



NEWS RELEASE

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DOWNEY REGIONAL MEDICAL CENTER PAYS \$2.22 MILLION TO THE UNITED STATES TO RESOLVE MEDICARE ALLEGATIONS

Downey Regional Medical Center (DRMC), a 200-bed hospital located in Downey, California, has paid the United States more than \$2.2 million to resolve allegations that the hospital submitted false claims to Medicare, the taxpayer-funded health care insurance program for many of the nation's elderly and disabled, United States Attorney Debra W. Yang announced today.

Between 1992 and 2001, hospitals were generally reimbursed by Medicare for their reasonable, necessary and actual expenses incurred in providing certain hospital services to Medicare patients. DRMC allegedly claimed and received reimbursement from Medicare – and ultimately from the taxpayers who fund the program – of expenses which were non-allowable and non-reimbursable pursuant to applicable Medicare statutes and regulations, including certain:

- interest expenses associated with Series 1993 Hospital Revenue Bonds issued by the California Health Facilities Financing Authority;
- lobbying, legal and marketing expenses; and
- consulting and management fees.

The settlement amount – which totaled \$2,220,060 – is two times the loss suffered by the Medicare program.

Pursuant to the terms of the settlement, the government agreed to the dismissal of a “whistleblower” lawsuit filed in 2001 by the former head of

emergency services at DRMC (*United States ex rel. Ronald Crowell, M.D. v. Downey Community Hospital Foundation, et al.*, No. CV 01-5804-GAF). The lawsuit was filed pursuant to *qui tam* provisions of the False Claims Act, which permits private individuals to sue on behalf of the United States and to share in a recovery under certain circumstances. The United States Attorney's Office learned today that United States District Judge Gary A. Fees on August 12 signed the dismissal and unsealed Dr. Crowell's lawsuit. The settlement is based on evidence uncovered by federal investigators after Dr. Crowell filed his complaint.

In addition to making the settlement payment on July 23, DRMC executed a separate Corporate Integrity Agreement with the U.S. Department of Health and Human Services, which oversees the Medicare program.

The settlement was negotiated by the United States Attorney's Office for the Central District of California, which received investigative assistance from the Office of Inspector General for the Department of Health and Human Services, the Defense Criminal Investigative Service, and IntegriGuard, LLC, a Medicare program safeguard contractor.

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