



OIG NEWS

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ADMINISTRATIVE LAW JUDGE AFFIRMS HHS OIG'S SANCTIONS AGAINST CLEARWATER, FLORIDA DURABLE MEDICAL EQUIPMENT OWNER AND PROVIDER

Washington, DC – The Office of Inspector General (OIG) for the Department of Health and Human Services (HHS) announced today that on June 24, 2008, Administrative Law Judge (ALJ) Steven T. Kessel affirmed the OIG's imposition of administrative sanctions under the Civil Monetary Penalties Law (CMPL) against Cary Frounfelter and Kast Orthotics and Prosthetics, Inc. The ALJ upheld the OIG's imposition of a \$100,000 civil money penalty, a \$42,220 assessment, and a 7 year exclusion against Frounfelter and Kast.

Frounfelter is the founder and owner of Kast, a durable medical equipment supplier located in Clearwater, Florida, that provided custom-made orthotic devices to inpatients at HealthSouth Rehabilitation Hospital in Largo, Florida. Frounfelter and Kast falsely claimed they provided the devices after the beneficiaries had been discharged from HealthSouth, or within a 48-hour window prior to discharge, and illegally billed the devices to Medicare Part B.

“This significant decision affirms OIG's determination to take action against both suppliers and corporate owners who engage in Medicare fraud, and validates the monetary penalties and exclusion remedy we found appropriate to address this conduct,” said HHS Inspector General Daniel R. Levinson.

Judge Kessel found that Frounfelter and Kast struck a “corrupt bargain” with HealthSouth, whereby Frounfelter and Kast “systematically, fraudulently, and falsely claim[ed] reimbursement under Part B of the Medicare Program for orthotic devices which they knew or should have known were not eligible for compensation under

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Part B. The U.S. Department of Justice and OIG previously settled a False Claims Act case against HealthSouth, Inc., for \$4 million based upon the company's role in this and similar fraudulent schemes entered into with suppliers of durable medical equipment.

Under the CMPL, OIG may seek civil money penalties, assessments, and exclusion for causing the submission of false or fraudulent claims to Federal health care programs. The CMPL is designed to deter persons from presenting improper claims to Federal health care programs, to compensate the Government for its costs and damages resulting from such improper claims, and to protect the integrity of these programs.

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