U.S. District Court Permits False Claims Act Case to Proceed Against Software Billing Company



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On April 30, 2024, the United States District Court for the District of New Jersey denied a motion to dismiss a case against software provider Homecare Homebase, LLC (HCHB) for allegedly causing home health providers to submit false claims for reimbursement from Medicare, Medicaid, and private health insurance in violation of the federal False Claims Act.

The action, U.S. et al., ex rel. Mark Schieber v. Holy Redeemer Healthcare System, Inc. et al., was brought by a former employee of Holy Redeemer Healthcare System (Relator), who alleged that HCHB's software was intentionally designed to inflate reimbursement by prompting users to upcode the number of medically necessary visits. The Relator further alleged that codefendant Holy Redeemer instructed its staff to inflate reimbursement revenues when using the software.

The court denied the defendants' motion to dismiss because the Relator sufficiently asserted that the alleged conduct was a substantial factor in bringing about the submission of the false records or claims, HCHB exhibited at least deliberate ignorance to, or a reckless disregard for, the falsity of information being coded on its software in response to prompts, and upcoding visits to a greater number than what is medically necessary was material to the government payor decisions to make reimbursement payments.

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