

NEWS

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Christopher J. Christie, U.S. Attorney

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FOR IMMEDIATE RELEASE
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Another Cardiologist Settles with Government Over
Improper Patient Referrals to UMDNJ

(More)

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NEWARK – The U.S. Attorney’s Office has entered into a settlement for approximately \$1.4 Million with Bakul Desai, a private-practice cardiologist, for taking a salary from the University of Medicine and Dentistry of New Jersey while improperly referring cardiac patients, U.S. Attorney Christopher J. Christie announced..

Federal law prohibits a doctor from receiving a salary in exchange for referring patients. In the past several months, there have been two guilty pleas, and the U.S. Attorney’s Office has announced four civil settlements and filed two lawsuits related to UMDNJ’s cardiology program. The criminal and civil cases were all brought against surgeons who are alleged to have fraudulently exploited a program at UMDNJ’s University Hospital designed to bring in more cardiac surgery patients. The U.S. Attorney’s Office is continuing its investigation and pursuing those who received payment under fraudulent contracts.

In February, Desai, 55, of Livingston, and Laxmipathi Garipalli, 59, of Colts Neck, pleaded guilty in federal court to criminal embezzlement charges for engaging in the same fraudulent conduct and taking salaries totaling \$840,000 between them.

At the time of his guilty plea, Garipalli had already paid the government approximately \$560,000, which constitutes double damages, or twice the amount of the salary he received, to resolve his civil liability related to the scheme. Desai refused a similar settlement offer prior to his guilty plea and the government then filed a civil action against him. The current settlement with Desai is for two- and one-half times the amount of the salary he received.

The settlement forgoes the need to continue the civil action against Desai for improperly referring patients.

The civil lawsuits filed earlier this year against Dr. Joseph Campbell, 47, of Orange, and Dr. Atul Prakash, 47, of Cedar Grove, charged violations of the federal “Stark Statute,” which would prohibit referral of Medicare patients to University Hospital at the same time the doctors had financial relationships with the hospital. The submission of false claims based on the prohibited financial relationship was in violation of the federal False Claims Act, which allows the government to seek triple damages and penalties in such cases.

Consequently, the government is seeking three times the amount of the salaries received by Campbell and Prakash, three times the Medicare payments attributed to their referrals and penalties.

UMDNJ’s University Hospital is a state-licensed Level 1 Trauma Center. To maintain funding and accreditation from the state, University Hospital was dependent on the annual performance of a certain number of cardiac procedures, including cardiac catheterizations and cardiothoracic surgery. Beginning in at least 1995, however, University Hospital was

failing in this regard.

To remedy the problem, according to the charges, UMDNJ and certain of its administrators undertook a program to bring in more cardio surgery patients through part-time employment contracts with a number of community cardiologists. Those doctors had their own private practices and significant numbers of patients whom they could refer to University Hospital.

The UMDNJ contracts with the community cardiologists required them to work part-time at University Hospital as Clinical Assistant Professors, and to perform bona fide services, such as teaching at UMDNJ's medical school, providing on-call coverage, attending weekly conferences, lecturing, and supporting UMDNJ's research efforts, among other things.

For the criminal investigation and resulting civil prosecutions, Christie credited Special Agents of the U.S. Department of Health and Human Services Office of Inspector General, under the direction of Special Agent in Charge Gary Heuer of the New York Regional Office; Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun in Newark; Inspectors with the U.S. Postal Inspection Service, under the direction of Postal Inspector in Charge David L. Collins; and Special Agents of the IRS Criminal Investigations Division, under the direction of Special Agent in Charge William P. Offord, for the investigation leading to today's guilty pleas. Christie also thanked the Social Security Administration Office of Inspector General, under the direction of Special Agent in Charge Edward J. Ryan in New York, for its assistance.

The civil prosecutions and resulting settlements are being handled by Assistant U.S. Attorney Alex Kriegsman of the U.S. Attorney's Office Civil Division.

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Defense Counsel: Peter Willis, Esq., and John Young, Jr., Esq., Jersey City.