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## Lansing-Area Health System Agrees to Pay \$671,300 To Settle False Claims Act Allegations Relating to Improper Billing

GRAND RAPIDS – U.S. Attorney for the Western District of Michigan Mark Totten today announced that Edward W. Sparrow Hospital Association d/b/a Sparrow Medical Group, Sparrow Care Network, and Sparrow Health System located in Lansing (collectively “Sparrow”) have agreed to pay \$671,310 to resolve allegations that they violated the False Claims Act by misuse of “incident-to” billing.

“Truthful and accurate billing is crucial to our Medicare system,” said **U.S. Attorney Mark Totten**. “This settlement reflects the commitment of my office in working with our investigative agencies to protect the Medicare population and maintain the system of trust and accountability necessary between the patient, physician, and federal healthcare programs.”

An “incident-to” billing provision allows an Advanced Practice Provider (APP), including nurse practitioners and physician assistants, to treat a patient but bill the encounter under the physician’s name and reimbursement rate if certain criteria are met. Those criteria include the presence of an on-site doctor, that the physician performs the initial visit for the patient, and that the physician establish the patient’s diagnosis and treatment plan during the initial visit. If an APP appropriately performs a service “incident to” a physician’s oversight, the physician or their healthcare practice may submit a claim for 100 percent reimbursement for the patient encounter, as opposed to the 85 percent reimbursement rate if the APP billed services under their own billing number. The United States alleges that Sparrow improperly billed services under a physician’s name and reimbursement rate where the services were rendered by mid-level providers at Sparrow’s locations where the criteria for “incident-to” billing were not met.

“Improper billing in our federal health care programs wastes valuable taxpayer funds that are set aside to care for the wellbeing of those most in need,” said **Special Agent in Charge Mario M. Pinto of the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG) – Chicago Region**. “HHS-OIG will continue to work with our law enforcement partners to ensure that those who engage in these practices are held accountable.”

U.S. Attorney Totten also commended Sparrow for its cooperation with the United States’ investigation, including undertaking an internal audit of violations alleged in the *qui tam* and sharing the results with the United States.

The civil settlement includes the resolution of claims brought under the *qui tam* or whistleblower provisions of the False Claims Act against Sparrow. Under the *qui tam* provisions of the False Claims Act, a private party can file an action on behalf of the United States and receive a portion of the settlement if the government takes over the case and reaches a monetary agreement with the

defendant. The *qui tam* case is captioned *U.S. ex rel. Patricia M. Crowe, M.D. v. Sparrow Medical Group, et al.*, No. 1:21-cv-00770 (W.D. Mich.).

The resolutions obtained in this matter were the result of a coordinated effort between the U.S. Attorney's Office for the Western District of Michigan and Health and Human Services, Office of the Inspector General.

Assistant U.S. Attorney Carrie Almassian investigated the matter. Investigative support was also provided by the Department of Health and Human Services, Office of Inspector General.

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

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