



DEPARTMENT OF THE ATTORNEY GENERAL

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News Release 2015-29

**STATE WINS OVER \$7 MILLION AWARD FROM LIBERTY DIALYSIS FOR
OVERPAYMENTS AND FILES FALSE CLAIMS LAWSUIT**

HONOLULU – On Friday, July 10, 2015 the State of Hawaii won an order declaring that Liberty Dialysis (“Liberty”) owes over \$7 million in funds that Liberty was overpaid for treatments given to Medicaid patients between 2006 and 2010. The State sued Liberty yesterday for false claims, alleging that Liberty deliberately submitted claims it knew would result in overpayments.

Attorney General Doug Chin said, “A hearings officer has ordered Liberty Dialysis to pay back the State for millions of dollars in overpayments. We expect to prove in this new lawsuit that Liberty gamed the system to keep being overpaid. We will not and cannot tolerate this kind of behavior.”

Original overpayments to Liberty were due to a computer error in the state department of human services claims processing system resulting in overpayments for claims Liberty submitted for the drug Epogen during dialysis treatments. Last Friday’s administrative decision concluded the outstanding balance Liberty must reimburse is \$7,032,108.73.

Yesterday’s lawsuit alleges that Liberty knew it was being overpaid by the State of Hawaii, and despite being notified by its billing consultant of the error, continued to submit claims in a way designed to keep being overpaid. The complaint also alleges claims for intentional and/or negligent misrepresentation, unjust enrichment and breach of contract. The State is seeking, among other remedies, triple damages for the overpayment plus civil penalties of \$5,500 to \$11,000 to be assessed for each false claim submitted, as well as attorney fees and costs.

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