United States Attorney's Office and Delaware Attorney General's Office Reach False Claims Act Settlement With Christiana Care Health System

David C. Weiss, United States Attorney for the District of Delaware, and Joseph R. Biden, III, Delaware Attorney General, announced today that Delaware's largest health care provider, Christiana Care Health System ("CCHS"), has agreed to pay the United States and the State of Delaware a combined $3.3 million to resolve allegations that CCHS violated federal and state False Claims Acts designed to combat fraud and misuse of federal and state healthcare funds.

The claims against CCHS were filed in April 2005 by two Wilmington, Delaware neurologists, individually and through their practice, as part of a *qui tam* lawsuit. That suit remained under seal until late last week. The *qui tam* suit alleged, among other things, that CCHS submitted false claims to Medicare and Medicaid by certifying that it was in compliance with all federal and state laws and regulations when CCHS knew that it had an impermissible financial relationship with a group of Wilmington, Delaware neurologists who referred patients to CCHS in violation of federal and state law. The U.S. Attorney's Office for the District of Delaware, the United States Department of Health and Human Services, Office of Inspector General ("HHS-OIG"), and the Medicaid Fraud Control Unit of the Delaware Department of

Justice investigated the allegations and reached an agreement with CCHS to settle the *qui tam* lawsuit. In addition to paying the settlement amount to the United States and the State of Delaware, CCHS has agreed to enter into a Corporate Integrity Agreement that will be monitored by OIG-HHS.

The *qui tam* suit alleged that CCHS violated both a federal statute known as the Physician Self-Referral Statute (commonly known as the Stark Statute) and the Delaware Anti-Kickback Statute by paying the group of neurologists fees for services rendered that were significantly higher than (and, in some cases, multiples of) the amount Medicare and Medicaid paid CCHS as reimbursement for those services. The Stark Statute prohibits a hospital from profiting from referrals of patients made by a physician with whom the hospital has an impermissible financial relationship. The Delaware Anti-Kickback Statute prohibits a hospital from paying a physician to induce the physician to make referrals to the hospital. The Stark Statute and the Delaware Anti-Kickback Statute are intended to ensure that physicians' medical judgments are not compromised by improper financial incentives and are based solely on the best interests of the patient.

U.S. Attorney David Weiss stated: "Ensuring that public health care dollars are spent in accordance with the law is of importance to all of us, particularly so now as Congress debates health care reform. Physician referrals cannot be clouded by improper financial incentives. We are actively working with our investigative partners to ensure Medicare and Medicaid funds are properly spent, and we will continue aggressively to pursue all types of fraud in order to protect the public fisc."

Attorney General Biden stated: "This case sends a strong message that any entity or anyone who attempts to defraud taxpayers by engaging in Medicare/Medicaid fraud will be held

accountable, especially at a time when affordable healthcare is out of reach for so many of our citizens."

Assistant U.S. Attorneys Seth M. Beausang and Shannon T. Hanson, and former Delaware Deputy Attorney General Daniel R. Miller, have been responsible for investigation of this matter. U.S. Attorney Weiss also praised the work of Lawrence M. Kutys, an auditor in the U.S. Attorney's Office, and former Delaware HHS-OIG Special Agents Conrad J. Quarles and Edward L. McCusker for their efforts to investigate this matter.

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