**U. S. Department of Justice**

Press Release

**Mobile Cardiac PET Scan Provider and Founder to Pay $85 Million to Resolve Allegedly Unlawful Payments to Referring Doctors**

Tuesday, October 10, 2023

**For Immediate Release**

Office of Public Affairs

Cardiac Imaging Inc. (CII), headquartered in Illinois, and its founder, owner, and CEO Sam Kancherlapalli, a resident of Florida, have agreed to pay a total of $85,480,000 to resolve False Claims Act allegations that they paid referring cardiologists excessive fees to supervise PET scans in violation of the Anti-Kickback Statute (AKS) and the Physician Self-Referral Law (Stark Law). CII agreed to pay $75 million, plus additional amounts based on future revenues, and Kancherlapalli agreed to pay $10,480,000. These settlements are based on their ability to pay.

“Healthcare providers that pursue patient referrals through illegal kickbacks and other unlawful financial arrangements will be held accountable,” said Principal Deputy Attorney General Brian M. Boynton, head of the Justice Department’s Civil Division. “We will continue to safeguard federal healthcare funds by rooting out financial relationships between healthcare providers and referring physicians that can corrupt medical decisionmaking and increase the cost of care.”

The United States alleged that between March 1, 2014, and May 31, 2023, CII and Kancherlapalli knowingly caused false or fraudulent claims to federal health care programs arising from violations of the AKS and the Stark Law. Specifically, with Kancherlapalli’s oversight and approval, CII allegedly paid kickbacks to referring cardiologists in the form of above-fair market value fees of $500 or more per hour, ostensibly for the cardiologists to supervise the PET scans for the patients they referred to CII. The United States alleged these fees substantially exceeded fair market value for the cardiologists’ services because CII paid the referring cardiologists for each hour CII spent scanning the cardiologists’ patients, including time the cardiologists were away from CII’s mobile scanning units providing care for other patients or were not even on site. CII’s fees also purportedly compensated the cardiologists for additional services beyond supervision that were not actually provided. CII purported to rely on a consultant’s fair market value analysis that the United States alleged CII knew was premised on fundamental inaccuracies about the services referring physicians provided and that the consultant ultimately withdrew.

“Paying illegal kickbacks to cardiologists so they refer patients undermines the integrity of federal healthcare programs and needlessly increases costs,” said U.S. Attorney Alamdar Hamdani for the Southern District of Texas. “Patients deserve care based on their medical need and not on a doctor or company’s financial interest or gain. This outcome emphasizes my office’s commitment to pursing justice, ensuring the public’s trust in the federal healthcare system and holding the corrupt accountable.”

“Illegal kickback payments not only corrupt the medical decision-making process but also cause harm and financial loss to Medicare and other federally funded healthcare programs,” said Special Agent in Charge Jason E. Meadows for the Department of Health and Human Services Office of Inspector General (HHS-OIG). “HHS-OIG works closely with our law enforcement partners to root out and hold accountable those who put profit and personal gain ahead of legitimate medical services.”

In connection with the settlement, CII and Kancherlapalli entered into a five-year Corporate Integrity Agreement (CIA) with the HHS-OIG. The CIA requires, among other compliance provisions, that CII implement measures designed to ensure that arrangements with referring physicians are compliant with the AKS and the Stark Law. The CIA also requires that CII implement a centralized annual risk assessment and internal review process to identify and address the AKS and the Stark Law risks associated with arrangements and retain an Independent Review Organization to perform a systems and transactions review of arrangements.

The civil settlement resolves claims brought under the *qui tam* or whistleblower provisions of the False Claims Act by Lynda Pinto, a former billing manager at CII. Under those provisions, a private party can file an action on behalf of the United States and receive a portion of any recovery. The *qui tam* action also raises claims against CII’s former President and part-owner Richard Nassenstein, which are not resolved in this settlement. The *qui tam* case is captioned *U.S. ex rel. Pinto v. Cardiac Imaging, Inc., et al.*, No. 18-cv-2674 (S.D. Tex.). The relator’s share of the settlement has not yet been determined.

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department’s Civil Division, Commercial Litigation Branch, Fraud Section and the U.S. Attorney’s Office for the Southern District of Texas, with assistance from the HHS-OIG, the Defense Health Agency Office of Inspector General, the Railroad Retirement Board Office of Inspector General, and Veteran’s Affairs Office of Inspector General

The investigation and resolution of this matter illustrates the government’s emphasis on combating healthcare fraud. One of the most powerful tools in this effort is the False Claims Act. Tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement, can be reported to the HHS at 800-HHS-TIPS (800-447-8477).

The matter was handled by Trial Attorneys Samuel R. Lehman and Jake M. Shields of the Justice Department's Civil Division, and Assistant U.S. Attorney Melissa M. Green for the Southern District of Texas.

*The claims resolved by the settlement are allegations only and there has been no determination of liability.*

Updated October 10, 2023

<https://www.google.com/search?q=DOH+CARDIAC+PET+SETTLEMENT&sca_esv=83deed022e42a993&source=hp&ei=aF39ZqzRGY20wN4PudWt6A0&iflsig=AL9hbdgAAAAAZv1reGKNY1oSKnUUPlM6-XQ7YSAkEdtN&ved=0ahUKEwisparU-O-IAxUNGtAFHblqC90Q4dUDCA8&uact=5&oq=DOH+CARDIAC+PET+SETTLEMENT&gs_lp=Egdnd3Mtd2l6IhpET0ggQ0FSRElBQyBQRVQgU0VUVExFTUVOVDIFECEYoAEyBRAhGKABMgUQIRigATIFECEYoAEyBRAhGKABSLSSAVD6Hli6igFwAXgAkAEAmAHgA6ABv>