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SCCI HEALTH SERVICES & SUBSIDIARY PAY U.S. $7. 5 MILLION FOR KICKBACK & FALSE CLAIMS ACT VIOLATIONS

WASHINGTON – Texas-based SCCI Health Services Corporation (SCCI) and its subsidiary, SCCI Hospital Ventures Inc., have paid the United States $7.5 million to settle allegations that the companies violated the Stark self-referral statute and the False Claims Act, the Justice Department announced today. SCCI, which was purchased by Triumph Hospital in 2005, operates long term acute care facilities across the United States.

The government complaint alleged that from November 1996 through at least 1999, SCCI entered into prohibited financial relationships with three physicians and paid these physicians illegal payments in violation of the Stark statute. The government further alleged that from November 1996 through at least 1999, SCCI either submitted or caused false claims to be submitted to the Medicare program, as a result of these prohibited financial relationships, in violation of the False Claims Act.

"The Justice Department is committed to investigating cases that threaten the integrity of the Medicare program, especially when providers fail to abide by federal laws prohibiting the referral of Medicare patients in exchange for a fee," said Assistant Attorney General Peter D. Keisler.

The settlement resolves a civil case filed on behalf of the government on April 1, 1999 by former employees and an independent contractor who worked for SCCI Houston. Daryl Kaczymarczyk, Patricia Rocha, Michelle Pate, Michael Brigle and Theresa Taylor 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. On Oct. 2, 2002, the government intervened in the Stark Act claims as to the three physicians. The United States filed its complaint in the case on March 10, 2003. Of the total settlement amount, $1 million resolves additional allegations as to which the government did not intervene. As a result of the settlement, the five whistleblowers shared $1.7 million.

"The Justice Department and the United States Attorney's Office are committed to preventing and punishing improper financial relationships between physicians and hospitals. Such relationships have great potential to adversely impact the physician's judgment and result in Medicare funds being spent on unnecessary and expensive hospital stays," said Donald J. DeGabrielle Jr., United States Attorney for the Southern District of Texas.

The case was handled by the Justice Department's Civil Division and the U.S. Attorney's Office for the Southern District of Texas, with the assistance of the Federal Bureau of Investigation.

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