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**CONDELL HEALTH NETWORK AND MEDICAL CENTER TO PAY \$36 MILLION
SETTLEMENT AFTER SELF-REPORTING POSSIBLE HEALTH-CARE FRAUD**

CHICAGO – Condell Health Network, parent corporation of Condell Medical Center, a 283-bed hospital in Libertyville – after voluntarily disclosing that it received improper Medicare and Medicaid payments – has agreed without litigation to pay the United States and the State of Illinois \$36 million as a result of filing false claims for reimbursement, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. Condell, the largest health care provider in Lake County, made the voluntary disclosure earlier this year while in the process of being acquired by Advocate Health Care, of Oak Brook, which was scheduled to be completed today.

The settlement involves three aspects of the relationship between Condell and its physicians from 2002 through 2007: leases of medical office space at rates below fair market value; improper loans to physicians; and hospital reimbursement to doctors who performed patient services without required written agreements.

By voluntarily disclosing these improper practices, Condell avoided a Government lawsuit under the federal False Claims Act and was able to negotiate a settlement at a discount. The settlement agreement calls for Condell to pay the United States \$33.12 million to resolve claims

relating to Medicare patients and \$2.88 million to the State of Illinois to settle claims relating to Medicaid patients. The False Claims Act provides that parties who voluntarily disclose possible violations are liable for double damages, instead of triple damages, and civil penalties between \$5,500 and \$11,000 for each violation.

“We commend Condell for bringing these practices to our attention. We expect health care providers to come forward when they discover issues that could rise to the level of fraud without waiting for us to catch up to them, and when they do so, they may well benefit,” Mr. Fitzgerald said. He announced the settlement with U.S. Department of Health and Human Services Office of Inspector General and the Department of Justice Civil Division.

As part of the \$36 million settlement, Condell does not admit liability and agreed to the settlement to avoid the delay, uncertainty and expense of protracted litigation.

According to the settlement agreement, Condell leased space in medical office buildings it owned to physicians in violation of federal laws and regulations governing Medicare and Medicaid reimbursement because either the rental rates were below fair market value or Condell abated or deferred collection of rental payments.

Condell also gave loans to physicians and improperly allowed them to “work off” the debts at hourly rates that were greater than fair market value, as well as with activities that did not benefit the community. Condell extended loans to doctors without assessing whether there was a particular community need for such arrangements or physicians, provided loans to doctors already in the hospital’s service area, gave loans that benefitted individual doctors or physician groups rather than the community, and entered into multiple loan agreements with the same physician or medical group. Condell also paid its physician recruiters incentive bonuses and its financial support agreements

prohibited doctors from obtaining admitting privileges at any other hospital, the settlement agreement states. In addition, the settlement covers Medicare and Medicaid reimbursements that Condell paid to doctors for performing services at the hospital without required written agreements.

The United States was represented by Assistant U.S. Attorney Linda A. Wawzenski, deputy chief of the U.S. Attorney's Office Civil Division.

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