

## JUSTICE NEWS

### Department of Justice

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## **Florida Hospital District Agrees to Pay United States \$69.5 Million to Settle False Claims Act Allegations**

North Broward Hospital District, a special taxing district of the state of Florida that operates hospitals and other health care facilities in the Broward County, Florida, area, has agreed to pay the United States \$69.5 million to settle allegations that it violated the False Claims Act by engaging in improper financial relationships with referring physicians, the Justice Department announced today.

“The Department of Justice has long-standing concerns about improper financial relationships between health care providers and their referral sources, because those relationships can alter a physician’s judgment about the patient’s true health care needs and drive up health care costs for everybody,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department’s Civil Division. “In addition to yielding a recovery for taxpayers, this settlement should deter similar conduct in the future and help make health care more affordable.”

“Our citizens deserve medical treatment uncorrupted by excessive salaries paid to physicians as a reward for the referral of business rather than the provision of the highest quality healthcare,” said U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida. “This office will be steadfast in continuing to devote all necessary resources to ensure that anyone rendering medical care does so for the sole benefit of the patient and in compliance with the law.”

“Improper financial rewards given to physicians in exchange for patient referrals corrupts medical decision making and inflates health care costs,” said Special Agent in Charge Shimon R. Richmond of the U.S. Department of Health and Human Services-Office of Inspector General (HHS-OIG). “Our agency will continue to root out such behavior from our health care system.”

The settlement announced today resolved allegations that the hospital district provided compensation to nine employed physicians that exceeded the fair market value of their services. The United States contended that these agreements violated the Stark Statute and the False Claims Act. The Stark Statute restricts the financial relationships that hospitals may have with doctors who refer patients to them.

The allegations settled today arose from a lawsuit filed by a whistleblower, Dr. Michael Reilly, under the *qui tam* provisions of the False Claims Act. Under the act, private citizens can bring suit on behalf of the government for false claims and share in any recovery. Dr. Reilly will receive \$12,045,655.51 from the recovery announced today.

This settlement illustrates the government’s emphasis on combating health care fraud and marks another achievement for the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which was announced in May 2009 by the Attorney General and the Secretary of Health and Human Services. The partnership

between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in this effort is the False Claims Act. Since January 2009, the Justice Department has recovered a total of more than \$25 billion through False Claims Act cases, with more than \$16 billion of that amount recovered in cases involving fraud against federal health care programs.

The case, *United States ex rel. Reilly v. North Broward Hospital District, et al.*, Case No. 10-60590 (S.D. Fla.), was handled by the Civil Division's Commercial Litigation Branch, the U.S. Attorney's Office of the Southern District of Florida and the HHS-OIG. The claims settled by this agreement are allegations only, and there has been no determination of liability.

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Civil Division

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