



NEWS RELEASE

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McMaster Announces \$1.9 Million Settlement in Medicaid Lawsuit

Columbia, S.C. - Attorney General McMaster announced today that South Carolina has recovered \$1,961,974.12 (\$1,343,351.17 as federal share and \$618,622.95 as state share) as part of a forty-state, \$37.5 million settlement with Gambro Healthcare Inc.

The agreement with Gambro resolves allegations that the company used a subsidiary company, Gambro Supply Corp., to improperly bill Medicaid for providing supplies and equipment to patients undergoing dialysis at home. (Dialysis assists in removing toxins from the blood when a patient's kidneys are unable to do so on their own. One form of dialysis, peritoneal dialysis, can be done by the patient at home after the patient has had sufficient training.)

By using their subsidiary, Gambro billed Medicaid at a higher reimbursement rate than what was allowed under federal regulations. As a result, the state Medicaid programs paid too much for the dialysis services. The settlement also covered allegations that Gambro caused federal and state healthcare programs to pay for unnecessary tests and services and that Gambro paid kickbacks to physicians based on patient referrals made to a Gambro clinic.

"As the state struggles with rising Medicaid costs, it's important to send a strong message that fraudulent abuse of taxpayer money will not be tolerated," said McMaster.

Similar agreements have been finalized in thirty-nine (39) other states and the District of Columbia. The \$37.5 million Medicaid recovery represents damages and penalties. The settlement period covers January 1, 1991, through September 30, 2004.

Last year, the federal government and Gambro entered into a settlement agreement in which Gambro paid more than \$308 million to the federal government to settle civil liabilities from the improper payments made to Gambro Supply Corp. Gambro Supply Corp. was also fined \$25 million in federal court in St. Louis in 2004 when the corporation pleaded guilty to a charge of health care fraud related to the improper billing.

Finally, as part of the settlement, Gambro has entered into a Corporate Integrity Agreement with the United States Department of Health and Human Services' Inspector General. The CIA will require strict scrutiny of Gambro's billing practices for the next five years.

The negotiations on behalf of the states were conducted by the Directors of the Medicaid Fraud Control Units from South Carolina, North Carolina, Ohio, and Missouri.

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