

## CORPORATE COMPLIANCE ALERT

3/19/14

### Ohio Hospital Agrees to \$8.5 Million Settlement with Department of Justice

ProMedica Memorial Hospital (Memorial), a small, 71-bed facility in Fremont, Ohio, will pay \$8.5 million to settle allegations that it violated the False Claims Act, the federal Anti-Kickback Statute and the Stark Law.

In 2012, Memorial conducted an internal audit during which it discovered that improper financial relationships existed between Memorial and two referring physicians. The audit revealed that two separate joint venture agreements, the first with a pain management doctor and the second with an ophthalmologist, implicated the hospital under several federal laws governing the financial relationships between hospitals and referring physicians. Improper referrals arising from the joint venture agreements included Medicaid patients. Memorial self-reported the violations to the U.S. Department of Justice.

While the terms of the agreement do not require that Memorial admit culpability, the \$8.5 million settlement marks a huge blow to the small, regional hospital that posted a \$400,000 loss on operations for fiscal year 2012 against \$72 million in total revenue.

In a statement from the U.S. Department of Justice, U.S. Attorney Steven M. Dettelbach commented, "Physician referrals should be made exclusively based on what's best for the patient, not on financial relationships. We hope that this settlement will once again help drive that message home."

The Memorial settlement once again demonstrates the prominence of the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative and the enhanced cooperation between the Justice Department and the Department of Health and Human Services. The partnership, first announced in 2009, has led to the recovery of nearly \$19 billion through False Claims Acts cases, with more than \$13 billion of that total arising from recoveries in cases involving fraud against federal health care programs.

Roetzel's white-collar litigation and corporate compliance attorneys are available to assist you with any questions regarding the establishment, implementation and ongoing maintenance of a corporate compliance program. Please contact the following Roetzel attorneys for further information:

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