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MADIGAN AND FITZGERALD PRAISE \$144 MILLION FRAUD VERDICT AGAINST MEDICAID HMO

Chicago – Illinois Attorney General Lisa Madigan and United States Attorney Patrick J. Fitzgerald today announced a federal jury returned a \$48 million dollar verdict against Amerigroup Illinois and Amerigroup Corporation. The jury found both companies liable for systematic and extensive fraud in the Medicaid program, which is funded jointly by the federal and state governments.

The amount of the jury award will be tripled under the federal False Claims Act and the Illinois Whistleblower Reward and Protection Act for a total damage award of \$144 million. Additionally, under the law, Attorney General Madigan and U.S. Attorney Fitzgerald will ask the court to impose penalties, ranging from \$5,500 to \$11,000 for each of the 18,130 false claims that the juries found were submitted by Amerigroup. The verdict amounts to one of the largest ever fraud jury verdicts against a Medicaid contractor.

”This office will continue to vigorously investigate allegations of healthcare fraud, whether by insurance companies, hospitals, or physicians,” Mr. Fitzgerald said. “We are not reluctant to take these cases to trial, and as recent experience indicates, judges and juries are willing to assess substantial damage awards in appropriate cases. This case is an excellent example of how this office and our colleagues in the state Attorney General’s Office can work together with private attorneys under the whistleblower provisions of the False Claims Act to combat healthcare fraud.”

“The verdict will both reimburse the state of Illinois for the money Amerigroup obtained illegally and punish Amerigroup for their unconscionable conduct,” said Attorney General Madigan. “Yesterday’s verdict sends a strong message that companies who contract with the State of Illinois to provide healthcare to its neediest residents cannot discriminate against those residents who need care the most.”

From 2000-2004 Amerigroup was paid \$243 million to set up a Medicaid managed care health plan in Illinois that would help low income people get the care they need. Amerigroup was paid, in part, to help low income pregnant

women who had inadequate prenatal care to navigate the complicated healthcare system and find care. Amerigroup spent less than half of the funds they were paid by the state and federal governments on providing healthcare. In accordance with federal law and its contract with the State, Amerigroup was required to market to all eligible Medicaid beneficiaries and was prohibited from discriminating on the basis of health status or need for health services.

The jury found that Amerigroup illegally avoided pregnant women and other people with expensive health conditions while continuing to receive state and federal dollars that were paid with the understanding that Amerigroup was not engaging in health status discrimination. The result of Amerigroup's discrimination was that the federal and state governments overpaid Amerigroup by millions of dollars.

The verdict, following a three-week trial, comes after nearly four years of litigation originally filed by Amerigroup Illinois' former head of government relations, Cleveland Tyson, under the False Claims Act and the Illinois Whistleblower Reward and Protection Act. In 2005, the Illinois Attorney General and the U.S. Department of Justice joined the case. Under the law, Mr. Tyson is entitled to receive between 15 and 25 percent of the damages awarded in the case. Mr. Tyson's attorneys, Fred Cohen and David Chizewer from the law firm of Goldberg, Kohn tried the case in cooperation with the government attorneys. *United States, ex rel. Cleveland Tyson, et al. v. Amerigroup Illinois, Inc., et al.*, 02 C 6074 (N.D. IL.)

The case was prosecuted for the State of Illinois by Assistant Attorneys General David J. Adams and Anne R.K. Reader and for the United States by Assistant U.S. Attorneys Samuel B. Cole and Michele Fox.

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