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BUFFALO UNITED STATES ATTORNEY'S OFFICE OBTAINS $12 MILLION FROM FOURTEEN HOSPITALS TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS RELATED TO IMPROPER MEDICARE REIMBURSEMENTS

BUFFALO, N.Y. - U.S. Attorney William J. Hochul, Jr. announced today that 14 hospitals located in New York, Mississippi, North Carolina, Washington, Indiana, Missouri and Florida have agreed to pay the United States a total of more than $12 million to settle allegations that the health care facilities submitted false claims to Medicare. This brings the total amount of money recovered in this case to approximately 50 million dollars for 42 hospitals. A settlement with Medtronic Spine LLC, corporate successor to Kyphon Inc., which paid $75 million to settle allegations that the company defrauded Medicare by counseling hospital providers to perform kyphoplasty procedures as an inpatient procedure

In 2008 the United States Attorneys Office started an investigation into allegations that certain hospitals throughout the country regularly overcharged the federal government's medicare program for a medical procedure known as kyphoplasty. In the is procedure, a patient received minimally invasive care for certain spinal fractures that were often the result of osteoporosis, Although the procedure could have been conducted by on an out-patient basis, hospitals were alleged to have billed the United States Government as if the procedure required a one-day hospital stay. .

Today's announcement involves 14 hospitals that also submitted inflated charges. The settling facilities and the amounts they have agreed to pay the United States Government consist of the following: Plainview Hospital, Plainview, N.Y. ($2,307,265); North Shore Syosset Hospital, Syosset, N.Y. ($192,735); North Mississippi Medical Center, Tupelo, Miss. ($1,894,683.30); Mission Hospital, Asheville, N.C. ($1.5 million); Wenatchee Valley Medical Center, Wenatchee, Wash. ($1,224,709.96); Community Hospital Anderson, Anderson, Ind. ($500,561.36); St. John's Mercy Hospital, Creve Coeur, Mo. ($365,000); Gulf Coast Hospital, Fort Myers, Fla. ($173,005.86); Lee

Memorial Hospital, Fort Myers, Fla. ($159,571.87); and Cape Coral Hospital, Cape Coral, Fla. ($73,279.47). Four hospitals affiliated with Adventist Health System/Sunbelt Inc. in Florida will pay a total of $3.9 million, and these include Florida Hospital Orlando, Florida Hospital-Oceanside, Florida Hospital Fish Memorial and Florida Hospital Heartland Medical Center.

"These hospitals put profits ahead of sound medical judgment, making decisions based on a desire to maximize Medicare reimbursement rather than on individualized assessments of medical necessity," said U.S. Attorney Hochul. "Our Office is committed to protecting the Medicare program by ensuring that medicine, and not financial profit, is used to determine the best course of medical care in all cases."

All of the settling facilities were named as defendants in a qui tam, or whistleblower, lawsuit brought under the False Claims Act, which permits private citizens, known as "relators," to bring lawsuits on behalf of the United States and receive a portion of the proceeds of any settlement or judgment awarded against a defendant. The lawsuit was filed in 2008 in federal district court in Buffalo by Craig Patrick and Charles Bates. Mr. Patrick is a former reimbursement manager for Kyphon, and Mr. Bates was formerly a regional sales manager for Kyphon in Birmingham, Ala. The relators will receive a total of approximately $2.1 million from the settlements.

This resolution is part of the government's emphasis on combating health care fraud and another step for the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which was announced by Attorney General Eric Holder and Kathleen Sebelius, Secretary of the Department of Health and Human Services in May 2009. The partnership between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in that effort is the False Claims Act, which the Justice Department has used to recover more than $6.6 billion since January 2009 in cases involving fraud against federal health care programs. The Justice Department's total recoveries in False Claims Act cases since January 2009 are more than $8.8 billion.

The settlement with these hospitals was the result of a coordinated effort among the U.S. Attorney's Office for the Western District of New York, the Commercial Litigation Branch of the Justice Department's Civil Division, and the Department of Health and Human Services' Office of Inspector General and Office of Counsel to the Inspector General.

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