

REHAB CENTER AGREES TO PAY U.S. \$45,000 - ACCUSED OF FILING FALSE INSURANCE CLAIMS

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KIDS of North Jersey, a Secaucus-based drug treatment center that has gotten a controversial reputation in the past few years, agreed Monday to pay the federal government \$45,000 to settle allegations of health-care fraud.

The center, formerly of Hackensack, treats adolescents for substance abuse and eating disorders. In suing KIDS and its founder, Miller Newton, the government said the organization submitted 254 fraudulent insurance claims between 1988 and 1992.

As part of a regular treatment policy, KIDS required the parents and siblings of adolescents enrolled in the program to attend regular meetings. KIDS then submitted insurance claims that often spelled out treatment allegedly provided to all of the family members, the government said.

In addition, psychological treatment for those sessions was not provided by a physician or a licensed health care professional, the government said in its lawsuit. Instead, it was sometimes provided by other adolescents, court documents said.

The lawsuit stems from the fact that several of the adolescents treated at KIDS were children of government workers enrolled in the Federal Employees Health Benefits Program.

Under the federal False Claims Act, the government is permitted to seek recovery of three times the amount of actual loss, plus civil penalties of \$5,000 to \$10,000 for each unlawful act.

The agreement is not an admission of wrongdoing, said U.S. Attorney Faith S. Hochberg, and KIDS has denied wrongdoing.

Since it opened in 1984, KIDS has faced, and survived, a long series of legal and financial problems. In the past, investigators have probed claims of kidnapping and abuse. Patients in Bergen County and three other states where affiliated KIDS programs once operated have made accusations that they were held against their will. No criminal charges were filed in those cases, although Bergen County prosecutors twice escorted patients from KIDS facilities following claims that they were detained unwillingly. Programs in various sites around the country including Hackensack closed under the pressure of those investigations.

The KIDS Hackensack center reopened in 1991, but the Secaucus site is the last remaining. That center was rocked by the 1993 conviction of three KIDS counselors for their role in the beating of 17-year-old ██████████ Soto during a counseling session.

The counselors, who received fines and probation, said Newton authorized the beating of Soto and others, as a routine way of handling patients who got out of line.

Newton, who referred inquiries about Monday's settlement to the organization's attorney, has previously denied those allegations. In the past, he has blamed much of the bad publicity on vengeful dropouts.

Treatment methods for high-risk, hard-core drug addicts are occasionally harsh, Newton has said. But the former minister and medical anthropologist has denied mistreating patients.

A Teaneck psychiatrist who formerly worked as a KIDS counselor told The Record in 1993 that the program used a rubber stamp with his signature to authorize insurance forms. Raymond Edelman said the stamp intended for use in internal memos and documents was still used for insurance purposes after he left KIDS.

After conducting its own investigation of KIDS in 1993, the Prudential Insurance Co. of America found that KIDS was not using health-care professionals to treat adolescents. Prudential then stopped paying all insurance claims submitted by the company.

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