

# Insights

## Recent DOJ Settlements with Physician Groups

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February 1, 2018

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On December 19, 2017, the U.S. Department of Justice (“DOJ”) announced settlements with two separate physician groups, one in Texas and one in Pennsylvania relating to allegations that the groups received illegal remuneration in exchange for patient referrals to hospitals owned by the now-defunct Health Management Associates (“HMA”).<sup>[1]</sup>

The Texas physician group provides physicians to staff hospital Emergency Departments (“EDs”). Pursuant to the settlement, the Texas physician group agreed to pay \$29.6 million to resolve allegations that for approximately four (4) years, the group received remuneration from HMA to recommend patients be admitted to HMA hospitals on an inpatient basis, rather than a more appropriate outpatient basis. In addition, the parent company of the Texas physician group also entered into a Corporate Integrity Agreement (“CIA”) with the Office of Inspector General as part of the resolution. The Texas physician group settlement was the result of a qui tam lawsuit filed by two doctors whose medical practice previously supplied ED physicians to two HMA hospitals. In connection with the settlement, the whistleblowers will receive \$6,222,907.

The Pennsylvania physician group, and three of its executives, also entered into a settlement with the DOJ. Pursuant to the settlement, the Pennsylvania group agreed to pay \$4 million, plus a portion of proceeds from the sale of the group's interest in a joint venture with HMA, to resolve allegations that for approximately three years the group received illegal remuneration from HMA to refer patients to HMA hospitals. The Pennsylvania physician group settlement also appears to have been the result of two whistleblowers that were former HMA executives, although the whistleblowers' portion of the settlement has not been announced.

Although the claims resolved by the settlements were only allegations and there was no determination of liability, the DOJ was quick to warn against providers allowing financial incentives to displace their medical judgment.

For questions on these settlements or compliance with the Anti-Kickback Statute and Stark Law, please contact Meghan M. Linvill McNab.

[1] <https://www.justice.gov/opa/pr/two-physician-groups-pay-over-33-million-resolve-claims-involving-hma-hospitals>