



# NATIONAL ASSOCIATION OF MEDICAID FRAUD CONTROL UNITS

## **MD LABS AND ITS CO-FOUNDERS TO PAY UP TO \$16 MILLION TO SETTLE ALLEGATIONS INVOLVING UNNECESSARY URINE DRUG TESTING**

The National Association of Medicaid Fraud Control Units (NAMFCU) announced on January 3, 2022, that 22 states have joined the federal government to settle allegations of fraud involving MD Spine Solutions LLC, d/b/a MD Labs Inc. and its principal owners Denis Grizelj and Matthew Rutledge. MD Labs is a California corporation headquartered in Reno, Nevada, which operates a clinical laboratory specializing in urine drug testing. The settlement, which is based on MD Labs' financial circumstances over time, is guaranteed at a minimum of \$11.6 million and could reach a maximum of \$16 million.

The settlement resolves allegations that from January 1, 2015, through December 31, 2019, MD Labs improperly billed, or caused to be billed, Federal Health Care Programs for unnecessary urine drug testing, in the form of both presumptive tests, a less expensive test that quickly provides qualitative results, and confirmatory tests, a more expensive test that is designed to confirm quantitatively the results of presumptive tests. MD Labs performed both tests at or around the same time and then simultaneously reported the results to health care providers. MD Labs, Grizelj, and Rutledge knew that this rendered the presumptive test results irrelevant for most health care providers. Nevertheless, MD Labs billed federal health care programs for these medically unnecessary lab tests. The government alleges that MD Lab's conduct violated the Federal False Claims Act and the (State False Claims Statute) and resulted in the submission of false claims to the (State) Medicaid program.

This settlement results from a whistleblower lawsuit originally filed in the United States District Court for the District of Massachusetts. A NAMFCU Team participated in the settlement negotiations on behalf of the states and included representatives from the Offices of the Attorneys General for the states of Georgia, Massachusetts, Nevada, New Mexico, Texas, and Virginia.

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