



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**UNITED STATES SETTLES ACTION AGAINST NEW YORK CITY DEPARTMENT OF
EDUCATION FOR SUBMITTING FALSE CLAIMS TO MEDICAID FOR PSYCHOLOGICAL
SERVICES TO SPECIAL EDUCATION STUDENTS**

Loretta E. Lynch, United States Attorney for the Eastern District of New York, today announced that the United States has entered into a settlement with the City of New York in the case of *Ohlmeyer ex rel. United States of America v. City of New York*, a whistleblower action brought pursuant to the *qui tam* provisions of the federal False Claims Act, 31 U.S.C. Sections 3729-33 (the FCA). In its civil complaint, the United States alleged that the City of New York Department of Education (DOE) submitted false claims to Medicaid for psychological counseling services to special education students in the New York City public schools. The settlement calls for the City to pay \$1,375,000 to the United States.

“When Medicaid shells out scarce dollars for services that are not provided, both the students in need of psychological support and the public fisc are harmed,” stated United States Attorney Lynch. “We will vigorously pursue entities, including local governmental agencies that seek reimbursement of federal funds to which they are not entitled.”

As described in the complaint, Medicaid pays DOE a flat fee of \$223 for each student to whom DOE provides at least two psychological counseling sessions in a calendar month. Half of that money comes from the federal government. DOE is not entitled to any payment if an individual student receives fewer than two counseling sessions in a month. The United States alleged that, between 2001 and 2004, the DOE knowingly billed Medicaid for counseling services to individual students, even though it provided fewer than two counseling sessions per month to those students. In one case, DOE requested 15 months of payments from Medicaid for psychological counseling to a student during the 2001-02 and 2002-03 school years. According

to DOE's own service records, the student received fewer than two counseling sessions in 12 of those months.

Of the settlement amount, 15%, or \$206,250, will be paid to the Relator, Dana Ohlmeyer, who initiated the case under the *qui tam*, or whistleblower provisions of the FCA. The City will also pay FCA attorney's fees of \$40,000.

The case was handled by Assistant United States Attorney Michael J. Goldberger with assistance from Department of Health and Human Services Office of Inspector General Special Agent Elysia Doherty.