

Newman & Shapiro Announces \$25 Million Settlement with Private Equity Firm H.I.G. and Two Executives to Resolve Whistleblower Case Alleging Medicaid Billing Fraud at South Bay Mental Health Center

(Boston, MA) October 14, 2021 – Newman & Shapiro, a law firm dedicated to representing whistleblowers nationwide, today announced that private equity firm H.I.G. Growth Partners, LLC, and H.I.G. Capital, LLC (“H.I.G.”), and two executives of an H.I.G. subsidiary that owned South Bay Mental Health Center, Inc. (“South Bay”), have agreed to pay a total of \$25 million to settle a False Claims Act (“FCA”) lawsuit alleging they caused fraudulent billing to Medicaid for mental health services provided by unlicensed, unqualified, and improperly supervised mental health counselors at South Bay. South Bay settled its portion of the case approximately two years ago for \$4 million.

Whistleblower attorney Jeffrey A. Newman filed the case in 2015 on behalf of Christine Martino-Fleming, the former Coordinator of Staff Development and Training at South Bay. While she worked at South Bay, Ms. Martino-Fleming repeatedly told management about her concerns that South Bay was routinely submitting bills to MassHealth (the Massachusetts Medicaid program) and its contractors for services provided by therapists and other professionals who did not meet the

MassHealth licensing requirements or were not properly supervised. Caitlyn Silhan, of Waters & Kraus, LLP, and Christopher Hamilton, of Hamilton Wingo, LLP, subsequently joined Mr. Newman as co-counsel on the case.

“Through her courage in bringing this case and her commitment through six years of litigation, Ms. Martino-Fleming achieved vindication on behalf of the thousands of South Bay patients who received mental health services from individuals who were not properly licensed or supervised. She exemplifies what one person can accomplish to protect individuals seeking mental health services. Ms. Martino-Fleming never wavered and gives meaning to the concept of ‘The Power of One,’” said Mr. Newman.

Martino-Fleming will receive approximately \$6.5 million of the settlement under the federal False Claims Act and the Massachusetts False Claims Act, which allow whistleblowers to bring suit on behalf of the government against companies or individuals that defraud the government and to receive a reward if the government recovers any funds as a result.

“The environment was ripe for fraud. For years, South Bay made its money by prioritizing profits over people. The company endangered the health and safety of its clients. I had hoped that things would change when H.I.G. acquired South Bay, but the predatory behavior just got worse,” said the whistleblower, Ms. Martino-Fleming.

In her Complaint, Ms. Martino-Fleming alleged that the defendants caused false or fraudulent claims to be submitted to MassHealth and to managed care organizations that deliver MassHealth benefits, including mental health services.

The \$25 million False Claims Act settlement is the largest to date where a private equity firm has paid to resolve allegations of health care fraud by one of its portfolio companies. The settlement is also one of the largest FCA

settlements involving allegations of fraudulent billing for mental health services.

Mr. Newman filed the case on August 11, 2015, in the United States District Court for the District of Massachusetts under the caption United States and the Commonwealth of Massachusetts ex rel. Martino-Fleming v. South Bay Mental Health Center, Inc.; Community Intervention Services, Inc.; H.I.G. Growth Partners, LLC; H.I.G. Capital, LLC; Peter J. Scanlon; and Kevin P. Sheehan, Civil Action No. 15-CV-13065-PBS. The Commonwealth of Massachusetts intervened in the case and filed a 27-count Complaint-in-Intervention. The Commonwealth's team was overseen by Assistant Attorney General Kevin Lownds.

About Newman & Shapiro

Newman & Shapiro specializes in representing whistleblowers in qui tam and other fraud cases. On behalf of our clients, we bring cases under the False Claims Act and the whistleblower award programs of federal agencies such as the Securities and Exchange Commission and the Internal Revenue Service. We handle cases involving all types of fraud, including pharmaceutical and health care fraud, education grant fraud, customs fraud, securities fraud and foreign bribery, and tax fraud. For more information, contact Jeffrey A. Newman, Esq. at 617-823-3217 or visit newmanshapiro.com