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PEDIATRIX AGREES TO PAY OVER \$25 MILLION
TO SETTLE CLAIM OF FALSE BILLINGS

*Health Care Provider Billed for Neonatal Critical Care Services
When Patients Were Not Critically Ill*

Baltimore, Maryland - Pediatrix Medical Group, Inc., whose network of affiliated physician groups provides medical services in various hospital neonatal intensive care units in 32 states and Puerto Rico, has agreed to pay the government \$25,078,918 to settle government claims under the False Claims Act that Pediatrix improperly billed Medicaid, TRICARE, and the Federal Employees Health Benefits Program for neonatal care provided by their doctors, announced United States Attorney for the District of Maryland Rod J. Rosenstein and United States Attorney for the District of Colorado Troy Eid. The investigation was conducted jointly by the U.S. Attorney's Offices for the Districts of Maryland and Colorado and a team from the Medicaid Fraud Control Units for the States of North Carolina, South Carolina, New Jersey, and Maryland.

United States Attorney Rod J. Rosenstein said, "Some health care providers 'upcode' their reimbursement claims and falsely represent that they are entitled to reimbursement for more expensive treatment than they actually provided. In this case, Pediatrix billed the government for critical care services when in fact the infants were not critically ill. Substantial recoveries such as this one protect the integrity of federal health care programs."

United States Attorney Troy Eid added, "This was a complex case that required the combined efforts of our offices and several state Medicaid Fraud Control Units to resolve. I congratulate the state and federal agents. Their investigation brought this case to a successful resolution. Pediatrix must now pay back money it never should have been paid."

Inspector General Dan Levinson of the U.S. Department of Health and Human Services stated, "OIG is committed to working with our law enforcement partners to ensure that Medicaid's scarce resources are spent appropriately."

According to the Settlement Agreement, from January 1996 through December 1999, Pediatrix improperly applied CPT billing codes to neonatal services that did not accurately

correspond to the medical condition of the infant or the services provided. Specifically, Pediatrix admitted infants to hospital neonatal intensive care units using a CPT code for admission of critically ill infants, when as many as one-third or more of those infants were not in fact critically ill. Pediatrix used critical/unstable and critical/stable CPT codes for subsequent days of treatment, when as many as 50% or more of those infants were not in fact critically ill. Pediatrix also used critical/unstable and critical/stable CPT codes on discharge days, when as many as 85% or more of those infants were not in fact critically ill.

Pediatrix cooperated fully during the investigation. The company has agreed to abide by the terms of a Corporate Integrity Agreement (CIA) for 5 years. A CIA requires a health care provider to adhere to compliance measures that seek to ensure the integrity of claims submitted to a federal health care program by the provider. Pediatrix's CIA requires, in part, written standards and policies, a comprehensive employee training program, review of claims submitted to federal health care programs and the submission of various reports to the OIG.

The settlement also resolves a lawsuit originally filed on behalf of the United States by Daniel M. Hall, M.D., a board certified neonatologist, under the qui tam provisions of the False Claims Act. Enacted during the Civil War, the False Claims Act is the government's primary civil tool to combat fraud and abuse in federal programs and procurement. The Act allows the government to recover triple the amount of its actual damages, plus a civil penalty of \$5,500 to \$11,000 for each false claim. The qui tam provisions of the Act allow private parties to sue individuals and entities that have submitted false claims to the federal government and to receive a portion of the settlement if the government takes over the case and reaches a monetary agreement with the defendant. As a result of the settlement, Dr. Hall will receive \$1,557,588 from the total federal recovery.

United States Attorneys Rod J. Rosenstein and Troy Eid commended the investigative work performed by the Offices of the Inspector General for the Department of Health and Human Services and the Office of Personnel Management and by the Defense Criminal Investigative Service . Mr. Rosenstein and Mr. Eid also thanked Assistant U.S. Attorneys Roann Nichols and Tarra DeShields, who handled the case in Maryland, and Assistant U.S. Attorney Edwin Winstead, who handled the case in the District of Colorado.