

GET 2 WEEKS FREE ▶ THE PRINT JOURNAL
▶ THE ONLINE JOURNAL

TOP STORIES IN New York

- Mutai Becomes New York's Fastest Finisher
- Meaning Is Elusive in the Grand 'Canyon'
- Retail Rumbblings Near GWB
- Third V Crash

NY REGION | NOVEMBER 1, 2011

\$70 Million Medicaid Settlement

Article Comments MORE IN NEW YORK »

Email Print Save Like +1 0 Tweet 7 A A

ARTICLE FREE PASS
 Enjoy your free sample of exclusive subscriber content.
 GET ALL OF WSJ.COM. [SUBSCRIBE NOW. GET 2 WEEKS FREE.](#)

By **DREW FITZGERALD**

New York City agreed to pay \$70 million to settle a Justice Department lawsuit that accused the city's personal-care services program of overbilling Medicaid for millions of dollars in reimbursements.

The city also acknowledged in the settlement that state regulations require an assessment by a physician, nurse and social worker for its 24-hour PCS program, as well as an independent medical review in some cases.

The program is a portion of Medicaid designed to provide cleaning, shopping, grooming and basic aid services to Medicaid beneficiaries meeting certain criteria. Under the law, an applicant may not receive the services without a determination of eligibility, which requires assessments from a treating physician, a social worker, and a nurse. Since 2000, about 17,500 people had received 24-hour personal-care services from the city, the Justice Department said in January.

The settlement is the latest in a series of deals federal prosecutors have struck with groups accused under the federal False Claims Act of overcharging the government for services.

City corporation counsel Michael Cardozo said the settlement covered a small slice of the PCS program's expenditures over the past decade in a case "based on technical record-keeping deficiencies and nothing more."

"Given the size and scope of the programs administered by the city, and the highly punitive and draconian application of the False Claims Act, which provides for triple damages, the city's decision to settle the case was prudent and in the best interest of protecting the city's [fiscal health]," Mr. Cardozo said in a statement. "The City remains deeply concerned about the use of the False Claims Act to resolve funding disputes among governmental entities."

U.S. Attorney Preet Bharara said the city acknowledged that the settlement was fair and reasonable, adding the city's "argument that this case was about 'paperwork' was specifically rejected by federal District Court Judge [Jed Rakoff](#) when he denied the city's motion to dismiss this case."

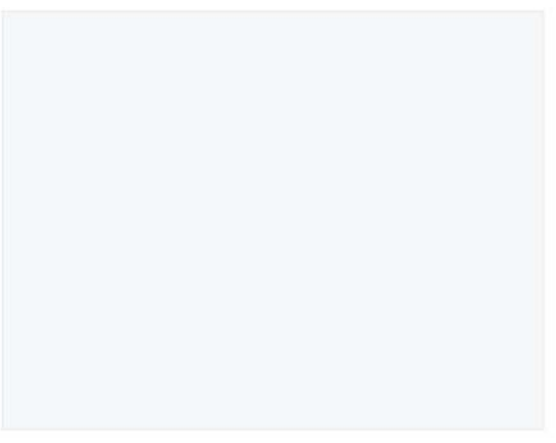
The Justice Department's complaint in January alleged the city had routinely reauthorized 24-hour continuous personal-care services for applicants without the required local medical director assessment from 2000 to 2010.

Currently, the annual cost of such services range from \$75,000 to \$150,000 per individual. The city allegedly improperly authorized services for a "substantial percentage of the thousands of individuals receiving this 24-hour care," resulting in damages of at least tens of millions of dollars. In some cases, the Justice Department alleged city administrators overruled the findings of the local medical director that personal-care services were inappropriate for the patient, and that the city knowingly reauthorized 24-hour care for patients where the nursing and social work assessments were missing or not reviewed.

The Justice Department had further alleged the city's conduct resulted in patients receiving more services through the program than were necessary. It was also alleged the city's conduct results in some patients receiving a lower level of services than those patients needed, "potentially endangering the welfare of those patients."

Write to Drew Fitzgerald at andrew.fitzgerald@dowjones.com

[JOIN THE DISCUSSION](#) MORE IN New York »



Available to WSJ.com Subscribers

- Russian Tycoons Face Off in Court
- Old Debts Dog Europe's Banks

- Regulator to Skip MF Global Probe
- U.S. at Risk if Europe Goes Bad
 Even a mild recession in Europe would be felt both on American corporate balance sheets and in the broader U.S. economy. A severe shock from Europe could derail the fragile U.S. recovery.

[Get your two-week risk free trial »](#) [Subscribe Now](#)

Most Popular

- Read Emailed Video Commented
- 1. Earthquakes Jar Oklahoma
- 2. The Footage the NFL Won't Show You
- 3. Credit Unions Poach Clients
- 4. Why Wall Street Can't Handle the Truth
- 5. Young Men Suffer Worst as Economy Stagers

Most Read Articles Feed

The Wall Street Journal on your iPad.
 Subscribe to WSJ digital for \$3.99/week and get 4 weeks free
 Includes unlimited access to WSJ.com and WSJ Mobile
[Get 4 Weeks FREE](#)

METROPOLIS
 Real-time coverage of greater New York

Weather Journal: Morning Chill, Afternoon Warmth
 A spell of ideal fall weather is predicted for Greater