

THE UNITED STATES ATTORNEY'S OFFICE
CENTRAL DISTRICT *of* CALIFORNIA

Department of Justice
U.S. Attorney's Office
Central District of California

FOR IMMEDIATE RELEASE
Thursday, November 16, 2017

San Diego Nursing Homes Owned by L.A.-Based Brius Management to Pay up to \$6.9 Million to Resolve Kickback and Fraud Allegations

LOS ANGELES – Four San Diego-area nursing homes owned by Los Angeles-based Brius Management Co. have agreed to pay as much as \$6.9 million to resolve civil allegations that their employees paid kickbacks for patient referrals and submitted fraudulent bills to government health care programs.

The settlement with the four nursing homes resolves an investigation into allegations that their employees paid kickbacks to discharge planners at Scripps Mercy Hospital San Diego to induce patient referrals to the nursing homes in violation of the federal Anti-Kickback Statute.

The investigation examined additional allegations made in a “whistleblower” lawsuit that the nursing homes submitted false claims to Medicare and Medi-Cal for services provided to patients referred from Scripps Mercy Hospital. Bills submitted for patients referred as a result of illegal kickbacks would constitute fraud against the United States and the State of California.

The four nursing homes involved in the settlement are: Point Loma Convalescent Hospital, Brighton Place – San Diego, Brighton Place – Spring Valley, and Amaya Springs Health Care Center in Spring Valley.

These same four nursing homes entered into Deferred Prosecution Agreements (DPAs) with the United States Attorney's Office in San Diego in 2016. In the DPAs, the four entities admitted that nursing home employees conspired to pay kickbacks without the knowledge of Brius Management Co. The nursing homes admitted that their employees used corporate credit cards to pay for gift cards, massages, tickets to sporting events, and a cruise on the *Inspiration Hornblower* that were given to planners at Scripps Mercy Hospital as kickbacks.

“Kickbacks for patient referrals are illegal under federal law because of the corrupting influence on our nation's healthcare system,” said Acting United States Attorney Sandra R. Brown. “This settlement demonstrates our resolve to combat fraud that compromises the care provided to patients served by a government healthcare plan. This case further shows the power of whistleblowers to shine a light on corrupt activities and obtain significant recoveries on behalf of United States taxpayers.”

The settlement calls for guaranteed payments of \$1,785,967 to the United States, to be paid in three annual installments, and a \$240,950 lump sum payment to the State of California. The nursing homes paid the first installment to the United States on November 6, and California received its payment on November 10.

The hospitals also agreed to pay up to \$4.9 million to the United States if certain operational contingencies are met, making the total settlement worth up to \$6,926,917.

The four nursing homes have also entered into Corporate Integrity Agreements with the Department of Health and Human Services.

“Skilled nursing facilities that pay kickbacks in order to boost profits will be held accountable for their improper conduct,” said Christian J. Schrank, Special Agent in Charge of the U.S. Department of Health and Human Services Office of Inspector General. “We will continue to crack down on kickback arrangements, which can corrupt medical decision-making and undermine the public’s trust in the health care system.”

Eric S. Birnbaum, Special Agent in Charge of the San Diego Division of the Federal Bureau of Investigation, stated, “The FBI will continue to bring our resources to bear in support of False Claims Act investigations to protect the integrity of the Medicare Trust Fund.”

The settlement resolves a lawsuit brought by a former employee of one of the nursing homes under the *qui tam* – or whistleblower – provisions of the federal and state False Claims Acts, which allow private citizens to file lawsuits on behalf of the United States and California and share in any recovery. The whistleblower, Viki Bell-Manako, will receive 20 percent of each settlement payment. Pursuant to the settlement, United States District Judge John F. Walter today dismissed the lawsuit, *United States of America, State of California ex rel. Bell-Manako v. Brius Management Co., et al.*, CV11-2036-JFW.

The settlement with the four nursing homes was negotiated by the Civil Fraud Section of the United States Attorney’s Office following an investigation by the Department of Health and Human Services, Office of Inspector General, and the Federal Bureau of Investigation.

Component(s):

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Press Release Number:

17-207

Updated November 17, 2017