

New Jersey Rehab Facility Settles False Claim Allegations for \$19.75 Million

Healthcare Law Update

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On April 30, 2025, the U.S. Attorney's Office for the District of New Jersey [announced](#) that Summit BHC New Jersey, LLC (Seabrook), a drug and alcohol rehabilitation facility in Cumberland County, agreed to a settlement to resolve allegations that Seabrook violated the False Claims Act (FCA). Seabrook was accused of submitting false claims to the Veterans Health Administration (VHA) and the New Jersey Medicaid program for services to veterans and low-income individuals that were either not rendered or for which Seabrook was not qualified to perform.

According to the U.S. Attorney, Seabrook mislead veterans into thinking they were receiving specialized care tailored to their needs, and then falsely billed at the full per diem rate for individual and group counseling sessions even when patients did not receive all of the services required to justify that rate. Additionally, Seabrook allegedly failed to meet state requirements for provider licensing and used interns for services that they were not qualified to provide. The U.S. Attorney also alleged that Seabrook falsified patient records and hid its lack of services and wrongdoings from VHA inspectors.

Under the terms of the settlement, Seabrook agreed to pay a \$19.75 million fine in exchange for its release under the FCA, the Civil Monetary Penalties Law, the Program Fraud Civil Remedies Act, and the New Jersey False Claims Act. Notably, the settlement does not release Seabrook from any criminal liability for these allegations. The settlement includes a \$3.5 million payment to a relator, a former employee of Seabrook, under the whistleblower protections of the FCA.

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