

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



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**PRESS RELEASE**

FOR IMMEDIATE RELEASE  
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**Healthcare Fraud Settlement Brings Funds to the District**

DC Inspector General Charles C. Maddox announced today that the District of Columbia has reached a settlement with the world's largest provider of kidney dialysis products and services to pay the city \$67,289 in restitution and penalties for healthcare fraud. The settlement with Fresenius Medical Care of North America, which earlier agreed to pay the federal government a total of \$486 million to resolve a sweeping investigation of health care fraud at a Fresenius kidney dialysis subsidiary called National Medical Care, Inc. (NMC), is part of an agreement involving 50 states and the District of Columbia.

Three NMC subsidiaries, NMC Home Care, Inc., LifeChem, Inc. and NMC Medical Products, Inc. pleaded guilty to three separate conspiracies and paid \$101 million in criminal fines. NMC Home Care pleaded guilty to conspiracy to defraud the United States by submitting false, fraudulent and misleading claims for nutritional therapy for dialysis patients, inflating the number of administration kits used to provide the therapy, and paying kickbacks to dialysis units. NMC LifeChem pleaded guilty to conspiracy to obtain Medicare payment for thousands of medically unnecessary laboratory blood tests. The former Vice President of Marketing of LifeChem previously pleaded guilty to participation in this conspiracy. Four other NMC executives were criminally charged. Finally, NMC Medical Products pleaded guilty to conspiracy to pay kickbacks in return for referrals for testing to LifeChem.

Fresenius also agreed to pay \$385 million to resolve related federal civil false claims, brought under the qui tam provision of the federal False Claims Act. The qui tam relators will collect \$65.8 million dollars from this amount. Finally, as part of the agreement, Fresenius entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of the U.S. Department of Health and Human Services. The CIA, which has an eight year term, requires Fresenius, among other things to include corporate compliance officers at various levels of the organization, a confidential employee hotline for employees to report suspected misconduct, and a corporate training program on designated compliance issues.

The Medicaid Fraud Control Unit (MFCU) of the D.C. Office of the Inspector General coordinated with the National Association of Medicaid Fraud Control Units (NAMFCU) to bring the settlement to the District. In his announcement, DC Inspector General Maddox commended Ilene J. Nathan, Deputy Director of the MFCU, and Eric Rellihan, MFCU auditor, for their efforts. The MFCU identifies and prosecutes Medicaid's health care providers who are involved in fraudulent billing practices and in the delivery of inferior health care services to the District of Columbia.