

# GOVERNMENT SETTLES PHARMACY FRAUD CASE BROUGHT BY WHISTLEBLOWER LAW COLLABORATIVE CLIENT FOR \$6.87 MILLION

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**Whistleblower Law Collaborative LLC** →

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BOSTON , Oct. 14, 2022 /PRNewswire/ -- The United States settled a False Claims Act case brought Whistleblower Law Collaborative LLC, client against DermaTran Health Solutions, LLC, a compounding pharmacy based in Rome, Georgia, its parent State Mutual Insurance Company, President Delos Yancey, and other defendants. Under the agreement, Defendants paid over \$6.87 million to resolve allegations that they defrauded government payers in a scheme to sell compounded drugs.

State Mutual Insurance Company hired our client to provide accounting services for DermaTran. She repeatedly expressed concerns about the practices she witnessed. However, in 2017, after being repeatedly ignored by her employers, she approached our firm seeking assistance in reporting the alleged fraud.

As alleged in our Complaint, Yancey caused State Mutual Insurance subsidiaries to bankroll DermaTran, to sell "compounded" pain creams. These are often very expensive drugs created by a pharmacy rather than drug manufacturer.

Pharmacy Insurance Administrators, LLC, a subsidiary of Insurance Administrative Solutions, LLC; which was a subsidiary of Gulfcoast Administrators, LLC; which was majority-owned by Life & Health Holdings, Inc.; which was a subsidiary of State Mutual Insurance Company, was



created to handle the billing.

Government-backed health insurance programs such as TRICARE often reimbursed thousands of dollars for these prescriptions, but required pharmacies charge them no more than what they charged cash-paying, uninsured patients. In the interests of profit, defendants ignored these rules and charged TRICARE hundreds of dollars while selling the same prescriptions for as little as \$30.

Defendants also avoided charging copays to patients to make them indifferent to the high prices they charged insurers and paid kickbacks to doctors to induce prescriptions.

Under the False Claims Act, private citizens (known as "relators") who know of fraud against the government can act as a whistleblower and bring claims on the government's behalf. If successful, the relator receives a share of the government's recovery.

Our client received \$1,434,775 or nearly 21% of the settlement plus payment from defendants compensating for retaliating against her.

Our client praised the results: "The process was long, stressful and sometimes scary - but it was necessary. When you see people in business who take advantage of the system, without regard to the harm it causes to veterans, hard-working citizens, and taxpayers, you can't stand by silently. I am grateful to my amazing legal team, for standing by my side throughout."

WLC attorney David W. S. Lieberman praised the outstanding work of Assistant U.S. Attorneys Anthony DeCinque, Neeli Ben-David, and Armen Adzhemyan. "This was an extremely complex fraud, but the attorneys in the Northern District of Georgia worked hand in glove with relator to understand the scheme and bring the case to a successful resolution."

WLC attorneys Bruce Judge and Suzanne Durrell added their appreciation for their courageous client who sounded the alarm on this important issue. "Our client could easily have kept silent about the fraud she witnessed, but she did the right thing and came forward to tell the

government about a serious fraudulent scheme that was draining millions from veterans and other vulnerable patients. We view this settlement as a clear vindication of her difficult choice to come forward."

We are grateful for the work of our co-counsel, Julie Bracker and Jason Marcus of Bracker and Marcus and Joshua Russ and Allison Cook of Reese Marketos.

The Whistleblower Law Collaborative LLC, based in Boston, devotes its practice to representing clients actions under the federal and state False Claims Acts and other whistleblower programs. Among the firm's many recent successes is a \$6.5 million settlement under federal and state False Claims Acts for opioid treatment fraud.

For more information, contact the Whistleblower Law Collaborative LLC at 617.366. 2800.

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