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Department of Justice

U.S. Attorney's Office

Western District of Pennsylvania

FOR IMMEDIATE RELEASE

Friday, May 28, 2021

Upper Allegheny Health System, on Behalf of Bradford (Pennsylvania) Regional Medical Centers and Other New York Dental Clinics, to Pay \$2.7 Million to Settle False Claims Act Allegations

PITTSBURGH – Acting U.S. Attorney Stephen R. Kaufman announced today that several New York Dental Clinics along with Bradford Dental Center (BDC) have agreed with its parent company, Upper Allegheny Health System (UAHS), to pay \$2.7 million to resolve False Claims Act allegations. Under the settlement, the United States will receive approximately \$1.3 million, paid jointly by UAHS and Bradford Regional Medical Center, the latter a part of the UAHS, a health-care system which operates dental clinics in the Southern Tier of New York and in McKean County, Pennsylvania.

Acting U.S. Attorney Kaufman stated that UAHS matter was jointly investigated by the U.S. Attorney's Office in the Western District of New York and his office. As part of the investigation in Pennsylvania, a Pennsylvania Department of Human Services (DHS) audit discovered false claims submitted to the Pennsylvania Medicaid program between January 1, 2012 and May 31, 2015. Investigators from DHS and the Buffalo (New York) United States Attorney's Office for the Western District of New York, along with the State Attorney General's Office of New York, determined that dental personnel at the clinics treated patients with handpieces that had not been appropriately sterilized between usages. Dental handpieces are considered "semi-critical" devices by the Centers for Disease Control and Prevention and are therefore required to be heat-sterilized between each patient use. The investigators also obtained statements from employees at both the New York and Pennsylvania dental clinics that senior UAHS management directed clinic personnel to wipe the handpieces with CaviWipes – germicidal disinfectant wipes used primarily to clean surfaces – between patient usages due to the insufficient number of dental handpieces. The United States alleged that billing Medicaid for services provided using unsterilized dental handpieces violates the Federal and New York False Claims Acts as well as Pennsylvania statutes. Assistant U.S. Attorneys MaryEllen Kresse and Paul E. Skirtich handled the case for the U.S. Attorney's Offices in Buffalo and Pittsburgh, respectively.

"This settlement under the False Claims Act is significant", said Acting U.S. Attorney Kaufman, "since it corrects improper practices exercised on a vulnerable population of patients. Those patients relied on the clinics for dental services without knowing the health risks posed by thee defective practices. The parent company, Upper Allegheny Health System, must answer for their potentially harmful conduct."

This settlement was reached by the U.S. Attorney's Office for the Western District of New York, in conjunction with the U.S. Attorney's Office for the Western District of Pennsylvania; the New York State Attorney General's Office, Medicaid Fraud Control Unit (MFCU); and the Pennsylvania Department of Human Services attached to the Governor's Office.

The case against UAHS was brought in federal court by a whistleblower who alleged the health system violated the federal False Claims Act and the New York False Claims Act by improperly billing health-care programs. Under the federal False Claims Act, private citizens are permitted to bring lawsuits known as *qui tams* on behalf of the United States and receive a portion of the proceeds of any settlement or judgment awarded against a defendant.

Medicaid is a nationwide program jointly funded by the federal government and states that provides medical insurance to low-income persons and individuals with disabilities. Medicaid eligibility, benefits, and administration are managed by states within federal guidelines.

The claims resolved by this settlement are allegations only, and there have been no determinations of liability.

Topic(s):

False Claims Act

Component(s):

USAO - Pennsylvania, Western

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