

Department of Justice
U.S. Attorney's Office
Western District of Kentucky

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Kentucky Otolaryngologist Pays \$2.79 Million To Resolve False Claims Allegations

Allegedly submitted fraudulent medical claims for reimbursement

LOUISVILLE, Ky. – United States Attorney Russell M. Coleman and the United States Department of Labor announced a \$2,791,758 settlement with ear, nose and throat doctor Phillip B. Klapper, M.D., Patricia Klapper, and Phillip B. Klapper, P.S.C. (collectively, “Klapper”) to resolve claims that Klapper, who practiced in Murray, Kentucky, improperly billed a federal healthcare program for audiological services and hearing aids.

“Pursuing healthcare fraud is a priority of this Office and of the Department of Justice. We will continue to work with the Department of Labor and with other governmental agencies to ensure that fraudulent claims are investigated and those responsible are required to pay,” stated United States Attorney Russell M. Coleman. “Medical providers who overbill federal healthcare programs defraud the taxpayers and drive up the cost of healthcare for us all. Recovering taxpayer dollars lost to fraud helps keep strong those critical public healthcare programs so many people depend on,” said Coleman.

Specifically, the United States contended that Klapper knowingly submitted false or fraudulent claims seeking reimbursement under the Federal Employees’ Compensation Act when the reimbursement claims falsely indicated that audiological tests were performed by licensed and certified personnel although, in fact, the tests were performed by personnel lacking such credentials, and/or the testing results were altered to enable some claimants to appear to have hearing losses. The Federal Employees’ Compensation Act is the workers’ compensation program for federal employees and is administered by the Department of Labor’s Office of Workers’ Compensation Programs.

According to the settlement agreement between Klapper and the United States, Klapper paid \$2.79 million to settle the claims arising from the alleged misconduct. In addition, Klapper agreed to be permanently excluded from future participation in the Federal Employees’ Compensation Act program. In agreeing to the settlement, Klapper made no admission of liability.

This matter arose as a complaint for monetary damages under the qui tam provisions of the federal False Claims Act. The relator, Kimberly Cummings, a former employee of Klapper’s, filed a qui tam action on December 8, 2013, in the United States District Court for the Western

District of Kentucky (United States, ex rel. Kimberly Cummings v. Phillip B. Klapper, P.S.C., Phillip B. Klapper, M.D., and Patricia Klapper, Civil Action No. 5:13CV-216-TBR). Cummings received \$474,598.86 as part of this settlement.

The matter was handled by Assistant United States Attorney L. Jay Gilbert, of the U.S. Attorney's Office for the Western District of Kentucky, and the U.S. Department of Labor. The investigation was conducted by the U.S. Attorney's Office and the Offices of the Inspectors General of the U.S. Department of Labor, the U.S. Department of Justice, and the Tennessee Valley Authority.

Settlement Agreement: <https://www.justice.gov/usao-wdky/press-release/file/1031796/download>

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