



NEWS RELEASE

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FOR IMMEDIATE RELEASE

COX MEDICAL CENTERS SIGNS \$60 MILLION SETTLEMENT AGREEMENT

RESOLVES ALLEGATIONS OF FRAUDULENT MEDICARE PAYMENTS

SPRINGFIELD, Mo. – John F. Wood, United States Attorney for the Western District of Missouri, announced today that the United States has reached a \$60 million settlement with the Lester E. Cox Medical Centers.

“Today’s settlement furthers both our commitment to protecting patients from improper billing practices and the continued ability of Cox to provide quality medical care in Springfield and the Ozarks,” said Wood. “I am pleased that we were able to resolve this matter without litigation.”

As part of the settlement, Cox will pay \$35 million immediately, followed by five yearly payments of \$5 million (plus 4 percent interest). In addition, Cox has entered into a comprehensive Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services to ensure its continued compliance with federal health care benefit program requirements.

The settlement agreement recites allegations that beginning in January 1996, Cox entered into prohibited financial arrangements with physician group Ferrell-Duncan Clinic, Inc. Because those arrangements induced physicians to refer patients to Cox, they violated federal laws known as the Stark Law and the Anti-Kickback Statute.

“Our priority is protecting the patients,” Wood said. “These laws are intended to ensure that physicians make referrals to health care facilities based on the best interest of their patients without being induced by payments from hospitals competing for their business. These laws also protect the integrity of the government-funded health care benefit programs.”

The settlement agreement also recites allegations that from January 1997 through March 25, 2005, Cox submitted fraudulent Medicare cost reports. Because these reports employed an improper method of reporting its medical clinics’ overhead, they resulted in claims for non-reimbursable clinic costs.

Finally, the settlement agreement recites the government's contention that from January 1999 through December 2004, through entities controlled by Cox (Ozark Dialysis Services and Cox HPS of the Ozarks, Inc.), Cox improperly billed for end stage renal disease treatments provided to patients. The United States alleges that these improper billings violated the False Claims Act – a law prohibiting the submission of false claims for Medicare payments.

The payments Cox must now make in connection with this settlement are to compensate the Medicare trust fund for payments that Cox improperly claimed and received. The compromise settlement amount, which is considerably less than the alleged improper Medicare payments to Cox, took into account Cox's ability to pay and to continue providing medical care to the community.

Today's agreement is neither an admission of liability by Cox nor a concession by the government that its claims are not well-founded. Rather, the agreement is intended to avoid the delay, uncertainty and expense of protracted litigation of these claims. The federal investigation did not include allegations of patient harm.

This settlement resulted from a comprehensive, ongoing investigation by the Health and Human Services Office of Inspector General, Office of Investigations, the Office of Audit Services, and the Federal Bureau of Investigation which began in early 2003. After an audit team began investigating and administrative subpoenas were served on Cox, Cox began cooperating with the investigation. Cox provided to the government thousands of documents, made its personnel available for interviews, and conducted its own internal investigation, the results of which it also provided to the government. As a result of both the thorough nature of the investigation and the cooperation of Cox, this settlement concludes the investigation of, and any resulting claims against, Cox.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow/index.html