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## **PATHOLOGY LABORATORY AGREES TO PAY \$63.5 MILLION FOR PROVIDING ILLEGAL INDUCEMENTS TO REFERRING PHYSICIANS**

WASHINGTON – Pathology laboratory company Inform Diagnostics has agreed to pay \$63.5 million to settle allegations that it violated the False Claims Act by engaging in improper financial relationships with referring physicians, the Justice Department announced today. Inform Diagnostics, formerly known as Miraca Life Sciences Inc., is headquartered in Irving, Texas, and was a subsidiary of Miraca Holdings Inc., a Japanese company, during the period relevant to the case. In 2017, majority ownership of the company changed, and the company was renamed.

“The Department of Justice has longstanding concerns about improper financial relationships between health care providers and their referral sources because those relationships can alter a physician’s judgment about the patient’s true health care needs and drive up health care costs for everybody,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “In addition to yielding a substantial recovery for taxpayers, this settlement should deter similar conduct in the future and help make health care more affordable.”

The settlement announced today resolves allegations that the company violated the Anti-Kickback Statute and the Stark Law by providing to referring physicians subsidies for electronic health records (EHR) systems and free or discounted technology consulting services. The Anti-Kickback Statute and the Stark Law restrict the financial relationships that health care providers, including laboratories, may have with doctors who refer patients to them. Although regulations adopted by the Department of Health and Human Services (HHS) in 2006 included provisions that allowed laboratories to provide EHR donations to physicians under certain conditions, the United States alleged that the defendant violated those conditions. HHS withdrew those exemptions for laboratories in 2013.

“The wellbeing and needs of the patient should always be a medical provider’s primary considerations,” said U.S. Attorney Don Cochran of the Middle District of Tennessee. “The restrictions imposed by federal statutes exist to prevent improper influence on the parties prescribing and providing medical services, including laboratory tests. We will continue to enforce the laws that protect the integrity of federal health care programs.”

“Patients deserve the unfettered, independent judgment of their health care professionals. Offering financial incentives to physicians and medical practices in exchange for referrals undermines citizens’ trust in our health care system,” said United States Attorney Maria Chapa

Lopez of the Middle District of Florida. “With this settlement, our Civil Division confirms its commitment to our nation’s critical struggle against practices that put public health programs at risk.”

“When health care providers are distracted by suspect financial arrangements, the interests of patients can be cast aside,” said Special Agent in Charge Derrick L. Jackson of HHS OIG. “Our agency, working closely with our law enforcement partners, will continue to protect patients and the federal health care programs that serve them.”

The allegations stem from three lawsuits that were filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private citizens to bring suit on behalf of the United States for false claims and share in any recovery. The whistleblowers’ share of the settlement announced today has not yet been determined.

The case was investigated by the Civil Division’s Commercial Litigation Branch, the U.S. Attorney’s Office for the Middle District of Tennessee, the U.S. Attorney’s Office for the Middle District of Florida, the Department of Health and Human Services Office of Inspector General, and the Federal Bureau of Investigation. The claims asserted against Miraca are allegations only, and there has been no determination of liability.

The cases are captioned: *United States ex rel. Dorsa v. Miraca Life Sciences, Inc.*, Case No. 13-cv-1025 (M.D. Tenn.); *United States ex rel. LPF, LLC v. Miraca Life Sciences, Inc., et al.*, 3:16-cv-1355 (M.D. Tenn.); and *United State ex rel. Heaphy, et al. v. Miraca Life Sciences, Inc.*, 3:18-cv-1027 (M.D. Tenn.).

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