



# Department of Justice

**United States Attorney Brian J. Stretch  
Northern District of California**

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FOR IMMEDIATE RELEASE  
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## **OXYGEN EQUIPMENT PROVIDER PAYS \$11.4 MILLION TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS**

SAN FRANCISCO – Braden Partners, L.P., doing business as Pacific Pulmonary Services, has agreed to pay \$11.4 million to resolve allegations against it and its general partner, Teijin Pharma USA LLC, for violating the False Claims Act. The government has accused the entities of submitting claims for reimbursement to Medicare and other federal healthcare programs in violation of program rules and as part of a cross-referral kickback scheme with sleep clinics. The announcement was made by U.S. Attorney Brian J. Stretch, Acting Assistant Attorney General for the Justice Department's Civil Division Chad A. Readler, and Special Agent in Charge of the Office of Inspector General for the U.S. Department of Health and Human Services Steven J. Ryan.

California-based Pacific Pulmonary Services furnishes stationary and portable oxygen tanks and related supplies, and sleep therapy equipment, such as Continuous Positive Airway Pressure, Bilevel Positive Airway Pressure masks and related supplies, to patients' homes in California and other states. The government alleges that, beginning in about 2004, Pacific Pulmonary Services began submitting claims to the Medicare, TRICARE and Federal Employee Health Benefits programs for home oxygen and oxygen equipment without

obtaining a physician authorization, as required by program rules. Further, beginning in 2006, certain of the company's patient care coordinators also allegedly agreed to make patient referrals to sleep testing clinics in exchange for those clinics' agreement to refer patients to Pacific Pulmonary Services for sleep therapy equipment.

"The United States Attorney's Office is committed to taking all appropriate action against companies that disregard patients' medical needs in pursuit of company profits," said U.S. Attorney Stretch. "Patients in federal health care programs expect and deserve medical care that is free from any undue influence and complies with the program safeguards that are in place to protect patients."

"This settlement demonstrates our tenacity in pursuing health care providers who seek to take advantage of federal healthcare programs," said Acting Assistant Attorney General Reader. "Providers who cut corners and pay kickbacks should be aware that they may face serious consequences."

"Home oxygen equipment and related supplies are some of the most fraudulently billed items of durable medical equipment," said Special Agent in Charge Ryan. "Medicare suppliers more concerned with profits than compliance will be met with investigation and enforcement."

The settlement resolves allegations filed in a lawsuit by a former sales representative of Pacific Pulmonary Services, in federal court in San Francisco, California. The lawsuit was filed by Manuel Alcaine under the *qui tam*, or whistleblower, provisions of the False Claims Act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery. The Act also allows the government to intervene and take over the action, as it did in this case. In this case, Mr. Alcaine will receive \$1,824,000 of the recovered funds.

The settlement was the result of a coordinated effort by the United States Attorney's Office, the Civil Division of the Department of Justice, the Health and Human Services Office of Inspector General, and the various other agencies that administer the federal health care plans at issue.

The claims resolved by the settlements are allegations only; there has been no determination of liability.

### **Further Information:**

Case Information: *United States ex rel. Alcaine v. Braden Partners, L.P., dba Pacific Pulmonary Services, et al.*, 10-cv-4597 (N.D. Cal.).

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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