

1 SCHULER & BROWN
JACK M. SCHULER, State Bar Number 90899
2 SAM D. EKIZIAN, State Bar Number 202454
7100 Hayvenhurst Avenue, Suite 310
3 Van Nuys, California 91406
Tel: (818) 756-0999/Fax: (818) 756-0998
4

5 Attorneys for P. Victor Gonzalez, Qui Tam Plaintiff,
on Behalf of Himself, the United States of America,
6 and the State of California

7
8 **UNITED STATES DISTRICT COURT**
9 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

10
11 **P. VICTOR GONZALEZ, QUI TAM**
PLAINTIFF, ON BEHALF OF
12 **HIMSELF, THE UNITED STATES**
13 **OF AMERICA, AND THE STATE**
OF CALIFORNIA,

14 **Plaintiff,**

15 vs.

16 **PLANNED PARENTHOOD OF**
LOS ANGELES; PLANNED
17 **PARENTHOOD SHASTA-**
DIABLO; PLANNED
18 **PARENTHOOD GOLDEN GATE;**
PLANNED PARENTHOOD MAR
19 **MONTE; PLANNED**
PARENTHOOD OF SAN DIEGO &
20 **RIVERSIDE COUNTIES;**
PLANNED PARENTHOOD
21 **ORANGE & SAN BERNARDINO**
COUNTIES, INC.; PLANNED
22 **PARENTHOOD PASADENA AND**
SAN GABRIEL VALLEY, INC.;
23 **PLANNED PARENTHOOD SANTA**
BARBARA, VENTURA & SAN
24 **LUIS OBISPO COUNTIES, INC.;**
SIX RIVERS PLANNED
25 **PARENTHOOD; PLANNED**
PARENTHOOD AFFILIATES OF
26 **CALIFORNIA; MARY-JANE**
WAGLE; MARTHA SWILLER;
27 **KATHY KNEER; and DOES 1**
through 100,

28 **Defendants.**

Case No. CV05-8818 AHM
(FMOx)

FIRST AMENDED COMPLAINT
FOR:

- 1) **DAMAGES; AND**
- 2) **CIVIL PENALTY**

(FALSE CLAIMS ACTION)

[DEMAND FOR JURY TRIAL]

1 COMES NOW P. Victor Gonzalez, Qui Tam Plaintiff, on behalf of
2 himself, The United States of America and the State of California and alleges as
3 follows:

4 **INTRODUCTION**

- 5
- 6 1. Qui Tam Plaintiff/Relator P. Victor Gonzalez was the Chief Financial
7 Officer at Planned Parenthood of Los Angeles (PPLA) from December 9,
8 2002 to March 9, 2004. During his tenure, he became aware of rampant
9 over-billing and other violations of State and Federal law. Accordingly,
10 he tried to take corrective measures including urging reforms. Rather than
11 appropriately addressing these serious issues, Defendants terminated Mr.
12 Gonzalez' employment.
- 13
- 14 2. In January 2004, California state auditors began a statewide audit of all
15 Planned Parenthood affiliates to determine compliance with billing
16 regulations for drugs reimbursed by the Family Planning, Access, Care
17 and Treatment (FPACT) federal/state program. When the auditors started
18 at the Planned Parenthood San Diego/Riverside site and announced their
19 concerns regarding over-billing, Planned Parenthood notified their
20 lobbyists in Sacramento who in turn contacted state health officials in an
21 effort to stop the audits. This intervention proved successful as the
22 statewide audits were halted.
- 23
- 24 3. In November 2004 the Department of Health Services Audits and
25 Investigations Division issued an audit report which revealed findings of
26 over-billings greater than \$5 million during a two year period at the
27 Planned Parenthood/San Diego/Riverside affiliate alone. Planned
28 Parenthood was never held accountable for the extensive over-billing.

STATEMENT OF FACTS

1
2
3 4. Qui Tam Plaintiff/Relator P. Victor Gonzalez was employed as the Vice
4 President of Finance & Administration with Planned Parenthood of Los
5 Angeles (PPLA) between December 9, 2002 and March 9, 2004. His job
6 duties required him to take initiative to ensure compliance with all
7 financial rules and regulations governing the financial activities of the
8 Defendants.

9
10 5. In the months preceding the termination of Mr. Gonzalez's employment
11 with PPLA, he raised various serious financial concerns directly related to
12 conduct violative of Federal and State statutes by the defendants. These
13 concerns about the illegal accounting, billing, and donations practices of
14 Planned Parenthood were conveyed via writing, e-mails and orally to
15 various Planned Parenthood personnel. The written concerns related
16 directly to Planned Parenthood's ability to remain qualified to legally
17 receive continued funding from public and private sources. Rather than
18 appropriately addressing these concerns, the response of the defendants
19 was to terminate Relator's employment.

20
21 6. Reviews of the subject matter of these concerns had been undertaken from
22 time to time by Planned Parenthood, its affiliates, and a number of
23 consultants. However, other than the memorialization of these concerns
24 during various meetings, there was no effective action to stem these
25 continuing patterns of illicit corporate misconduct. Mr. Gonzalez had led
26 numerous efforts in identifying and enumerating these considerable
27 problems and illicit activities, locating consultants, looking for viable
28 solutions, presenting these solutions to all necessary parties, and

1 procuring the employees to formulate the solutions.
2

3 7. Planned Parenthood affiliates in California are providers under several
4 federal/state programs which give reimbursement for drugs purchased
5 either through independent drug wholesalers or through the federal
6 340B¹ Drug program and then dispensed by Planned Parenthood's
7 clinics. Planned Parenthood provides services and dispenses
8 contraceptives and drugs to indigent people who have incomes under
9 the poverty level.

10
11 8. All ten Planned Parenthood affiliates had signed contracts with the
12 California FPACT program and it is this state run federal match
13 program (financed 10% by the State of California & 90% by Federal
14 funds) that Planned Parenthood must bill for reimbursement of drugs
15 bought and then dispensed. **The FPACT Manual of August 2001, the**
16 **manual that is given to every Planned Parenthood in California,**
17

18 ¹ When drugs such as contraceptives are purchased through the federal 340B program,
19 Section 340B of the Public Health Service Act requires drug manufacturers to provide
20 outpatient drugs to eligible health care centers, clinics and hospitals (termed "covered
21 entities.") at a reduced price. The 340B price is a "ceiling price", meaning it is the
22 highest price the covered entity would have to pay for select out-patient and over-the-
23 counter drugs. The entities, including Planned Parenthood, which are eligible to receive
24 federally discounted drugs are subject to various state and federal regulatory schemes
dictating their ability to dispense and seek reimbursement for these drugs. In 1992,
through enactment of section 340B of the Public Health Service Act, 42 U.S.C. § 256b,
Congress established the 340B Drug Discount Program (the "340B Program"). The purpose of
the 340B Program was to reduce drug prices for community health centers, public hospitals,
and others that provide healthcare to the homeless, the disabled, children, and the poor ("340B
Providers").

25 To reduce prescription drug prices for 340B Providers, section 340B requires
26 pharmaceutical manufactures to ensure that 340B Providers pay no more for any
27 pharmaceutical product than any other public or private purchaser of that product. Congress
28 intended the savings achieved by requiring pharmaceutical manufacturers to give 340B
Providers their best price to help "stretch Federal resources as far as possible, to reach more
eligible patients and provide more comprehensive services." H.R. Rpt. 102-384, 102d Cong.,
2d session, pt 2, at 12 (1992).

1 clearly states: "Family PACT requires that drugs and supplies
2 dispensed by the Family PACT provider must be billed at 'cost'."

3 (Exhibit "1a.") This unambiguous proscription prohibits Defendants
4 and any other eligible provider from buying at deeply discounted
5 prices and then billing at "usual and customary" rates rather than "at
6 cost."²

7
8 9. California and Federal law, including but not limited to the FFACT
9 rules and regulations, during all times pertinent to the within
10 complaint, clearly prohibit payment of dispensing fees for 340B drugs
11 dispensed to patients by clinics and prohibits reimbursement except
12 for "at cost" even when contraceptives are purchased outside the 340B
13 program and at even greater discount from wholesalers. All entities,
14 including Planned Parenthood, are subject to various state and federal
15 regulatory laws dictating their ability to dispense and seek
16 reimbursement for these drugs.

17
18 10. This would prohibit covered entities like Planned Parenthood from
19 buying contraceptives at deeply discounted prices and then asking for
20 reimbursement at a price higher than the purchase or "acquisition"
21 price.

22
23 11. The FFACT program has been in operation since January 6, 1997.
24 FFACT states that it provides family planning drugs and services for
25 those who have income under the poverty level. FFACT operates
26 under the authority of Section 1115(a)(2) of the Social Security Act

27
28 ² Explicit executed agreements entered into by all Planned Parenthoods specify that providers
will comply with all laws. This includes the requirement to bill "at cost." (See, Exhibit
"1b.")

1 and the State's Title XIX plan.

2
3 12. Rebates for drugs and services became effective in December 1999 when
4 California family planning programs became eligible for federal
5 reimbursement. Contraceptives dispensed by Planned Parenthood are
6 financed 10% by the state of California and 90% by federal financial
7 participation. In California, unless otherwise specified in the FPACT
8 manual, FPACT providers must comply with Medi-Cal rules and
9 regulations including those related to billing and reimbursement. The
10 State Medi-Cal regulation, adopted in 1994, states that: “(3)
11 Reimbursement for take-home drugs dispensed by clinics that have
12 obtained permits pursuant to Business and Professions Code Section 4063
13 et seq. shall not exceed the amounts payable for drug ingredient costs
14 under Section 51513. No dispensing fee or markup shall be paid.” Title
15 22 California Code of Regulations (CCR) Section 51509.1(c)(3).

16
17 13. The foregoing billing mandates are further outlined in the following:

18
19 A. 58 F.R. 27293 specifying that when a covered entity submits a bill
20 to the State Medicaid agency for a drug purchase by or on behalf of a
21 Medicaid beneficiary, the amount billed shall not exceed the entity’s
22 actual acquisition cost.

23
24 B. 22 C.C.R. 51509.1 specifying that “[r]eimbursement rates for take-
25 home drugs dispensed by clinics that have obtained permits pursuant to
26 Business and Professions Code Section 4063 et seq. shall not exceed the
27 amounts payable for drug ingredient cost under Section 51513. (22 C.C.R.
28 51513, Regulatory definitions of cost.)

1 C. Family PACT Manual specifying that "Family PACT requires that
2 drugs and supplies dispensed by Family PACT provider must be billed 'at
3 cost.'" (page 2.)
4

5 D. Medi-Cal Update: Medical Services Bulletin 353 referencing the 'at
6 cost' requirement.
7

8 14. Defendants were aware of the foregoing as this was specified in
9 correspondence between Planned Parenthood and the California
10 Department of Health Services dating as far back as 1997. This
11 correspondence, attached hereto as Exhibit "2", evidences
12 Defendants' knowledge of State and Federal billing mandates. This
13 correspondence includes:
14

15 A. A letter from Jane Boggess, Chief of the California State Office of
16 Family Planning (OFP), dated, May 5, 1997, in response to a letter from
17 Kathy Kneer, Executive Director of Planned Parenthood Affiliates of
18 California (PPAC), stating that there has been no change in Medi-Cal
19 reimbursement policy, and that the policy requires that providers bill at
20 cost. Ms. Boggess attached page 200-45-5 of the Medical Services
21 Provider Manual to the letter. ³ (Exhibit "2a.")
22

23 B. A letter from Darryl B. Nixon, Chief of the California State Medi-
24 Cal Benefits Branch, dated October 3, 1997, to Kathy Kneer clarifying
25

26 ³ Page 200-45-5 provides guidance to providers for "other contraceptive supplies and
27 medications (code X1500)," while the prior page 200-45-4 sets forth the requirements
28 specifically for filling oral contraceptives (code X7706). Additionally, community
clinics are prohibited, under Business and Professions Code §4063.7, from charging a
dispensing fee.

1 Medi-Cal policy regarding reimbursement for oral contraceptives
2 dispensed by clinics. Mr. Nixon states that “Medi-Cal claims for any drug
3 dispensed by physicians and clinics must be for ‘cost’, not ‘usual and
4 customary’” as has been billed by Planned Parenthood. (**Exhibit “2b.”**)
5

6 C. A letter from Kathy Kneer to Darryl B. Nixon, dated October 6,
7 1997, requesting clarification of the term “cost” as used in his letter of
8 October 3, 1997. This letter cites various provisions of Medi-Cal
9 regulations, claiming that the term “cost” as regards Medi-Cal billing is
10 ambiguous. (**Exhibit “2c.”**)
11

12 D. A letter from Darryl B. Nixon to Kathy Kneer, dated January 9,
13 1998, in response to the aforementioned October 6, 1997 letter wherein
14 Mr. Nixon cites the “Veterans Health Care Act of 1992” and Section
15 340B of the Public Health Service Act as the legal bases for directing
16 clinics to pass on cost savings for nominally priced and reduced price oral
17 contraceptive purchases by billing “at cost” for these drugs. Mr. Nixon
18 further notes that clinics with special pharmacy permits are prohibited
19 from charging a dispensing fee [B&P Code §4063.7]. (**Exhibit “2d.”**)
20

21 15. In fact, Planned Parenthood admitted that it billed at “usual & customary”
22 rates rather than “at cost.” The correspondence and documents attached
23 hereto as **Exhibit “3”** and referenced below evidence this billing scheme:
24

25 A. A letter from Mark Salo, President and CEO of Planned Parenthood
26 San Diego and Riverside counties to Assemblywoman Hannah-Beth
27 Jackson, dated August 9, 2004, indicating that Planned Parenthood uses
28 “usual Charge” rates rather than billing at cost. (**Exhibit “3a.”**)

1 B. A letter from Mark Salo to Assemblywoman Hannah-Beth Jackson,
2 dated August 16, 2004, asking that Planned Parenthood be allowed to
3 continue receiving reimbursements from the state at the “usual charge” for
4 contraceptives. (**Exhibit “3b.”**)

5
6 C. A letter from Mark Salo to Assemblywoman Debora Ortiz, dated
7 August 16, 2004, asking that Planned Parenthood be allowed to continue
8 receiving reimbursements from the state at the “usual charge” for
9 contraceptives. (**Exhibit “3c.”**)

10
11 D. Planned Parenthood Affiliates of California (PPAC) document
12 entitled FACT SHEET: AB 2151 (Jackson) admitting that “Planned
13 Parenthood clinics have been billing DHS at usual and customary for oral
14 contraceptives since the 1970s.” (**Exhibit “3d.”**)

15
16 16. California and Federal law provided payment for drugs be based on
17 acquisition cost. As further detailed below, Planned Parenthood violated
18 these regulations and vastly overbilled for reimbursements.

19
20 17. From late 2003 through the actual date of his termination, Mr. Gonzalez
21 had specifically complained about the following problems which
22 jeopardized PPLA’s ability to continue receiving government funding and
23 monies and to maintain its continuing status as a nonprofit organization.
24 Mr. Gonzalez complained, went on record on this matter, and, in an effort
25 to address these serious issues, participated in numerous phone calls with
26 the defendants, including PPLA, the other Planned Parenthood affiliates
27 in California, and the Sacramento based PPAC, under the direction of
28 Kathy Kneer.

- 1 18. The defendants had a practice of marking up drugs (oral contraceptives,
2 NuvaRing etc.) acquired at deep discounts and then significantly over-
3 billing the government. The effect of this was the defendants
4 overcharging the Federal Government, the State of California, and self-
5 pay patients.
6
- 7 19. For one of the defendants, PPLA, this resulted in overcharging over
8 \$2,000,000 per year. This has been going on for a number of years, and is
9 prevalent with the other California Planned Parenthood affiliates. As a
10 result the overcharging exceeds \$10,000,000.00 per year. During his
11 employment with PPLA, Mr. Gonzalez was requested by Mary-Jane
12 Wagle, CEO of PPLA, to perform an assessment of the impact of these
13 over-billing practices, and the other Planned Parenthood affiliates were
14 asked to do likewise. The result of this assessment report for PPLA
15 revealed approximately \$2,144,313.17 in over-billing. This reflects the
16 financial impact for only one of the then ten Planned Parenthood affiliates
17 in California and only for one year. (Attached hereto as **Exhibit "4"**, is a
18 copy of this assessment.)
19
- 20 20. In early February 2004, the California Department of Health Services
21 Audit and Investigations Branch began an audit of all ten Planned
22 Parenthood Affiliates in California starting with the Planned Parenthood
23 of San Diego & Riverside Counties affiliate. State officials intervened on
24 behalf of Defendants and stopped the statewide audits of Planned
25 Parenthood affiliates from being conducted. (Attached hereto as **Exhibit**
26 **"5"** is an email from Mark Salo referencing said audits.) The final audit
27 report of November 2004 was limited to the Planned Parenthood of San
28 Diego & Riverside Counties affiliate. The audit found extensive and

1 illegal markups of medications/contraceptives. Specifically, for the
2 approximately one year period subject to review, the audit uncovered at
3 least \$5,213,545.92 of illegal billing at Planned Parenthood of San Diego
4 & Riverside Counties alone. State officials within the California
5 Department of Health Services (DHS) chose to ignore these findings
6 notwithstanding the serious violations implicated thereby allowing the
7 illegal activity to continue unchecked. This is in spite of the fact that
8 Defendants had been continually counseled that they were required to bill
9 "at cost." On February 5, 2004, Kathy Kneer, President of Planned
10 Parenthood Affiliates of California (PPAC), Planned Parenthood's public
11 affairs operation, sent an e-mail to key Planned Parenthood personnel
12 informing them that "Kim [Belshe] (Secretary of the California Health
13 and Human Services Agency (CHHS)) is willing to discuss the policy
14 implications of requiring clinics to bill at acquisition cost-however, she
15 did state that DHS legal office has advised her that the law requires us to
16 bill at acquisition cost." (Attached hereto as **Exhibit "6"** is a copy of this
17 Feb. 5, 2004 email.) [Emphasis Added.]
18

19 21. Consequently, with full knowledge of the law, both on the part of State
20 officials and Defendants, and in spite of the audit verified violations, no
21 punitive, remedial, or even corrective actions were taken against
22 Defendants.
23

24 22. Contrary to their national reputation as a prominent charity organization
25 and as a health care provider for reproductive services, there is evidence
26 to show that Planned Parenthood's ten California affiliates have
27 systematically engaged in fraudulent over-billing against government
28 funded programs. Since at least 1997 the California Planned Parenthood

1 affiliates have bought drugs at discount prices and rather than selling the
2 drugs to their indigent clientele at the required Acquisition Cost, they
3 illegally marked-up the drugs and billed them to both clients and
4 government sometimes at greater than 12 times the acquisition cost. The
5 estimated illegal billing over six years, beginning in at least 1997, exceeds
6 \$180,000,000.00. This conservative figure only takes into account the
7 illegal and unscrupulous billing practices of Defendants within the state of
8 California.

9
10 **THE FALSE CLAIMS ACT**

11
12 23. The False Claims Act ("FCA") provides, in pertinent part that:

13 (a) Any person who (1) knowingly presents, or causes to be presented, to
14 an officer or employee of the United States Government or a member of
15 the Armed Forces of the United States a false or fraudulent claim for
16 payment or approval; (2) knowingly makes, uses or causes to be made or
17 used a false record or statement to get a false or fraudulent claim paid or
18 approved by the Government;... or (7) knowingly makes, uses, or causes
19 to be made or used, a false record or statement to conceal, avoid, or
20 decrease an obligation to pay or transmit money or property to the
21 Government,... is liable to the United States Government for a civil
22 penalty of not less than \$5,000 and not more than \$10,000 plus 3 times
23 the amount of damages which the Government sustains because the act of
24 the person...

25 (b) For purposes of this section, the terms "knowing" and "knowingly"
26 mean that a person, with respect to information (1) has actual knowledge
27 of the information; (2) acts in deliberate ignorance of the truth or falsity of
28 the information; or (3) acts in reckless disregard of the truth or falsity of

1 the information, and no proof of specific intent to defraud is required.
2 False Claims Act, 31 U.S.C. Section 3729
3

4 **JURISDICTION AND VENUE**

5
6 24. This action is brought under the False Claims Act ("FCA" or "Act"), 31
7 U.S.C. § 3729 et seq., by P. Victor Gonzalez ("Relator"), on behalf of the
8 United States of America, under the qui tam provisions of the Act. The
9 case also includes pendent state law claims for violations of the California
10 False Claims Act ("State False Claims Act"), Gov. Code § 12650 et seq.,
11 and the California Insurance Frauds Prevention Act, Ins. Code § 1871.7 et
12 seq., both of which permit interested persons to bring civil actions on
13 behalf of the State of California.

14
15 25. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1331 and
16 28 U.S.C. § 1345, for the United States is a party to this matter and certain
17 of the causes of action set forth herein are founded upon a law of the
18 United States of America.

19
20 26. Venue lies in this District pursuant to 28 U.S.C. § 1391(b) and 31 U.S.C.
21 § 3732, for the defendants conduct business in this District, and a
22 substantial part of the events or omissions giving rise to the claims
23 occurred in this District.

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PARTIES

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27. Defendant PLANNED PARENTHOOD LOS ANGELES (PPLA) is a California nonprofit corporation that regularly conducts its business at 1920 Marengo Street, Los Angeles, California 90033-1317.

28. Defendant PLANNED PARENTHOOD SHASTA-DIABLO is a California nonprofit corporation that regularly conducts its business at 2185 Pacheco Street, Concord, California 94520.

29. Defendant PLANNED PARENTHOOD GOLDEN GATE is a California nonprofit corporation that regularly conducts its business at 815 Eddy Street #300, San Francisco, California 94109.

30. Defendant PLANNED PARENTHOOD MAR MONTE is a California nonprofit corporation that regularly conducts its business at 1691 The Alameda, San Jose, California 95126.

24. Defendant PLANNED PARENTHOOD OF SAN DIEGO & RIVERSIDE COUNTIES is a California nonprofit corporation that regularly conducts its business at 1075 Camino Del Rio South, San Diego, California 92108.

25. Defendant PLANNED PARENTHOOD OF ORANGE & SAN BERNARDINO COUNTIES, INC. is a California nonprofit corporation that regularly conducts its business at 700 S. Tustin Street, Orange, California 92866.

26. Defendant PLANNED PARENTHOOD PASADENA AND SAN

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GABRIEL VALLEY, INC. is a California nonprofit corporation that regularly conducts its business at 1045 N. Lake Avenue, Pasadena, California 91104.

27. Defendant PLANNED PARENTHOOD OF SANTA BARBARA, VENTURA & SAN LUIS OBISPO COUNTIES, INC. is a California nonprofit corporation that regularly conducts its business at 518 Garden Street, Santa Barbara, California 93101.

28. Defendant SIX RIVERS PLANNED PARENTHOOD is a California nonprofit corporation that regularly conducts its business at 2316 Harrison Avenue, Eureka, California 95501.

29. Defendant PLANNED PARENTHOOD AFFILIATES OF CALIFORNIA (PPAC) is a California nonprofit corporation that regularly conducts its business at 555 Capitol Mal, Suite 510, Sacramento, California 95814.

30. Defendant MARY JANE WAGLE was at all times relevant to this complaint an individual and an employee of PPLA in the capacity of chief executive officer (CEO).

31. Defendant MARTHA SWILLER was at all times relevant to this complaint an individual and an employee of PPLA formerly in the capacity of chief executive officer (CEO) and currently Vice President.

32. Defendant KATHY KNEER was at all times relevant to this complaint an individual and an employee of PPAC in the capacity of President.

1 33. Defendants Does 1 through 100 are PLANNED PARENTHOOD (PP)
2 districts, and individual PLANNED PARENTHOOD affiliates/clinics;
3 employees and agents of PLANNED PARENTHOOD districts and
4 individual PLANNED PARENTHOOD affiliates/clinics; and individuals,
5 persons, associations and organizations, whose identity and capacity are
6 presently unknown to Relator. Relator is informed and believes and
7 thereon alleges that Defendants Does 1 through 100 are legally
8 responsible and liable for the acts, omissions, injuries, damages and false
9 claims hereinafter set forth and that each of said Defendants legally and
10 proximately caused the injuries and damages herein alleged by reason of
11 the conduct hereinafter set forth, or by reason of direct or imputed
12 negligence or vicarious fault or breach of duty arising out of the matters
13 herein alleged. Relator will seek leave to amend this Complaint to set
14 forth the true names, capacities and identities of Does 1 through 100,
15 when same are ascertained.

16
17 34. Qui Tam Plaintiff/Relator, P. Victor Gonzalez is an individual
18 residing/domiciled in San Diego County, State of California. Relator was
19 employed as the Vice President of Finance & Administration with
20 Defendant PPLA between December 9, 2002 and March 9, 2004.

21
22 35. This action by Relator is not based upon a "public disclosure" as defined
23 by 31 U.S.C. § 3730(e)(4)(A), and even if there were a public disclosure
24 in this case, Relator would qualify as an "original source" as defined by
25 31 U.S.C. § 3730(e)(4)(A). P. Victor Gonzalez relayed the information
26 contained herein to the DHS services auditor by e-mail correspondence,
27 and further relayed the information contained herein to the Department of
28 Justice, the Health and Human Services Office of the Inspector General,

1 the Federal Bureau of Investigations, and the Los Angeles County District
2 Attorney as the "original source" of this information. (Attached hereto as
3 Exhibit "7" are true and correct copies of correspondence directed to the
4 aforementioned Entities/Individuals)
5

6 36. Relator is informed and believes and thereon alleges that at all times
7 relevant, some or all of the Defendants, including each and every Doe
8 Defendant, were agents and/or employees of some or all of the remaining
9 Defendants, and in doing each of the things alleged hereinafter were
10 acting within the course and scope of said agency and/or employment.
11

12 37. Relator is informed and believes and thereon alleges that at all times
13 relevant, Defendants, and each of them, including each and every Doe
14 Defendant, authorized and ratified some or all of the acts and omissions
15 alleged hereinafter.
16

17 38. Relator is informed and believes and thereon alleges that at all times
18 relevant, Defendants, and each of them, including each and every Doe
19 Defendant, conspired with some or all of the remaining Defendants
20 herein, including Doe Defendants, to commit the acts and omissions
21 hereinafter alleged, and are therefore jointly and severally liable pursuant
22 to Federal and State law for some or all of the acts and omissions
23 hereafter alleged, and are liable for the injuries, damages and penalties
24 hereinafter alleged.

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GENERAL ALLEGATIONS

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3 39. At all times relevant to this Complaint, the Defendants provided care and
4 prescription medications including contraceptives to Patients and/or
5 clients at one or more of the facilities referenced above. Defendants
6 receive funding from State and Federal governments, from private donors,
7 certain insurance plans, and from fees received from patients.

8
9 40. At all times relevant to this Complaint, Defendants were under signed
10 contract with both federal and state government programs and were
11 authorized providers of services to patients insured by Medicare,
12 Medicaid, the Family Planning, Access, Care and Treatment (FPACT)
13 program under the authority of section 1115(a)(2) of the Social Security
14 Act, and other federally funded programs. All of these federally funded
15 programs are collectively referred to hereinafter as "Federal Insurers."
16 Defendants also received benefits pursuant to Section 340B of the Public
17 Health Service Act.

18
19 41. Relator was employed as the Vice President of Finance & Administration
20 with Defendant PPLA between December 9, 2002 and March 9, 2004.
21 His job duties statutorily required him to report violations to the various
22 State and Federal Agencies and regulators, and take initiative to ensure
23 compliance with all financial rules and regulations governing the business
24 activities of the Defendant.

25
26 42. In the months preceding Relator's employment termination, he had raised
27 various serious financial concerns directly related to conduct violative of
28 Federal and State statutory schemes. These concerns about the illegal

1 accounting, billing, and donations practices of the Defendant were
2 conveyed via writing, e-mails or orally. The written concerns related
3 directly to Planned Parenthood's ability to remain qualified to legally
4 receive continued funding from public and private sources. (Attached
5 hereto as Exhibit "8" are true and correct copies of e-
6 mails/correspondence regarding Relator's concerns)
7

8 43. A review of these problems had been undertaken from time to time by
9 PPLA, its affiliates, a number of consultants, and internal reviews
10 conducted by PPLA employees and Board members. Relator had led the
11 effort in identifying and enumerating these considerable problems and
12 illicit activities, locating consultants, looking for viable solutions,
13 presenting these solutions to all necessary parties, and procuring the
14 employees to formulate the solutions. Attached hereto is a true and
15 correct copy of the original draft report that mentions the various
16 problems that existed at PPLA during Plaintiff's employment. (See
17 Exhibit "9"). This report was subsequently altered by Mary-Jane Wagle.
18 (See Exhibit "10").
19

20 44. From late 2003 through the actual date of his employment termination,
21 Plaintiff had specifically complained about the following problems which
22 jeopardized the defendants' ability to continue receiving government
23 funding and monies and to maintain continuing status as nonprofit
24 organizations. Many of these complaints are mentioned in Exhibit "11",
25 a true and correct copy of a memorandum provided to upper management
26 at Planned Parenthood.
27

28 45. PPLA had a practice of marking up drugs (oral contraceptives, NuvaRing

1 etc) over and above acquisition cost. The effect of this at PPLA is
2 overcharging the Federal Government, the State of California, and self-
3 pay patients approximately \$2,000,000.00 per year. This has been going
4 on for a number of years, and is prevalent with all the other California PP
5 affiliates. As a result the overcharging exceeds \$10,000,000.00 per year.
6

7 46. Relator complained, went on record on this matter, and, in an effort to
8 address these serious issues, participated in numerous phone calls with
9 both PPLA and the Sacramento based PPAC (political action committee).
10

11 47. In early February 2004, The California Department of Health Services
12 began an audit of all ten Planned Parenthood affiliates in California
13 beginning with the Planned Parenthood of San Diego & Riverside
14 Counties affiliate. The final audit report was limited to the Planned
15 Parenthood of San Diego & Riverside Counties affiliate. The audit found
16 extensive and illegal markups of medications/contraceptives in excess of
17 cost. Specifically, the audit uncovered at least \$5,213,545.92 of illegal
18 billing at Planned Parenthood of San Diego & Riverside Counties alone in
19 one fiscal year. (Attached hereto as Exhibit "12" is a true and correct
20 copy of the audit and letter detailing the illegal activity.) The Audit
21 Report found extensive and illegal markups of
22 medications/contraceptives "in excess of cost" for a total of
23 \$5,213,545.92 in one fiscal year. The Audit Report also documented
24 that the requirement (to bill at cost) " was in effect for the entire audit
25 period," and "In December 2003 the Department issued a Medi-Cal
26 Update, Medical Services bulletin 353 which reminded providers of the
27 existing policy that contraceptive supplies must be billed at cost."
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1 48. The California Department of Health Services, following intervention by
2 Defendants, chose to ignore these findings notwithstanding the serious
3 violations implicated allowing for this illegal activity to continue
4 unchecked.

5
6 49. During all times pertinent to this complaint, there were ten separate
7 Planned Parenthood affiliates in California each of which also engaged in
8 the same unscrupulous billing practices. These Nine affiliates are part of
9 a nationwide organization consisting of 103 affiliates forming the Planned
10 Parenthood Federation of America. The estimated illegal billing of the
11 defendants over six years, beginning in approx. 1997, exceeds
12 \$180,000,000.00. This conservative figure only takes into account the
13 illegal and unscrupulous billing practices of Defendants within the state of
14 California.

15
16 50. The actions of PPLA and other Defendants resulted in violations of the
17 public policy set forth in or furthered by OMB Circular A-133, FPACT
18 Written Regulations, 61 CFR 4359, Section 340B of Public Law 102-585
19 (Veterans Health Care Act of 1992), regulations of the Office of
20 Pharmacy Affairs, and US Department of Health & Human Services
21 regulations, California Government Code §§ 12650-12655, 31 U.S.C. §
22 3729 et seq., and various other statutes and regulations.

23
24 51. While applicable regulations are designed to protect the most vulnerable
25 of patient populations by reducing the costs of drugs, a fundamental
26 public policy, PPLA and other Defendants have instead undercut this
27 policy by overcharging, creating excess inventory, and other acts designed
28 to generate revenue for themselves at the expense of the public.

- 1 52. Relator additionally complained of filing, providing doctored and rosy
2 financial projections, and suppression of Single Audit Report (OMB 133)
3 findings to California Health Facilities Financing Authority (CHFFA)
4 with the intention of inducing CHFFA to approve a loan of \$400,000 to
5 save PPLA's South Los Angeles clinic.
6
- 7 53. PPLA intentionally did not disclose the Single Audit findings and
8 material weaknesses to CHFFA or other regulatory agencies, even though
9 it pointed out failures in management and financial controls. This Single
10 Audit report covered precisely the period under review and being
11 questioned by CHFFA officials. In fact, the Single Audit report's
12 findings likely disqualified PPLA from many other government programs.
13
- 14 54. PPLA also sought to hide the losses and the funding freeze from the
15 California Family Health Council (CHFC)—over half a million dollars in
16 the same 2002 period. Mary-Jane Wagle sent an email advising Relator
17 to be deliberately vague in these disclosures. The chairman of the PPLA
18 finance committee was copied in this email. True and correct copies of
19 emails evidencing the scheme to suppress and camouflage as well as
20 continue the aforementioned illegal activity are attached as Exhibit "13".
21
- 22 55. Rather than remedying the multiple serious problems identified by
23 Relator, Defendants instead terminated his employment.
24
- 25 56. At and before the time of Relator's termination it was the intent of PPLA
26 to suppress information relating to illegal billing from the government,
27 potential auditors, and members of the public. Moreover, Defendants
28 knew that false and misleading information had been provided to the State

1 of California, private funding sources, and the federal government, and
2 that billing codes used by PPLA were creating problems that would affect
3 funding. (See Exhibit "14").

4
5 57. The violations of normally accepted financial practices, rules and
6 regulations by Defendants placed the State of California, the United
7 States, and private grant sources at risk of serious financial loss.
8 Defendants disregarded these policies by suppressing Relator's findings,
9 by terminating his employment in order to further prevent the lawfully
10 required disclosure of damaging facts known by Relator and Defendants,
11 and by intentionally failing to disclose the facts discovered by Relator to
12 funding sources such as the State of California, and the federal
13 government by and through its agents within the State of California.

14
15 58. Relator's negative findings and reports to management were known to
16 Defendants and their leadership throughout the latter part of 2003 and up
17 until the time that Relator was terminated in March 2004.

18
19 59. Relator is informed and believes that at all times relevant to this
20 Complaint, Defendants submitted, or caused to be submitted, claims for
21 reimbursement for prescription medications/contraceptives and services
22 provided to Medicare, Medicaid, and FPACT patients to the Health Care
23 Financing Administration ("HCFA"), an agency of the Department of
24 Health and Human Services ("HHS"), for payment.

25
26 60. At all times relevant to this Complaint, Defendants were authorized
27 providers of services to patients insured by Medi-Cal and other State
28 funded programs. All of these state funded programs are collectively

1 referred to hereinafter as "State Insurers."

2
3 61. Relator is informed and believes and thereon alleges that, at all times
4 relevant to this Complaint, Defendants submitted, or caused to be
5 submitted, claims for reimbursement for services provided to individuals
6 insured by Medi-Cal to Electronic Data Systems, Inc., which then
7 forwarded those claims to the Department of Health Services for ultimate
8 payment by the Controller of the State of California. Relator is informed
9 and believes and thereon alleges that, at all times relevant to this
10 Complaint, the State of California received at least 90% of its funding
11 from HHS for payments made on behalf of Medi-Cal patients.

12
13 62. Between at least 1997 and the present, Defendants have knowingly
14 engaged in a series of fraudulent billing practices that have damaged State
15 and Federal Insurers. Defendants have been unjustly enriched by these
16 practices, directly or indirectly, in the form of excessive payments for the
17 services provided.

18
19 63. At all times relevant to this Complaint, defendants billed, or caused to be
20 billed, State and Fiscal Intermediaries who act on behalf of the State and
21 the Federal Government, well in excess of allowable rates as prescribed
22 by the various statutes, regulations, and guidelines outlined above.

23
24 64. This was widely known to the Defendants and was the subject of emails
25 with PPAC. The alleged justification for this misconduct, as evident in
26 the subject emails, was that the entire system was compensating for the
27 shortfall in the basic visits charge that the State and by derivation the
28 Federal government allowed. Complying with proper billing practices

1 would have meant that Defendants' entire healthcare delivery system
2 would have had to be significantly reshaped adopting more austere
3 budgets and forestalling its expansion. It follows that complying with
4 proper billing practices was not in Defendants' best interests and therefore
5 was disregarded.

6
7 65. A report of PPLA's billing practices was performed on or about January
8 2004. (See **Exhibit "4"**) The report, which focused on the provision of
9 contraceptives and subsequent reimbursements, showed that the extent of
10 defendants' fraud was pervasive. The report indicates that defendants
11 routinely engaged in numerous other improper billing practices and
12 collected substantially higher reimbursement amounts for these
13 contraceptives than if they had billed correctly.

14
15 66. The internally prepared study, responsive to a call to action by PPAC, was
16 based on PPLA records from 2002 through 2003. It represented a 12
17 month projection and it is representative of the general billing practices
18 and exorbitant over-billing by Defendants. Based on his experience
19 working at PPLA, Relator is informed and believes that other defendants
20 were at least equally aggressive, if not more so, when billing on behalf of
21 patients insured by State and Federal Insurers.

22
23 67. Relator is further informed and believes that the Defendants' aggressive
24 billing practices with State and Federal Insurers were in place from as
25 early as 1997 and persisted consistently thereafter. Previous auditing had
26 revealed similar patterns of over-billing on the part of Defendants dating
27 back to 1997 and earlier, yet the problems were not corrected by
28 defendants.

1
2 68. Defendants were made aware of the various aforementioned
3 improprieties. Nonetheless, Relator is informed and believes that
4 Defendants have not reimbursed State or Federal Insurers for the amounts
5 that have been improperly and falsely billed. Relator is further informed
6 and believes that Defendants continued to engage in the unlawful
7 practices described herein even after the problems were brought to their
8 attention.

9
10 **COUNT I**

11 (Submission of False Claims in Violation of 31 U.S.C, § 3729(a)(1))

12 (All Defendants)

13
14 69. Relator realleges and incorporates all allegations including paragraphs 1
15 through 68 of this Complaint as if fully set forth herein.

16
17 70. Between at least 1997 and the present, Defendants have knowingly
18 submitted, or caused to be submitted, claims for payment by Federal
19 Insurers, FPACT, and Medi-Cal for higher levels of Evaluation and
20 Management (E&M) services than were actually provided to patients as
21 well as reimbursements for medications/contraceptives in excess of
22 allowable limits.

23
24 71. Relator is informed and believes that, between at least 1997 and the
25 present, Defendants have knowingly over-billed Federal Insurers, FPACT,
26 and Medi-Cal.

27
28 72. Defendants thus knowingly caused the submission of false claims to the

1 United States in violation of the False Claims Act. The exact amount of
2 the United States' harm has not yet been determined. The precise amount
3 of damage caused by defendants will be ascertained at trial.
4

5 **COUNT II**

6 (Use of False Statements or Records or Statements in Violation of 31 U.S.C.
7 § 3729(a)(2)) (All Defendants)
8

9 73. Relator realleges and incorporates all allegations including paragraphs 1
10 through 72 of this Complaint as if fully set forth herein.
11

12 74. Between at least 1997 and the present, Defendants knowingly prepared or
13 caused to be prepared false records and/or statements in connection with
14 Evaluation and Management (E&M) services provided to patients.
15

16 75. Relator is informed and believes that, between at least 1997 and the
17 present, Defendants also knowingly prepared false records and/or
18 statements in connection with billing for medications/contraceptives.
19

20 76. Defendants thus knowingly used false records or statements to get false or
21 fraudulent claims paid or approved by the United States in violation of the
22 False Claims Act. The exact amount of the United States' harm has not yet
23 been determined. The precise amount of damage caused by defendants
24 will be ascertained at trial.

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COUNT III

(Conspiracy to Get False Claims Paid - 31 U.S.C. § 3729(a)(3))

(All Defendants)

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77. Relator realleges and incorporates all allegations including paragraphs 1 through 76 of this Complaint as if fully set forth herein.

78. Between at least 1997 and the present, Defendants agreed on the submission of claims that were known by each to be false by reason of the practices described herein.

79. Defendants thus knowingly conspired to defraud the United States by getting false claims paid in violation of the False Claims Act. The exact amount of the harm has not yet been determined. The precise amount of damage caused by Defendants will be ascertained at trial.

COUNT IV

(Conspiracy to defraud the Government with respect to claims in Violation of
18 USC Section 286) (All Defendants)

80. Relator realleges and incorporates all allegations including paragraphs 1 through 79 of this Complaint as if fully set forth herein.

81. Between at least 1997 and the present, Defendants agreed on the submission of claims for services, which were known by each to be false by reason of the practices described herein, to Federal Insurers.

82. Defendants thus knowingly conspired to defraud the State of California

1 and the United States by getting false claims paid in violation of the False
2 Claims Act and the within statute. Relator is informed and believes and
3 thereon alleges that the United States and the State of California were
4 damaged by Defendants in an amount as yet unknown. The exact amount
5 of the United States' harm has not yet been determined. The precise
6 amount of damage caused by Defendants will be ascertained at trial.
7

8 **COUNT V**

9 (False, fictitious or fraudulent claims in Violation of 18 USC Section 287) (All
10 Defendants)
11

12 83. Relator realleges and incorporates all allegations including paragraphs 1
13 through 82 of this Complaint as if fully set forth herein.
14

15 84. Between at least 1997 and the present, Defendants have knowingly
16 submitted, or caused to be submitted, claims for payment by Federal
17 Insurers, FPACT, and Medi-Cal for higher levels of Evaluation and
18 Management (E&M) services than were actually provided to patients as
19 well as reimbursements for medications/contraceptives in excess of
20 allowable limits.
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22 85. Relator is informed and believes that, between at least 1997 and the
23 present, Defendants have knowingly overbilled Federal Insurers, FPACT,
24 and Medi-Cal.
25

26 86. Defendants thus knowingly caused the submission of false claims to the
27 United States and the State of California in violation of the False Claims
28 Act and the within statute. Relator is informed and believes and thereon

1 alleges that the United States and the State of California were damaged by
2 Defendants in an amount as yet unknown. The exact amount of the harm
3 has not yet been determined. The precise amount of damage caused by
4 Defendants will be ascertained at trial.

5
6 **COUNT VI**

7 (Conspiracy to commit offense or to defraud United States in Violation of 18
8 USC Section 371) (All Defendants)
9

10 87. Relator realleges and incorporates all allegations including paragraphs 1
11 through 86 of this Complaint as if fully set forth herein.

12
13 88. Between at least 1997 and the present, Defendants agreed on the
14 submission of claims for services, which were known by each to be false
15 by reason of the practices described herein.

16
17 89. Defendants thus knowingly conspired to defraud the State of California
18 and the United States by getting false claims paid in violation of the False
19 Claims Act and the within statute. Relator is informed and believes and
20 thereon alleges that the United States and the State of California were
21 damaged by Defendants in an amount as yet unknown. The exact amount
22 of the harm has not yet been determined. The precise amount of damage
23 caused by Defendants will be ascertained at trial.

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COUNT VII

(False statements relating to health care matters in Violation of 18 USC Section 1035) (All Defendants)

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90. Relator realleges and incorporates all allegations including paragraphs 1 through 89 of this Complaint as if fully set forth herein.

91. Between at least 1997 and the present, Defendants made and used materially false writings and documents knowing the same to contain materially false, fictitious, or fraudulent statements and/or entries, in connection with the delivery of or payment for health care benefits.

92. In so doing, Relator is informed and believes that, between at least 1997 and the present, Defendants have knowingly overbilled Federal Insurers, FPACT, and Medi-Cal.

93. Defendants thus knowingly caused the submission of false claims to the United States and the State of California in violation of the False Claims Act and the within statute. Relator is informed and believes and thereon alleges that the United States and the State of California were damaged by Defendants in an amount as yet unknown. The exact amount of the harm has not yet been determined. The precise amount of damage caused by Defendants will be ascertained at trial.

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1 **COUNT VIII**

2 (Submission of False Claims - Violation of California Government Code
3 Section 12651(a)(1)) (All Defendants)
4

5 94. Relator realleges and incorporates all allegations including paragraphs 1
6 through 93 of this Complaint as if fully set forth herein.
7

8 95. Between at least 1997 and the present, Defendants have knowingly
9 submitted, or caused to be submitted, claims for payment by State
10 Insurers (including Medi-Cal) for higher levels of E&M services and
11 other types of services, medications, and drugs, than were actually
12 provided to patients.
13

14 96. Relator is informed and believes that, between at least 1997 and the
15 present, Defendants have knowingly over-billed State Insurers (including
16 Medi-Cal) for medications/contraceptives.
17

18 97. Defendants thus knowingly caused the submission of false claims to the
19 State of California in violation of the California False Claims Act. The
20 exact amount of the State of California's harm has not yet been
21 determined. Relator is informed and believes and thereon alleges that the
22 State of California was damaged by Defendants in an amount as yet
23 unknown. The precise amount of damage caused by Defendants will be
24 ascertained at trial.

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COUNT IX

(Use of False Statements or Records - California Government Code Section
12651(a)(2)) (All Defendants)

98. Relator realleges and incorporates all allegations including paragraphs 1 through 97 of this Complaint as if fully set forth herein.

99. Between at least 1997 and the present, Defendants knowingly prepared or caused to be prepared false records and/or statements in connection with Evaluation and Management (E&M) services provided to patients.

100. Relator is informed and believes that, between at least 1997 and the present, Defendants also knowingly prepared false records and/or statements in connection with billing for medications/contraceptives.

101. Defendants thus knowingly used false records or statements to get false or fraudulent claims paid or approved by the State of California in violation of the California False Claims Act. The exact amount of the State of California's harm has not yet been determined. The precise amount of damage caused by Defendants will be ascertained at trial.

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COUNT X

(Inadvertent Submission of False Claims - California Government Code Section
12651(a)(8)) (All Defendants)

102. Relator realleges and incorporates all allegations including paragraphs 1 through 101 of this Complaint as if fully set forth herein.

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1 103. By virtue of the acts and omission described above, Defendants are the
2 beneficiary of inadvertent submissions of false claims to the State of
3 California and failed to disclose the false claims to the State of California
4 within a reasonable time after their subsequent discovery of the falsity of
5 the claims.

6
7 104. The exact amount of the State of California's harm has not yet been
8 determined. Relator is informed and believes and thereon alleges that the
9 State of California was damaged by Defendants in an amount as yet
10 unknown. The precise amount of damage caused by Defendants will be
11 ascertained at trial.

12
13 **COUNT XI**

14 (Conspiracy to Submit False Claims - Government Code Section 12651(a)(3))

15 (All Defendants)

16
17 105. Relator realleges and incorporates all allegations including paragraphs 1
18 through 104 and all preceding paragraphs of this Complaint as if fully set
19 forth herein.

20
21 106. Between at least 1997 and the present, Defendants agreed on the
22 submission of claims for services, which were known by each to be false
23 by reason of the practices described herein, to Federal and State Insurers.

24
25 107. Defendants thus knowingly conspired to defraud the State of California by
26 getting false claims paid in violation of the State False Claims Act. The
27 exact amount of the State's harm has not yet been determined. The
28 precise amount of damage caused by Defendants will be ascertained at

1 trial.

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COUNT XII

4

(Unjust Enrichment) (All Defendants)

5

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108. Relator realleges and incorporates all allegations including paragraphs 1 through 107 and all preceding paragraphs of this Complaint as if fully set forth herein.

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109. This is a claim for the recovery of monies and the reasonable value of benefits such as improper and excessive reimbursement by which Defendants have been unjustly enriched through the fraud committed against the United States and the State of California.

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110. By directly or indirectly obtaining government funds and benefits to which they were not entitled Defendants were unjustly enriched and are liable to account and pay such amounts or the proceeds therefrom. The exact amount of harm to United States and the State of California has not yet been determined. The precise amount of damage caused by Defendants will be ascertained at trial.

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PRAYER FOR RELIEF

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3 112. WHEREFORE, Plaintiff/Relator prays for judgment against Defendants
4 as follows:

5
6 A. On Count I (Submission of False Claims), an order holding each of the
7 Defendants liable for treble the single damages they caused, the amount of
8 which is to be established at trial, penalties of \$10,000 for each false
9 claim, the number of which is to be established at trial, plus such other
10 relief as this Court deems just and appropriate;

11
12 B. On Count II (Use of False Statements or Records), an order holding each
13 of the Defendants liable for treble the single damages they caused, the
14 amount of which is to be established at trial, penalties of \$10,000 for each
15 false statement or record, the number of which is to be established at trial,
16 plus such other relief as this Court deems just and appropriate;

17
18 C. On Count III (Conspiracy to Get False Claims Paid), an order holding
19 each of the Defendants liable for treble the single damages they caused,
20 the amount of which is to be established at trial, penalties of \$10,000 for
21 each false statement or claim, the number of which is to be established at
22 trial, plus such other relief as this Court deems just and appropriate;

23
24 D. On Count IV (Conspiracy to defraud the Government with respect to
25 claims in Violation of 18 USC Section 286) an order holding each of the
26 Defendants liable for treble the single damages they caused, the amount of
27 which is to be established at trial, penalties of \$10,000 for each false
28 statement or record, the number of which is to be established at trial, Any

1 applicable fines pursuant to Title 18, plus such other relief as this Court
2 deems just and appropriate;

3
4 E. On Count V (False, fictitious or fraudulent claims in Violation of 18 USC
5 Section 287) an order holding each of the Defendants liable for treble the
6 single damages they caused, the amount of which is to be established at
7 trial, penalties of \$10,000 for each false statement or record, the number
8 of which is to be established at trial, Any applicable fines pursuant to Title
9 18, plus such other relief as this Court deems just and appropriate;

10
11 F. On Count VI (Conspiracy to commit offense or to defraud United States
12 in Violation of 18 USC Section 371) an order holding each of the
13 Defendants liable for treble the single damages they caused, the amount of
14 which is to be established at trial, penalties of \$10,000 for each false
15 statement or record, the number of which is to be established at trial, Any
16 applicable fines pursuant to Title 18, plus such other relief as this Court
17 deems just and appropriate;

18
19 G. On Count VII (False statements relating to health care matters in
20 Violation of 18 USC Section 1035) an order holding each of the
21 Defendants liable for treble the single damages they caused, the amount of
22 which is to be established at trial, penalties of \$10,000 for each false
23 statement or record, the number of which is to be established at trial, Any
24 applicable fines pursuant to Title 18, plus such other relief as this Court
25 deems just and appropriate;

26
27 H. On Count VIII (Submission of False Claims in Violation of California
28 Government Code Section 12651(a)(1)), an order holding each of the

1 Defendants liable for treble the single damages they caused, the amount of
2 which is to be established at trial, penalties of \$10,000 for each false
3 claim, the number of which is to be established at trial, plus such other
4 relief as this Court deems just and appropriate;

5
6 I. On Count IX (Use of False Statements or Records in Violation of
7 California Government Code Section 12651(a)(2)), an order holding each
8 of the Defendants liable for treble the single damages they caused, the
9 amount of which is to be established at trial, penalties of \$10,000 for each
10 false statement or record, the number of which is to be established at trial,
11 plus such other relief as this Court deems just and appropriate;

12
13 J. On Count X (Inadvertent Submission of False Claims in Violation of
14 California Government Code Section 12651(a)(8)), an order holding each
15 of the Defendants liable for treble the single damages they caused, the
16 amount of which is to be established at trial, penalties of \$10,000 for each
17 false statement or claim, the number of which is to be established at trial,
18 plus such other relief as this Court deems just and appropriate;

19
20 K. On Count XI (Conspiracy to Get False Claims Paid in Violation of
21 California Government Code Section 12651(a)(3)), an order holding each
22 of the Defendants liable for treble the single damages they caused, the
23 amount of which is to be established at trial, penalties of \$10,000 for each
24 false statement or claim, the number of which is to be established at trial,
25 plus such other relief as this Court deems just and appropriate.

26
27 L. On Count XII (Unjust Enrichment) disgorgement of unjustly obtained
28 funds, plus such other relief as this Court deems just and appropriate;

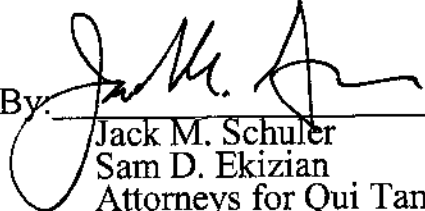
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M. That Qui Tam Plaintiff/Relator be awarded all costs of this action, including attorneys' fees and costs;

N. That the United States, State of California, and Qui Tam Plaintiff/Relator receive such other relief as the Court deems just and proper.

DATED: APRIL 30, 2008

SCHULER & BROWN

By: 

Jack M. Schuler
Sam D. Ekizian
Attorneys for Qui Tam
Plaintiff, On Behalf of
Himself, the United States &
the State of California

(All CA Planned Parenthoods contract with the state and federal reimbursement programs under FPACT)

FPACT MANUAL August 2001

Family Planning Planning Access Care and Treatment:
a State of California program that is also federally funded
The program is meant to serve poor people, and is under
the auspices of the fiscal authority of the Medi-Cal
Benefits Branch

MEDI-CAL / FAMILY PACT RULES FOR DRUG REIMBURSEMENT Regulatory Definitions of "Cost" Title 22 Section 51513

familyfact22

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Prior Authorization Requirements

Family PACT clients may require drugs not included in this Drug and Supply List for complication services. All additional drugs for complication management require prior authorization.

Note: Drugs not located on this list and needed for management of complications require prior authorization using the Medi-Cal Treatment Authorization Request (TAR) process. Drugs and supplies available for core services are limited to those items on the Family PACT Pharmacy Formulary.

Claim Form Completion

HCFA 1500 claim form: Providers must document the name of the medication/supply and the provider's cost per unit for the following procedure codes: X7706, X1500 and all other individual medication or injection codes in the *Reserved For Local Use* field (Box 19).

UB-92 Claim Form: Providers must document the name of the medication/supply and the provider's cost per unit for the following procedure codes: Z7610, X7706, X1500 and all other individual medication or injection codes in the *Remarks* area (Box 84).

Note: Family PACT requires that drugs and supplies dispensed by the Family PACT provider must be billed "at cost."

Family PACT: Drug and Supply List

Family PACT
August 2001

EXHIBIT | a .