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**U.S. ATTORNEY ANNOUNCES FIRST SETTLEMENT INVOLVING
PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES**

PHILADELPHIA - United States Attorney Laurie Magid today announced a civil settlement with Youth and Family Centered Services, Inc. ("YFCS") and its wholly owned subsidiary, Southwood Psychiatric Hospital, Inc. ("Southwood"), to resolve alleged False Claims Act violations in connection with billing of the Medicaid program for services to children and adolescents in 2005 at Southwood's three Psychiatric Residential Treatment Facilities ("PRTFs") in Prosperity, Pennsylvania. As part of the settlement, YFCS and Southwood have agreed to pay \$150,000 to reimburse federal Medicaid funds, and have committed to systemic improvements at the Prosperity PRTFs, beyond what is required by state laws. Those improvements include the elimination of using prone (face-down) physical restraints of residents, and maintaining the staffing levels in excess of those required by Pennsylvania law.

PRTFs provide children and adolescents with room and board and intensive psychiatric/behavioral health services in a round-the-clock, highly supervised setting. To be admitted to a PRTF, an individual must have at least one confirmed psychiatric diagnosis and be deemed unable to function successfully within the home or community because of serious social, emotional, behavioral, developmental, or psychiatric challenges. The Prosperity PRTFs -- Concord House, Mansion House, and Prosperity House -- serve male residents, ages 6 to 18, on a rural campus. Southwood billed Medicaid for certain care to the residents of the facilities in 2005. The United States alleges that the actual care for which Medicaid was billed was inadequate because it resulted from insufficient levels and methods of staffing, inadequate staff training, deficient facilities, deficient safety procedures, and/or deficient medical/psychological treatment.

"Children and adolescents who temporarily live in Psychiatric Residential Treatment Facilities -- often at a significant distance from home -- are particularly vulnerable and need a safe environment and a quality of care that will effectively treat their underlying conditions and allow them to return home as soon as possible," said Magid. "The settlement of this case will send a message to facilities in Pennsylvania and elsewhere that they must provide their residents with what Medicaid has paid for and that the United States will take seriously any failure to do so."

The settlement provides, in part, that YFCS and Southwood will:

1. Pay \$150,000, principally to repay federal Medicaid funds.
2. Retain an Independent Review Organization to review, for three years, the quality of Southwood's programs and, for at least one year, the accuracy of Southwood's billings to federal health care programs.
3. Create: (a) a YFCS Office of Corporate Compliance; (b) a YFCS National Compliance Committee; (c) the full-time positions of YFCS National Compliance Director and Deputy National Compliance Director; (d) for each YFCS region, a regional compliance committee and a regional compliance director; and (e) for each YFCS group of facilities, a local compliance director.
4. Implement new and revised policies and procedures on: compliance with federal health care program requirements; physical restraints; employee/contractor background checks; therapeutic care; staff being alone with individual residents; record-keeping; program admissions and discharges; family contacts; grievance rights; educational training; recreation; and other subjects.
5. Reduce the licensed resident capacity for each Prosperity PRTF building.
6. Maintain at the Prosperity PRTFs a non-medical, non-therapist, non-supervisory "care staff-to-resident ratio" of at least 1:5 during awake hours and at least 1:8 during sleeping hours.
7. Employ a psychiatrist with expertise in child and adolescent issues as Southwood's Medical Director; employ similarly qualified psychiatrists regularly to attend to Prosperity PRTF residents; and retain a similarly qualified but independent psychiatrist to perform regular peer reviews of care at the Prosperity campus.
8. Limit the number of hours that each therapist and nurse may work each week, limit the case load of each therapist to 10 residents, and provide adequate therapist and nursing coverage.
9. Hire an activities director for the Prosperity campus.

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This settlement is the first resolution by the United States of a failure of care case involving a Pennsylvania PRTF.

The Department of Health and Human Services, Office of Inspector General (“HHS-OIG”) participated in the United States Attorney’s Office investigation and negotiation of the settlement. The United States’ investigation included whistleblower allegations brought by Stefan P. Kruszewski, a psychiatrist who from 2001 to 2003 was a medical consultant in the Bureau of Program Integrity of the Pennsylvania Department of Public Welfare. Dr. Kruszewski filed a lawsuit on behalf of the United States under the whistleblower provision of the False Claims Act. Dr. Kruszewski will receive \$22,500 from the settlement amount.

The case was handled by Assistant United States Attorney Margaret L. Hutchinson, who is Deputy Chief of Affirmative Civil Enforcement Litigation in the United States Attorney’s Office for the Eastern District of Pennsylvania; Assistant U.S. Attorney Gerald B. Sullivan; Auditor Allison Barnes of the U.S. Attorney’s Office; Health Care Analyst Consultant Patricia Doyle of the U.S. Attorney’s Office; and, for HHS-OIG, the Philadelphia Regional Office and Attorney Ellen Slavin.

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