to exploit needy children," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "Illegal conduct like this endangers a child's well-being, distorts the judgments of health care professionals, and puts corporate profits ahead of patient safety."

Assistant Attorney General West praised the collaborative efforts of the federal and state agencies that made this result possible. The Justice Department's Civil Division and the U.S. Attorneys' Offices for the District of Maryland, the Western District of Virginia, the District of South Carolina, and the District of Colorado handled these cases. The Civil Division led the nationwide investigation, which was conducted by the Office of Inspector General for the Department of Health and Human Services, the Federal Bureau of Investigation, and the National Association of Medicaid Fraud Control Units.

To resolve the allegations against it, FORBA will pay $24 million, plus interest. The federal share of the civil settlement is $14,285,645, and the states' Medicaid share is $9,714,355.25. In addition, as part of the settlement, FORBA has agreed to enter into an expansive five-year Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services. The agreement provides for procedures and reviews to be put in place to avoid and promptly detect conduct similar to that which gave rise to this matter. Specifically, FORBA must engage external reviewers to monitor its quality of care and reimbursement processes. In addition, the chief dental officer must develop and implement policies and procedures to ensure that the Small Smiles clinics provide services consistent with professionally recognized standards of care. FORBA has also agreed to cooperate in the government's continuing investigation of individual dentists.

"We will not tolerate Medicaid providers who prey on vulnerable children and seek unjust enrichment at taxpayers' expense," said Daniel R. Levinson, Inspector General of the U.S. Department of Health and Human Services. "This settlement reaffirms our commitment to protect the health and well-being of Medicaid beneficiaries and to ensure the integrity of this essential health care program."

"Health care providers must be held accountable when they mistreat patients and overcharge insurers," said Rod J. Rosenstein, U.S. Attorney for the District of Maryland. "We are committed to using our affirmative civil enforcement authority to protect patients from inadequate care and protect governmental health coverage programs from fraudulent charges."

The government's investigation was initiated by three lawsuits filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private citizens to sue on behalf of the United States and share in any recovery. These actions are pending in the U.S. District Courts for the District of Maryland, the Western District of Virginia, and the District of South Carolina. As part of today's resolution, the three whistleblowers will receive payments totaling more than $2.4 million from the federal share of the settlement.

"In this case, FORBA put greed and profits before the well-being of children," said Timothy J. Heaphy, U.S. Attorney for the Western District of Virginia. "It endangered the health and safety of innocent children and defrauded the taxpayer of millions of dollars. Today's settlement addresses these egregious acts and sends a clear message that Medicaid fraud will be expeditiously addressed by this Department."

This settlement with FORBA is part of the government's emphasis on combating health care fraud. One of the most powerful tools in that effort is the False Claims Act, which the Department of Justice has used to recover approximately $2.2 billion since January 2009 in cases involving fraud against federal health care programs. The Justice Department's total recoveries in False Claims Act cases since January 2009 have topped $3 billion.

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