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Legal & Regulatory Issues

Dialysis company hit with False Claims Act suit

Alia Paavola - Wednesday, February 17th, 2021 [Print](#) | [Email](#)

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A former employee filed an amended whistleblower complaint against Fresenius Medical Care North America, alleging the dialysis company had unlawful arrangements with hospitals and nephrologists that violated the False Claims Act and Anti-Kickback Statute, according to an article from Benesch attorneys published on JDSupra.

The former employee, Martin Flanagan, claims Fresenius entered into unlawful arrangements to secure dialysis patient referrals to its outpatient clinics. Specifically, the lawsuit claims it used its dialysis management contracts with hospitals as "loss leaders," which is a pricing strategy where a product is sold below its market cost to stimulate other sales of more profitable goods or services. The lawsuit alleges the company had a culture of doing whatever it takes to enter these hospital contracts to induce patient referrals to outpatient centers.

The complaint also claims Fresenius had unlawful arrangements with nephrologists to get patient referrals to its joint-venture and owned outpatient centers. Specifically, the lawsuit claims the company had medical director agreements that compensated physicians in excess of fair market value and had non-competition covenants and rights of first refusal to provide services at other centers.

Becker's Hospital Review has reached out to Fresenius for comment and will update the article accordingly.

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