



# Department of Justice

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Northern District of Georgia

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## **NORTHSIDE HOSPITAL AND DOCTORS' GROUPS PAY \$6.37 MILLION TO U.S. TO SETTLE FALSE CLAIMS ACT SUIT**

### ***Action Alleges Improper Financial and Referral Relationships Between Hospital and Transplant Physicians' Groups***

Atlanta, GA - The United States Attorney's Office for the Northern District of Georgia announced today that Northside Hospital in Atlanta has agreed to pay approximately \$5.72 million, and two physician-owned entities, Blood and Marrow Transplant Group of Georgia (BMTGA) and Atlanta Blood Services (ABS), have agreed to pay \$650,000, to resolve allegations raised in a "whistleblower" lawsuit that they violated the False Claims Act by submitting claims to the Medicare program that were tainted by improper financial and referral relationships.

"The Justice Department is committed to preventing and punishing improper financial relationships that could adversely affect the exercise of a physician's independent judgment," United States Attorney David E. Nahmias said. Nahmias added, however, that the Government's investigation found no known harm to any patient relating to the transplant or cancer services, and that Northside Hospital, BMTGA, and ABS fully cooperated in the investigation.

According to U.S. Attorney Nahmias and the court documents: BMTGA, in affiliation with Northside Hospital, operates a clinical transplant program for stem cell transplants and cancer treatment. The transplant physicians who own BMTGA also own ABS (formerly known as Atlanta Blood Center), a clinical laboratory that provides services and blood products to Northside Hospital. The "whistleblower," or "qui tam" suit was filed in February, 2004, by two former employees of BMTGA, Cheryl Burns, a former CEO, and Janine Slaughter, a former billing/office manager. Ms. Burns and Ms. Slaughter filed their complaint under the False Claims Act, which allows the United States to recover triple damages and civil penalties for false claims that are knowingly submitted to government programs.

In their complaint, Ms. Burns and Ms. Slaughter alleged that BMTGA and Atlanta Blood Center had entered into multiple financial transactions with Northside Hospital that

violated certain Social Security Act provisions known as the “Stark law.” The Stark law prohibits a physician from making a referral to an entity for the furnishing of certain health services, if that physician has a financial relationship with the entity that does not meet one of the law’s exceptions.

In their suit, Ms. Burns and Ms. Slaughter alleged that Northside Hospital provided employees to the physicians, free of charge, who benefitted the transplant physicians’ private practice, and that Northside Hospital purchased platelet products from Atlanta Blood Center at an inflated price. The Government also contended that the medical directorship fees paid by Northside Hospital to the transplant physicians exceeded fair market value, and that these arrangements and the referrals of patients by the transplant physicians to Northside Hospital tainted the claims for payment submitted to the Medicare program.

The United States has agreed to dismiss the lawsuit in exchange for the payment of \$6,378,448 by the three entities, and the execution of Certification of Compliance Agreements with the Department of Health and Human Services, Office of Inspector General. The Compliance Agreements require the hospital and physicians’ group to adhere to certain policies and procedures to ensure compliance with applicable statutes and regulations that govern the use of federal health care funds. Under the “qui tam” provisions of the False Claims Act, Ms. Burns and Ms. Slaughter will jointly receive \$1.2 million as a share of the recovery under the settlement.

This case was investigated by the United States Department of Health and Human Services (HHS), Office of Inspector General, and the Federal Bureau of Investigation.

Assistant United States Attorney Mina Rhee handled the case for the United States.

For further information, please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).