



OIG NEWS

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OIG Executes Tenet Corporate Integrity Agreement Unprecedented Provisions Include Board of Directors Review

Inspector General Daniel R. Levinson announced today that the Office of Inspector General (OIG) of the U.S. Department of Health & Human Services has reached an agreement with Tenet Healthcare Corporation on a Corporate Integrity Agreement (CIA). The CIA is part of Tenet's resolution of its civil and administrative liability for a wide range of investigated conduct, including Diagnosis Related Group (DRG) upcoding, improper outlier payments, kickbacks to physicians, and other fraudulent activities.

"OIG is committed to protecting the integrity of Federal health care programs, and today's Corporate Integrity Agreement with Tenet Healthcare Corporation contains comprehensive and unprecedented provisions designed to prevent future harm to the programs. OIG expects Tenet to fully comply with the requirements of the Corporate Integrity Agreement, and we will closely monitor Tenet's compliance with its terms," said Inspector General Daniel R. Levinson.

In June 2006, Tenet agreed to pay over \$900 million to the United States to resolve its liability under the False Claims Act and related authorities. Specifically, the Federal government had alleged that Tenet submitted claims for payment to Medicare using DRG codes that Tenet could not support or were improperly assigned to patient records in order to increase reimbursement to Tenet hospitals. Tenet also allegedly inflated its charges substantially in excess of any increase in the costs associated with patient care, which resulted in improper outlier payments.

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The CIA, which has a five year term, will cover Tenet, its wholly-owned subsidiaries and affiliates, and all hospitals and other health care facilities managed or controlled by Tenet. Under the CIA, Tenet will implement a comprehensive compliance program that includes corporate, regional, and hospital compliance officers; compliance policies and training; an employee hotline and reporting mechanism; and mandatory reporting and repayment of overpayments. In addition, Tenet is required to engage independent review organizations to review Tenet's DRG claims, outlier payments, physician relationships, and clinical quality management.

The CIA also includes unprecedented provisions requiring the Quality, Compliance, and Ethics Committee of Tenet's Board of Directors to undertake a review of the effectiveness of Tenet's compliance program and adopt resolutions with respect to this review. Tenet is required to submit annual reports to OIG, which will include certifications by Tenet officers that the company is in compliance with the requirements of the Federal health care programs.

In consideration of Tenet's obligations under the CIA, OIG has agreed to release and refrain from instituting any administrative action seeking exclusion of Tenet from participation in Medicare, Medicaid, and other Federal health care programs under section 1128(b)(7) of the Social Security Act for the investigated conduct. Under section 1128(b)(7) of the Social Security Act, OIG may exclude an individual or entity from participating in the Federal health care programs if the individual or entity has engaged in fraud, kickbacks, and other prohibited activities.

Under a separate divestiture agreement entered into on May 17, 2006, Tenet is selling Alvarado Hospital Medical Center to an unrelated party to resolve OIG's possible exclusion of Alvarado for paying kickbacks to physicians. OIG will continue to monitor Tenet's compliance with the Alvarado divestiture agreement.

Tenet, which is headquartered in Dallas, Texas, owns and operates approximately 70 acute care hospitals and other health care facilities across the country.

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For the full CIA document:

<http://oig.hhs.gov/fraud/cia/agreements/TenetCIAFinal.pdf>