Lawsuit Claims AHF Defrauds Federal Programs of $20M a Year

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In a whistleblower lawsuit filed this week, three former managers of AIDS Healthcare Foundation allege that AHF is guilty of illegal patient-referral kickbacks and that the scheme has defrauded federal health care programs such as Medicaid of at least $20 million a year since 2010.

According to press release by the law firm, the three plaintiffs—Jack Carrel, Mauricio Ferrer and Shawn Loftis—filed the claim April 3 in Florida under both state and federal false claims acts. All three were managers at AHF and say they lost their jobs after they told their bosses about the company's illegal activity.

The press release summarizes the allegations in the compliant:

> In 2010 AHF began to generate consumer demand for its programs by implementing a system of illegal incentive payments that rewarded patients for self-referrals to AHF services and rewarded employees for referring patients to AHF's testing, clinical, pharmacy and insurance services centers. This practice began in California, AHF's headquarters, and then spread to other states, including Florida, where AHF has a substantial presence. In addition to Florida and California, AHF operates in Georgia, Louisiana, Maryland, Mississippi,

New York, Ohio, South Carolina, Texas, Nevada, and Washington, DC.…

This “Linkage”—or the referral of HIV-positive patients into AHF’s constellation of services—was AHF’s “holy grail” and the key to its business model. As part of this, a bonus compensation of up to $100 was paid to an employee who “linked a patient” with positive test result to AHF “linkage” coordinators for referral clinical services. Moreover…at the company’s 2013 Leadership Summit, AHF President Michael Weinstein personally advocated for 1) increased testing to raise HIV “positivity” rates; 2) improved “linkage” of patients to and retention in AHF medical care; and 3) the payment of financial incentives to patients for the purpose of inducing self-referrals to AHF medical care. He specifically directed staff to raise the patient financial incentive to $50 immediately and to implement the incentive program nationally throughout the AHF organization.

In related news, Weinstein has been making headlines for his vocal opposition to the HIV prevention strategy of using Truvada as pre-exposure prophylaxis (PrEP), which was the topic of the POZ cover story "PrEP and Prejudice."

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