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**CABRINI MEDICAL CENTER AGREES
TO PAY \$3.4 MILLION TO SETTLE CHARGES
THAT IT DEFRAUDED THE MEDICAID PROGRAM**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that Cabrini Medical Center ("CABRINI") has agreed to pay \$3.4 million to resolve civil charges that it defrauded the New York State Medicaid Program in the operation of its detoxification unit during the period 1995 through 1999. United States District Judge KIMBA M. WOOD approved the settlement today in Manhattan federal court. As alleged by the Government in the Complaint filed on December 2, 2005:

CABRINI entered into an illegal scheme with Applied Consulting, Inc. ("APPLIED") under which CABRINI purported to retain Applied to provide administrative services for CABRINI's detoxification unit. The administrative services were not needed by CABRINI, were never provided by the consulting firm, or were worthless. The agreement served solely as a cover for payments by CABRINI to APPLIED in exchange for APPLIED's referral of patients to CABRINI. Such patient-referral payments violate New York State Medicaid regulations and state and federal anti-kickback statutes. CABRINI billed the Medicaid program for services rendered to patients illegally referred by APPLIED, and in doing so violated the federal False Claims Act by falsely certifying to the Government that it had provided the services in compliance with all applicable laws and regulations.

In addition, during the period 1995 through June 1997, CABRINI operated its detoxification unit without a certification from the New York State Office of Alcoholism and Substance Abuse Services, in violation of New York State Medicaid regulations. As a result, CABRINI's claims to Medicaid for services it provided to patients in its detoxification unit during that period were false in that the services were not, contrary to

CABRINI's certification, in compliance with all applicable laws and regulations.

CABRINI denies any wrongdoing.

In connection with the settlement, CABRINI has entered into a corporate integrity agreement with the Office of Inspector General of the United States Department of Health and Human Services. The corporate integrity agreement is aimed at ensuring that CABRINI's further participation in federal health care programs is in conformity with the statutes, regulations, and other directives applicable to those programs. Among other things, CABRINI will implement a training program for its executives and employees that will advise them of the prohibitions of the state and federal anti-kickback statutes. CABRINI will also hire an independent review organization to oversee its compliance with federal health care programs, and will implement a contractual review process that will ensure that its current and future contracts comply with the statutes.

CABRINI'S conduct was first brought to the attention of the Government by a whistle blower who filed suit under the *qui tam* provision of the False Claims Act, under which a private person, or "relator," can bring a lawsuit on behalf of the United States. In addition to the settlement between the United States and CABRINI, the relator has also settled claims he brought against the Missionary Sisters of the Sacred Heart, described in the settlement agreement as CABRINI's sponsor.

Mr. GARCIA praised the investigative efforts and assistance provided by the Federal Bureau of Investigation and the United States Department of Defense Inspector General's Defense Criminal Investigative Service.

Assistant United States Attorney HEIDI A. WENDEL is in charge of the case.

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