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HORIZON WEST INC. & HORIZON WEST HEALTHCARE INC. TO PAY U.S.\$14.7 MILLION FOR FALSE CLAIMS TO MEDICARE

WASHINGTON - Horizon West Inc. and its wholly owned subsidiary, Horizon West Healthcare Inc., have agreed to pay the United States \$14.7 million to settle allegations that the companies violated the civil False Claims Act, the Justice Department announced today. Rocklin, Calif.-based Horizon runs a nursing home chain with approximately 30 facilities in California and Utah.

The government alleged that the companies falsely inflated the number of nursing hours spent on Medicare patients when reporting their costs to Medicare from 1991 to 1998. The \$14.7 million settlement by the defendants will end the case. "The Department of Justice is committed to investigating cases that threaten the integrity of the Medicare program," said Assistant Attorney General Peter D. Keisler. "We will protect the public from these kinds of inappropriate billings to the Medicare program."

The settlement resolves the civil case United States ex rel. Lee v. Horizon West, Inc., et al., which was filed in 2000 by a former Horizon West employee. Julia Lee filed the case under the qui tam or whistleblower provisions of the False Claims Act, which authorize private parties to file lawsuits on behalf of the United States. The government intervened in the case on June 24, 2005, and the U.S. District Court in Oakland unsealed the case on July 11, 2005. The United States filed its complaint in the case on Oct. 21, 2005.

The case was investigated by the U.S. Department of Health and Human Services, Office of Inspector General; and the Federal Bureau of Investigation. The matter was handled by the Justice Department's Civil Division and the U.S. Attorney's Office for the Northern District of California in San Francisco.