

MRI Kickback Settlement

MIDI, LLC, operator of 14MRI centers in the Chicago area, has settled a lawsuit, alleging illegal kickbacks to physicians, for \$1.2 million dollars. Six other MRI centers named in the same lawsuit have already settled. The civil lawsuit, filed in 2007 by a competing MRI clinic, claimed that the MIDI affiliated MRI centers violated the Illinois consumer Fraud and Deceptive Business Practices Act, as well as state anti-kickback laws. Under Illinois' whistle blower law, the competing MRI clinic will receive an undisclosed percentage of the settlement.¹

The whistleblower suit claimed that the MRI centers created sham lease agreements with physicians under which the doctors charged a lower rate for MRI scans while charging the insurance companies a much higher rate, and pocketing the difference.²

While MIDI, LLC reached a settlement of \$1.2 million, the company admits no wrongdoing and indicated that the settlement was reached to avoid the costs of a lengthy investigation and ongoing litigation.³ The settlement requires MIDI to cease their current "kickback" practices, as well as pay a fine for \$1.2 million that will cover money damages, restitution, and penalties.⁴ The Ste of Illinois will receive approximately \$840,000, which will be used to provide grants to increase healthcare access to low-income residents in Illinois.⁵

Attorney General Lisa Madigan stated that the lawsuit, which has been watched closely by professionals in the

radiology field, "*Sends a strong message that medical professionals cannot engage in schemes to line their pockets, at the expense of providing the best patient care.*" Madigan also stated that, following this lawsuit, patients should feel confident that when they are sent to receive an MRI scan it is because it is medically necessary.⁶

¹ "MRI Centers to Settle Illegal Kickback Case," By Bruce Japsen, Chicago Tribune, January 14, 2009, <http://www.chicagotribune.com/business/chi-biz-mri-kickbacks-jan14,0,1026976.story> (Accessed 1/14/09)

² "Attorney General Madigan Settles MRI Kickback Case for \$1.2 million," Illinois State Attorney General, Press Release, January 14, 2009, http://www.ag.state.il.us/pressroom/2009_01/20090114.html

³ "MRI Centers to Settle Illegal Kickback Case," By Bruce Japsen, Chicago Tribune, January 14, 2009, <http://www.chicagotribune.com/business/chi-biz-mri-kickbacks-jan14,0,1026976.story> (Accessed 1/14/09)

⁴ "Attorney General Madigan Settles MRI Kickback Case for \$1.2 million," Illinois State Attorney General, Press Release, January 14, 2009, http://www.ag.state.il.us/pressroom/2009_01/20090114.html

⁵ "Attorney General Madigan Settles MRI Kickback Case for \$1.2 million," Illinois State Attorney General, Press Release, January 14, 2009, http://www.ag.state.il.us/pressroom/2009_01/20090114.html; "MRI Centers to Settle Illegal Kickback Case," By Bruce Japsen, Chicago Tribune, January 14, 2009, <http://www.chicagotribune.com/business/chi-biz-mri-kickbacks-jan14,0,1026976.story> (Accessed 1/14/09)

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Robert James Cimasi, MHA ASA, CBA, AVA, CM&AA, President. Mr. Cimasi is a nationally recognized healthcare industry expert, with over 25 years experience in serving clients, in over 49 states, with a professional focus on the financial and economic aspects of healthcare industry including: valuation consulting; litigation support & expert testimony; business intermediary and capital formation services; certificate-of-need and other regulatory and policy planning; and, healthcare industry transactions, joint ventures, mergers and divestitures.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, and several professional certifications. He has been certified and has served as an expert witness on cases in numerous states, and has provided testimony before federal and state legislative committees.

Mr. Cimasi is a nationally known speaker on healthcare industry topics, is the author of several nationally published books, chapters, published articles, research papers and case studies, and is often quoted by healthcare industry press. Mr. Cimasi's latest book, "*The U.S. Healthcare Certificate of Need Sourcebook*", was published in 2005 by Beard Books. In 2006, Mr. Cimasi was honored with the prestigious "*Shannon Pratt Award in Business Valuation*" conferred by the Institute of Business Appraisers and was elevated to the Institute's College of Fellows in 2007.



Todd A. Zigrang, MHA, MBA, CHE, Senior Vice-President. Mr. Zigrang has over twelve years experience in providing valuation, financial analysis, and provider integration services to HCC's clients nationwide. He has developed and implemented hospital and physician driven MSOs and networks involving a wide range of specialties; developed a physician-owned ambulatory surgery center; participated in the evaluation and negotiation of managed care contracts, performed valuations of a wide array of healthcare entities; participated in numerous litigation support engagements; created pro-forma financials; written

business plans and feasibility analyses; conducted comprehensive industry research; completed due diligence analysis; overseen the selection process for vendors, contractors, and architects; and, developed project financing.

Mr. Zigrang holds a Masters in Business Administration and a Master of Science in Health Administration from the University of Missouri at Columbia. He holds the Certified Healthcare Executive (CHE) designation from, and is a Diplomat of, the American College of Healthcare Executives and a member of the Healthcare Financial Management Association.



Lance A. Haynes, MSF, Vice President. Mr. Haynes focuses on the area of financial and economic analysis and consulting. His main responsibilities are comprised of business, tangible asset and intangible asset valuations, as well as financial analysis and forecasting for healthcare services related enterprises. Mr. Haynes has performed valuations for many types of ancillary services providers including Surgical/Specialty Hospitals and Ambulatory Surgery Centers, Cardiac Catheterization Labs, Diagnostic Imaging Centers and Kidney Dialysis Centers, and has also performed valuations and financial analyses for Home Healthcare

Providers, Long-term Care Facilities and Physician Medical Practices across various specialties. In addition, Mr. Haynes has performed joint venture service line and lease arrangement valuations for hospitals and physician groups, and has assisted with numerous litigation support engagements. Prior to joining HCC, Mr. Haynes was a Research Associate with Flagstone Securities, a specialty investment bank, located in St. Louis, Missouri, where his main responsibilities included the development and maintenance of company earnings models and proprietary stock indices for publicly traded companies.

Mr. Haynes received his Bachelor of Arts in Finance from the University of Northern Iowa and his Master of Science in Finance from St. Louis University. Mr. Haynes is a Level III candidate in the Chartered Financial Analyst (CFA) Program, and is a member of both the CFA Institute and CFA Society of St. Louis.



Anne P. Sharamitaro, Esq., Vice President. Ms. Sharamitaro focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro was admitted to the Missouri Bar in 2005 after graduating with J.D. and Health Law Certificate from St. Louis University School of Law. At St. Louis University, served as an editor and staff member of the Journal of Health Law, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America (f/k/a American Surgical Hospital Association) and the National Association of Certified Valuation Analysts.



Kelly Gordon is a Research Associate at Health Capital Consultants (HCC). Ms. Gordon is in her second year of the Master of Health Administration program at Saint Louis University and will graduate in May 2009. Ms. Gordon also has a Master of Social Work from Washington University in Saint Louis. At HCC, Ms. Gordon provides research support in the areas of medical specialty trends related to a wide and diverse array of healthcare industry enterprises.