



# UNITED STATES ATTORNEY'S OFFICE

## *Southern District of New York*

U.S. ATTORNEY PREET BHARARA

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<http://www.justice.gov/usao/nys>

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### **MANHATTAN U.S. ATTORNEY RECOVERS MORE THAN \$13 MILLION IN MEDICARE FALSE CLAIMS ACT LAWSUIT AGAINST BETH ISRAEL MEDICAL CENTER**

*Hospital Admits to Having Selectively Increased Charges to Generate More Medicare Reimbursements Than It Would Have Otherwise Received*

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that the United States has filed and simultaneously settled a civil health care False Claims Act lawsuit against the BETH ISRAEL MEDICAL CENTER ("BETH ISRAEL") for fraudulently inflating its fees for services provided to Medicare patients in order to obtain larger supplemental reimbursement, known as "outlier payments," that Medicare pays to hospitals and other health care providers in cases where the cost of care is unusually high. In the settlement, BETH ISRAEL admitted, acknowledged, and accepted responsibility for having selectively increased its charges to obtain more outlier payments than it would have otherwise received. BETH ISRAEL also agreed to pay \$13,031,355 to the United States to settle the Government's claims for damages and penalties under the False Claims Act. The settlement was approved yesterday by United States District Court Judge Naomi Reice Buchwald.

Manhattan U.S. Attorney Preet Bharara stated: "The Medicare program provides a vital lifeline for its elderly and disabled beneficiaries, and it is critical that leading health care institutions and the people who bill the program comply with its regulations, and certainly not overbill it. This settlement demonstrates our commitment to pursuing those whose conduct drives up the costs of health care."

The following allegations are based on the Complaint filed in Manhattan federal court:

BETH ISRAEL inflated the fees it charged for certain procedures in order to obtain supplemental outlier payments for services that did not qualify for these payments. Specifically, the hospital intentionally manipulated its fee structure to make it appear as though its treatment of certain patients was unusually costly, when in fact it was not. In this manner, BETH ISRAEL obtained millions of dollars in Medicare outlier payments to which it was not entitled during the relevant time period.

As part of the settlement, BETH ISRAEL has admitted, acknowledged, and accepted responsibility for the following conduct:

- From February 21, 2002 through August 7, 2003, as reflected in its Medicare cost reports, BETH ISRAEL's Medicare charges increased faster than BETH ISRAEL's

Medicare costs increased during those same years.

- From February 21, 2002 through August 7, 2003, BETH ISRAEL increased its charges to obtain more outlier payments than it would have otherwise received. BETH ISRAEL did so in part by selectively increasing its charges for services that tended to contribute more to Medicare outlier payments.
- As a result, BETH ISRAEL received millions of dollars in Medicare outlier payments that it would not have received had it not increased its charges as substantially.

Pursuant to the settlement, BETH ISRAEL will pay the United States \$13,031,355 in damages and civil penalties within ten days of the settlement.

Mr. Bharara thanked the Office of the Inspector General for the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, and the Civil Division of the U.S. Department of Justice for their assistance with the case.

This case is being handled by the Office's Civil Frauds Unit. Assistant U.S. Attorneys Lawrence H. Fogelman and Natalie N. Kuehler are in charge of the case.

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