



NEWS RELEASE

Debra Wong Yang
United States Attorney
Central District of California

For Immediate Distribution

June 29, 2006

Thom Mrozek, Public Affairs Officer
(213) 894-6947
thom.mrozek@usdoj.gov
www.usdoj.gov/usao/cac

TENET HEALTHCARE CORPORATION TO PAY U.S. MORE THAN \$900 MILLION TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS

Tenet Healthcare Corporation, operator of the nation's second-largest hospital chain, has agreed to pay the United States more than \$900 million to resolve several "whistleblower" lawsuits and investigations alleging that Tenet and its hospitals knowingly submitted false claims to the Medicare program and other federal health insurance programs over the past decade.

The settlement is the largest single settlement in the nearly 150-year history of the False Claims Act. Previously, the Justice Department settled with HCA for \$840 million, as part of a total recovery from HCA of \$1.7 billion.

The settlement was announced today by Assistant Attorney General Peter D. Keisler and United States Attorney Debra Wong Yang.

"Today's settlement reflects our continued resolve to hold responsible those who engage in health care fraud in any form," said Assistant Attorney General Keisler, head of the Justice Department's Civil Division. "The Department of Justice will not tolerate fraudulent efforts by hospitals or other health care providers to claim excessive sums from the Medicare program."

Under the agreement, Tenet, which is headquartered in Dallas but operates dozens of hospitals throughout the United States, will pay a total of \$900 million plus interest over four years to resolve various types of civil allegations involving Tenet's billings to Medicare and other federal health care programs. The settlement amount was based on the company's ability to pay.

“The Medicare program currently faces great challenges, and can ill afford attempts by hospitals to manipulate and cheat the system,” said United States Attorney Debra Wong Yang. “This settlement demonstrates our strong commitment to recovering taxpayer funds from health care companies that break the rules in pursuit of higher profits.”

Of the \$900 million settlement amount, the agreement requires Tenet to pay:

- more than \$788 million to resolve claims arising from Tenet’s receipt of excessive “outlier” payments;
- more than \$47 million to resolve claims that Tenet paid kickbacks to physicians to get Medicare patients referred to its facilities, and that Tenet billed Medicare for services that were ordered or referred by physicians with whom Tenet had an improper financial relationship; and
- more than \$46 million to resolve claims that Tenet engaged in “upcoding.”

Outlier payments are intended to be limited to situations involving extraordinarily costly episodes of care. Tenet hospitals allegedly inflated their charges substantially in excess of any increase in the costs associated with patient care – a practice known as “turbocharging” – and also billed for services and supplies that were not provided to patients. Upcoding involves submitting claims for payment using diagnosis codes that the provider cannot support or were improperly assigned to patient records in order to increase reimbursement to Tenet hospitals. The upcoding allegations were contained in three lawsuits filed by the United States Attorney’s Office in Los Angeles in 2003.

"Today's settlement with Tenet Healthcare Corporation demonstrates the federal government's commitment to protecting the integrity of our nation's healthcare system," said Health and Human Services Secretary Mike Leavitt. "I commend the staff of the HHS Office of Inspector General, the HHS Office of General Counsel and the Centers for Medicare and Medicaid Services who worked so hard to pursue those who fraudulently abused the Medicare program."

Several of the issues resolved as part of the settlement agreement arose from lawsuits filed by whistleblowers, who are formally known as relators under the

False Claims Act. Relators who qualify under the statute are eligible to receive up to 25 percent of the settlement recovery in cases the government pursues.

The settlement with Tenet is the result of the collaborative efforts of various Department of Justice components, including the Civil Division; Civil Fraud Section, Central District of California; Northern District of Alabama; Eastern District of Louisiana; Eastern District of Missouri; Eastern District of Pennsylvania; and Western District of Tennessee.

Assistant Attorney General Keisler and United States Attorney Yang also wish to acknowledge the extensive assistance in addressing and resolving the settled allegations provided by the Department of Health and Human Services' Office of Inspector General, including its Office of Investigations in Santa Ana, California and its Office of Audit Services in Kansas City and Omaha; Office of General Counsel, and Centers for Medicare and Medicaid Services; the Federal Bureau of Investigation; and Medicare Contractors Mutual of Omaha, Inc., and IntegriGuard LLC.

The offices also received investigative and auditing assistance from the TRICARE Management Authority, the Defense Criminal Investigative Service, the United States Department of Veterans Affairs and its Office of Inspector General, the United States Office of Personnel Management and its Office of Inspector General, the United States Department of Labor, and the Office of the Inspector General for the United States Postal Service.

CONTACT: Assistant United States Attorney Gary Plessman
Chief, Civil Fraud Section, United States Attorney's Office
(213) 894-2474

Assistant United States Attorney Cathy J. Ostiller
(213) 894-6159

