



OIG NEWS

For Immediate Release
August 27, 2007

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**EIGHTH CIRCUIT AFFIRMS OIG'S IMPOSITION OF CIVIL MONETARY
PENALTIES, ASSESSMENTS, AND EXCLUSION OF FORMER OWNER/CEO OF
IOWA'S LARGEST HOME HEALTH AGENCY**

Washington, DC – The Office of Inspector General (OIG) for the Department of Health and Human Services (HHS) announced today that on August 7, 2007, the United States Court of Appeals for the Eighth Circuit issued a decision affirming the OIG's imposition of administrative sanctions under the Civil Monetary Penalties Law (CMPL) against Thomas M. Horras, the former owner and C.E.O. of Hawkeye Health Services, Inc.

During the 1990's, Hawkeye was the largest home health agency in Iowa. The court upheld the OIG civil monetary penalty and assessment of \$711,212 and a 7-year exclusion of Horras for causing Hawkeye to submit fraudulent claims to Medicare and Medicaid.

This is the first reported decision by an appellate court upholding the OIG administrative sanctions under the CMPL against a corporate owner and executive for causing the submission of fraudulent claims by a corporation to Medicare and Medicaid.

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“This appellate decision is an important affirmation of the OIG’s use of our administrative enforcement tools against corporate owners and executives who are responsible for Medicare and Medicaid fraud,” said Inspector General Daniel R. Levinson.

The Eighth Circuit’s decision upholds the Administrative Law Judge’s ruling following a 2-week trial in Knoxville, Iowa, in May 2003. The fraudulent claims in this case involved unallowable costs related to: (1) Horras’s divorce proceedings, (2) Horras’s personal use of luxury automobiles owned by Hawkeye, (3) Horras’s personal membership dues to a social club, (4) pest control services provided at Horras’s home, (5) professional fees related to the sale of Hawkeye and, (6) marketing costs and charitable donations.

The Eighth Circuit also upheld the OIG’s imposition of administrative sanctions under the CMPL against Christine Richards, the former Director of Finance for Hawkeye, for her role in preparing the fraudulent claims submitted to Medicare and Medicaid. The court upheld monetary sanctions of \$4,646 and a 1-year exclusion against Richards. On November 3, 2003, OIG settled similar allegations against Auxi-Health, Inc., Hawkeye’s corporate successor, for \$125,000.

Under the CMPL, OIG may seek civil money penalties, assessments, and exclusion for causing the submission of false or fraudulent claims to Federal health care programs. The CMPL is designed to deter persons from presenting improper claims to Federal health care programs, to compensate the Government for its costs and damages resulting from such improper claims, and to protect the integrity of these programs.

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