

AUG 19 '93 14:19 EPSTEIN BECKER GREEN

RON WORD - AP

PRESS RELEASE

**FOR IMMEDIATE RELEASE
AUGUST 19, 1993**

Today, in a Florida federal district court, Theresa A. Burr, a former employee of Florida Blue Cross, who initiated a civil action against Florida Blue Cross, the exclusive Medicare claims processor in Florida, has filed papers opposing the government's settlement of the case. The case arose out of a change in computer subcontractor that created massive backlogs in Medicare claims. The government subsequently intervened in the case and recently announced a \$10 million settlement with Florida Blue Cross.

Ms. Burr, who filed the civil suit under the whistleblower provisions of the federal False Claims Act, alleges that the settlement between the government and Florida Blue Cross is "greatly inadequate" and fails to address "the magnitude of the loss to the taxpayers." Ms. Burr alleges in court papers that "the actual loss to the taxpayers could be enormous -- more than \$500 million."

In other court papers filed by Florida Blue Cross prior to the settlement announcement, the company conceded that "this lawsuit could bankrupt [Florida Blue Cross]."

In the lawsuit, Ms. Burr and the government have alleged that "in an effort to reduce the massive backlog of claims and to otherwise create a false record of the computer system's capabilities, Florida Blue Cross undertook a series of wrongful acts, including denying claims that should have been paid, paying claims that should have been denied, paying claims more than one time or at higher dollar amounts and destroying claims received from physicians, health care suppliers and Medicare beneficiaries."

Ms. Burr also has alleged that she and other Florida Blue Cross employees "were instructed not to tell the truth [to the public] about the situation" when the new computer system being installed was "incapable of processing large volumes of Medicare claims in a timely and accurate way."

In the court papers filed today, Ms. Burr also asserts that the Medicare Program and GTE, the supplier of the computer system "are financing Florida Blue Cross' cash payment to the government" required by the settlement. The Relator alleges that the inadequacy of the settlement suggests a "double standard" when compared to recent government recoveries obtained from fraudulent physicians and other health care suppliers.

TRON WORD - AD

Ms. Burr complains that she was never given an opportunity to conduct any discovery in the case and that she and her counsel were excluded from the settlement discussions over her objections. Therefore, she alleges that the government must prove by "clear and convincing evidence" that the proposed settlement "is fair, adequate, and reasonable under all the circumstances" as required by the Act.

Under 1986 amendments to the federal False Claims Act, a private party may sue companies and individuals that have submitted false claims to the federal government. Under the Act, once the government has intervened in a case, which it did in this case on April 17, 1993, the government may settle the action with the defendant notwithstanding the objections of the person who initiated the action. However, before a challenged settlement is final, the government must prove at a public hearing that the proposed settlement is fair, adequate, and reasonable under all the circumstances.

Under the Act, a private party who files the suit also may share a portion of the recovery obtained by the federal government. Ms. Burr refused an invitation to join in the proposed settlement.

For further information, contact William G. Kopit at 202-561-0900.