

Medtronic Settles Physician Payments Enquiry



Medtronic has agreed to pay the U.S. \$23.5 million to resolve allegations that it violated the False Claim Act by using physician payments related to post-market studies and device registries as kickbacks to induce doctors to implant the company's pacemakers and defibrillators.

The U.S. Department of Justice (DoJ) contends that Medtronic caused false claims to be submitted to Medicare and Medicaid by using two post-market studies and two device registries as vehicles to pay participating physicians illegal kickbacks to induce them to implant Medtronic pacemakers and defibrillators. Although Medtronic collected data and information from participating physicians, each of the studies and registries required a new or previous implant of a Medtronic device in each patient, and in each case Medtronic paid participating physicians a fee ranging from approximately \$1,000 to \$2,000 per patient.

The DoJ contends that Medtronic solicited physicians for the studies and registries to convert their business from a competitor's product and/or persuade the physicians to continue using Medtronic products.

The Minneapolis-based Medtronic said it makes no admission that any studies were improper or unlawful. The company established a reserve for the full anticipated payment in the fourth quarter of the 2011 fiscal year.

"Today's settlement highlights one of the key purposes of the Anti-Kickback Law--to ensure that the judgment exercised by healthcare providers in treating Medicare and Medicaid patients is not influenced by unlawful payments," said Benjamin B. Wagner, U.S. Attorney for Eastern District of California.

"Medtronic is happy to have this investigation behind us, so we can continue designing and executing clinical trials that generate evidence to improve patient care, outcomes and cost effectiveness," said Marshall Stanton, MD, vice president of clinical research and reimbursement for the Cardiac and Vascular Group at Medtronic.

The settlement resolves allegations contained in two whistleblower lawsuits filed under the qui tam provisions of the False Claims Act that are pending in Minnesota and California, respectively. As part of the resolution, the whistleblowers will receive payments totaling more than \$3.96 million from the federal share of the recovery.

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