Department of Justice

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Tenet Healthcare Corporation to Pay U.S. more than $900 Million to Resolve False Claims Act Allegations

WASHINGTON – Tenet Healthcare Corporation, operator of the nation's second largest hospital chain, has agreed to pay the United States more than $900 million for alleged unlawful billing practices, Assistant Attorney General Peter D. Keisler of the Civil Division and U.S. Attorney Debra Wong Yang of the Central District of California in Los Angeles announced today.

"Today's settlement reflects our continued resolve to hold responsible those who engage in health care fraud in any form," said Assistant Attorney General Keisler, head of the Justice Department's Civil Division. "The Department of Justice will not tolerate fraudulent efforts by hospitals or other health care providers to claim excessive sums from the Medicare program."

Under the agreement, Tenet, which is headquartered in Dallas but operates dozens of hospitals throughout the United States, will pay a total of $900 million over a four-year period, plus interest, to resolve various types of civil allegations involving Tenet's billings to Medicare and other federal health care programs. The settlement amount was based on the company's ability to pay.

"The Medicare program currently faces great challenges, and can ill afford attempts by hospitals to manipulate and cheat the system," said U.S. Debra Wong Yang. "This settlement demonstrates our strong commitment to recovering taxpayer funds from health care companies that break the rules in pursuit of higher profits." Of the $900 million settlement amount, the agreement requires Tenet to pay:

-- more than $788 million to resolve claims arising from Tenet's receipt of excessive "outlier" payments (payments that are intended to be limited to situations involving extraordinarily costly episodes of care) resulting from the hospitals' inflating their charges substantially in excess of any increase in the costs associated with patient care and billing for services and supplies not provided to patients;

-- more than $47 million to resolve claims that Tenet paid kickbacks to physicians to get Medicare patients referred to its facilities, and that Tenet billed Medicare for services that were ordered or referred by physicians with whom Tenet had an improper financial relationship; and,

-- more than $46 million to resolve claims that Tenet engaged in “upcoding,” which refers to situations where diagnosis codes that Tenet is unable to support or that were otherwise improper were assigned to patient records in order to increase reimbursement to Tenet hospitals.

"Today's settlement with Tenet Healthcare Corporation demonstrates the Federal goverment's commitment to protecting the integrity of our nation's healthcare system," Health and Human Services Secretary Mike Leavitt said. "I commend the staff of the HHS Office of Inspector General, the HHS Office of General Counsel and the Centers for Medicare and Medicaid Services who worked so hard to pursue those who fraudulently abused the Medicare program."

Several of the issues resolved as part of today’s agreement arose from lawsuits filed by whistleblowers. Under provisions of the False Claims Act, whistleblowers who qualify under the statute are eligible to receive up to 25 percent of the settlement recovery in cases the government pursues. Under the civil settlement announced today, whistleblower shares remain undetermined pending further negotiations or court proceedings.

The following divisions and districts of the Department of Justice assisted in bringing the above matters to a successful resolution: Civil Division; Central District of California; Northern District of Alabama; Eastern District of Louisiana; Eastern District of Missouri; Eastern District of Pennsylvania; and Western District of Tennessee. Assistant Attorney General Keisler and U.S. Attorney Wong also wish to acknowledge the extensive assistance in addressing and resolving the settled allegations provided by the Department of Health and Human Services’ Office of Inspector General and its Office of Investigations in Santa Ana, Calif.), Office of General Counsel, and Centers for Medicare and Medicaid Services; the Federal Bureau of Investigation; and Medicare Contractors Mutual of Omaha, Inc., and IntegriGuard LLC.

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