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UNITED STATES SETTLES WITH ST. MARY'S MEDICAL CENTER OVER IMPROPER MEDICARE BILLING

PHILADELPHIA - St. Mary's Medical Center ("St. Mary's") has agreed to pay the United States $3,283,725 in order to resolve claims raised by St. Mary's voluntary disclosure that it improperly billed Medicare, announced United States Attorney Zane David Memeger. The improper billings were for one day inpatient hospital admissions between October 1, 2001 and September 30, 2007 that should have been coded as observations or outpatient visits, resulting in a higher reimbursement for St. Mary's.

The False Claims Act makes it illegal for any person or entity to present a false or fraudulent claim to the United States for payment and/or to retain overpayments that were improperly received. The Medicare program only reimburses hospitals for services that are "reasonable and necessary" and hospitals such St. Mary's are given clear guidance regarding when hospital admission is necessary. The Department of Health and Human Services Office of the Inspector General publishes Compliance guidelines that encourage hospitals to have systems in place for ongoing audits through a compliance or a UR committee, to have policies regarding appropriate admissions, and to educate physicians and staff to ensure that inpatient claims are reasonable and necessary. Although St. Mary's had some such procedures in place during the period in question, they did not prevent the improper overbilling from occurring or allow St. Mary's to immediately identify and return the overpayments.

"Combating Medicare fraud and overbilling is an increasingly critical issue," said Memeger. "The Department of Justice and United States Attorney's Offices across the country have made cracking down on fraud and overbilling a priority. As Attorney General Holder has said, every year we lose tens of billions of dollars in Medicare and Medicaid funds to fraud. Those billions represent health care dollars that could be spent on medicine, elder care or emergency room visits. This is unacceptable, and we are committed to working with the Department of Health and Human Services to eradicate it."

St. Mary's brought this case to the government's attention by voluntarily disclosing the improper billing. United States Attorney Memeger complimented St. Mary's on its approach to these issues.

"When health care providers come forward, forthrightly acknowledge illegal conduct, and take steps to prevent that conduct from recurring in the future, everyone benefits," Memeger said. "St. Mary's' decision to disclose the misconduct, to reveal the results of its internal investigation, and to cooperate with our investigation demonstrated that it was serious about providing patients with appropriate medical care and about compliance with the law. Acceptance of responsibility and prompt efforts at reform are critical factors in our decision whether to pursue health care providers in litigation or whether to reach an amicable resolution."

In light of St. Mary's' voluntary disclosure and self-audit, and upon the evaluation of St. Mary's' compliance structure by the Office of the Inspector General of the Department of Health and Human Services, St. Mary's will continue to implement its corporate compliance program without the need for a Corporate Integrity Agreement overseen by the Office of the Inspector General.

The case was investigated by Bernard Siegel of the Department of Health and Human Services Office of the Inspector General, Assistant United States Attorney Paul Kaufman, Senior Counsel for Health Care Fraud and Elder Justice Andy Mao of the United States Department of Justice, and Denis Cooke of the United States Attorney's Office.

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