

## Illinois to refile lawsuit on MRIs

*Judge says complaint not specific enough*

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### Document Text

Illinois Atty. Gen. Lisa Madigan's office said Wednesday that it must refile its civil case against more than 20 MRI centers after a state judge said he needed to see more specific and detailed allegations against each defendant before the case could move forward.

While attorneys in Madigan's office say Cook County Circuit Court Judge Peter Flynn's ruling represents a "technicality," attorneys for defendant MRI centers cheered Flynn's decision, saying it shows the case lacks merit by attempting to paint each center with "generalities." A spokeswoman for Madigan's office said the state would refile "and replead" by Oct. 11.

In a case that has been closely watched by doctors and the radiology industry, the Illinois attorney general's office claims that more than 20 Chicago-area radiology centers engaged in a widespread scheme to win referrals for MRIs by paying illegal kickbacks to doctors.

The alleged scheme, which potentially resulted in health insurers being billed fraudulently for millions of dollars in claims, was disclosed in a lawsuit kept under seal until January, when the state announced that it was joining the suit as a plaintiff.

According to the suit, the radiology centers set up agreements with doctors that had the physicians getting paid for doing little more than referring patients to the MRI centers.

The MRIs were performed at the radiology centers, though the financial arrangement made it appear that the doctors were in charge of the equipment and billed the services as their own, the suit said. The attorney general's office alleged that the centers concocted "sham 'lease' agreements" to benefit the doctors, who then referred patients to the centers, sometimes for unnecessary tests.

But attorneys for defendant MRI centers say the partnerships were lawful.

"We are delighted with the ruling," said attorney Steven A. Miller of Reed Smith in Chicago, which is representing Virginia-based MIDI LLC, which operates locally under the Open Advanced or Open MRI brand radiology centers.

"We thought that the attorney general's lawsuit was deeply flawed in its reliance on sweeping generalizations with virtually no concrete detail," Miller added. "We were also heartened to hear ... that even the allegations made by the state could be interpreted as completely innocent conduct. If the state decides to pursue the lawsuit MIDI will continue to vigorously defend it."

Defense attorneys say the state investigated the case for a year and a half and were still "unable to provide enough detailed information to avoid a judge dismissing the lawsuit," Miller said.

But attorneys from Madigan's office said the dismissal of the lawsuit does not mean the case will go away.

The state must now lay out details of at least one specific exchange of funds for each defendant.

"He wants us to separate out each of the allegations against each individual defendant and provide more specific detail about the false claims that were submitted," said a spokeswoman for Madigan. "We are looking forward to providing that additional detail. It is not a ruling on the merits."

The alleged scheme, which dates back to at least 1999, involves "thousands of claims submitted to insurers in Illinois," the suit says, but the attorney general's office has not put a specific price tag on the alleged fraud. Initial details of the alleged kickback scheme were first disclosed in a civil lawsuit unsealed in January.

The lawsuit, originally filed in 2006 by the owner of a radiology service in Illinois, alleges that the defendants violated the Consumer Fraud and Deceptive Business Practices Act, Illinois' anti-kickback law and the Insurance Fraud Prevention Act.

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Credit: By Bruce Japsen, Tribune staff reporter

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#### **Abstract** (Document Summary)

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