

# News Release

FOR IMMEDIATE RELEASE

March 10, 2009

**In matters prosecuted by the US Attorney's Office for Southern District of West Virginia:**

## **CABELL HOSPITAL SETTLES WITH GOVERNMENT FOR IMPROPER BILLING TO MEDICAID**

CHARLESTON, WV – United States Attorney Charles T. Miller announced that Cornerstone Hospital of Huntington, WV has agreed to pay the United States \$690,000 to end an investigation into the improper billing practices of Cornerstone's former owners and administrators. The investigation was initiated after two former employees filed a civil complaint against Cornerstone under the *qui tam* provisions of the Federal False Claims Act. These "whistle blower" provisions allow private citizens, called relators, to bring civil actions on behalf of the United States and themselves. The civil complaint is kept under seal while the United States investigates the allegations and determines whether it will become involved in the litigation.

Relators' civil complaint alleged that Cornerstone, a Long-Term Acute Care Hospital (LTCH) in Huntington, submitted false and fraudulent claims to Medicare in order to obtain improper and enhanced payments. LTCHs are specialty care hospitals for extended-stay patients with chronic conditions. Patients are normally admitted to an LTCH following treatment in a traditional acute care hospital when they no longer require intensive diagnostic procedures, but need more services than are normally provided in a skilled nursing facility. The average length of stay for an LTCH patient is between 20-30 days.

The Relators in this case were former employees of Cornerstone. Their *qui tam* complaint alleged that Cornerstone billed for supplies and services not rendered, unbundled services, submitted duplicate claims, billed for supplies and services rendered without a physician's order, billed for supplies and services without regard to medical necessity, and billed for services rendered by unqualified providers.

Cornerstone's current owners and administrators were unaware of the improper billing practices of their predecessors when they purchased the Huntington hospital in 2005. After learning about the investigation, current Cornerstone owners and administrators pledged full cooperation and ultimately agreed to a settlement that more than compensates the Medicare program for the losses suffered through the submission of false claims.

On February 27, 2009, the United States intervened in the *qui tam* action, and asked the district court to lift the seal to make the allegations in the *qui tam* complaint public. The United States also notified the Court that a settlement had been reached with Cornerstone and Relators that resolved all of the matters in the lawsuit.

Cornerstone agreed to pay \$690,000 in resolution of their liability. Of this amount, the Relators will receive 20 per cent, or a total payment of \$138,000. Cornerstone has also agreed to pay the costs and attorneys fees associated with bringing the *qui tam* complaint.