



**DEPARTMENT OF THE ATTORNEY GENERAL**  
**KA 'OIHANA O KA LOIO KUHINA**

**JOSH GREEN, M.D.**  
GOVERNOR  
KE KIA'ĀINA

**ANNE LOPEZ**  
ATTORNEY GENERAL  
LOIO KUHINA

News Release 2024-43

**MAJOR DRUG TESTING LABORATORY AGREES TO PAY \$27 MILLION TO  
RESOLVE ALLEGATIONS OF UNNECESSARY DRUG TESTING AND ILLEGAL  
KICKBACKS**

**FOR IMMEDIATE RELEASE**

Oct. 3, 2024

HONOLULU, HI – Attorney General Anne Lopez announced today that the state of Hawai'i has joined the United States, the District of Columbia, and 43 other states in settling allegations against Precision Toxicology, LLC d/b/a Precision Diagnostics, Inc. ("Precision"). The settlement resolves allegations that Precision knowingly submitted or caused to be submitted false claims to the Medicaid program related to urine drug testing ("UDT") that was either not medically necessary or tainted by kickbacks. As part of the settlement the state of Hawai'i will receive \$101,416.16 in restitution. Hawai'i's share of the restitution is directly related to identified instances wherein Precision had double billed the Hawai'i Medicaid Program.

Pursuant to the settlement, Precision will pay \$27,000,000.00, plus interest, to the United States, the District of Columbia and 43 states to resolve the allegations set forth in three lawsuits filed by whistleblowers under the *qui tam* provisions of the federal and state False Claims Acts, which allow private parties to bring suit on behalf of the government and to share in any recovery. Two of the cases are captioned *United States and Maryland ex rel. Hudak v. Precision Toxicology, LLC*, ELH-18-1510 (D. Md.) and *United States, Illinois and Minnesota ex rel. Buonauro v. Precision Diagnostics, LLC et al.*, ELH-21-3231 (D. Md). The third *qui tam* case against Precision, brought in the District of Colorado, remains partially sealed.

Precision is a toxicology laboratory that markets and performs laboratory UDT nationwide, primarily for substance use disorder and pain management providers. The settlement resolves allegations that from January 1, 2013, through December 31, 2022, Precision submitted or caused false claims to be submitted to Medicaid for UDT that were not medically reasonable and necessary for the diagnosis or treatment of an illness or injury or to improve the functioning of a malformed body part. Specifically, it

was alleged that Precision developed and implemented a policy and practice of utilizing non-allowable blanket orders for UDT without any physician making an individualized determination that the UDT was medically necessary or reasonable for the particular patients for whom the tests were ordered. The settlement also resolves allegations that Precision, during the period of January 1, 2013, through June 30, 2014, provided free point-of-care UDT cups to physicians in exchange for UDT referrals, in violation of the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b).

A National Association of Medicaid Fraud Control Units (“NAMFCU”) Team investigated the allegations in conjunction with the Department of Justice and United States Attorney’s Offices in Colorado, Connecticut, and Maryland. The NAMFCU Team included representatives from the Offices of the Attorneys General for the states of Florida, California, Colorado, Connecticut, Louisiana, Maryland, and Virginia.

Landon M.M. Murata, director of the Medicaid Fraud Control Unit, Department of the Attorney General (Hawai‘i MFCU), and Judy Mohr Peterson, PhD., Med-QUEST division administrator, Department of Human Services, entered into the settlement agreement on behalf of the state of Hawai‘i.

The Hawai‘i MFCU is a specialized unit within the Department of the Attorney General that is charged with conducting criminal and civil investigations and prosecutions of (1) provider fraud against the Medicaid Program, (2) fraud in the administration of the Medicaid Program, and (3) abuse and neglect of Medicaid beneficiaries and residents of board and care facilities throughout the state of Hawai‘i.

“We are committed to aggressively pursuing those who ignore medical necessity in favor of increasing profits at the expense of patients, taxpayers, and Hawai‘i’s critical healthcare programs,” said Director Murata.

The Hawai‘i MFCU is funded through a grant totaling \$3,670,956.00 for Federal Fiscal Year 2025, from the U.S. Department of Health and Human Services - Office of Inspector General. The federal share of these funds is 75% totaling \$2,753,220.00. The state matching share of these funds is 25% totaling \$917,736.00 and is provided by the Medicaid Investigations Recovery Fund.

The settlement agreement can be found [here](#).

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### **Media Contacts:**

Dave Day  
Special Assistant to the Attorney General  
808-586-1284  
Email: [david.d.day@hawaii.gov](mailto:david.d.day@hawaii.gov)  
Web: <http://ag.hawaii.gov>

Department of the Attorney General  
News Release 2024-43  
Page 3

Toni Schwartz  
Public Information Officer  
Hawai'i Department of the Attorney General  
Office: 808-586-1252  
Cell: 808-379-9249  
Email: [Toni.E.Schwartz@hawaii.gov](mailto:Toni.E.Schwartz@hawaii.gov)  
Web: <http://ag.hawaii.gov>