



The United States Attorney's Office

## Northern District of Iowa

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### Press Releases

#### SIoux CITY HOSPITAL TO PAY \$400,000 TO RESOLVE FALSE CLAIMS ALLEGATIONS

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December 2, 2009

**Contact:** Robert Butler

Mercy Medical Center in Sioux City, Iowa, has agreed to pay the United States \$400,000 to settle allegations it violated the False Claims Act by inflating charges for heart patients' care in order to receive money to which it wasn't entitled.

The settlement resolves allegations that Mercy inflated charges for Medicare, Medicaid, Tricare, and Federal Employees Health Benefits Program heart patients to obtain additional reimbursement from those federal health care programs. Congress provided for additional payments, called outlier payments, to provide an incentive for hospitals to treat patients when the cost of care is unusually high.

The United States alleged that, between March 1999 and August 2003, Mercy inflated its charges for certain inpatient heart procedures. As a result of this claimed inflation, Mercy allegedly caused federal health care programs to pay more than Mercy was entitled to receive.

The United States also alleged Mercy submitted false and misleading statements involving Medicare and Medicaid cost reports for Oakland Memorial Hospital, Oakland, Nebraska, in fiscal years 2003 through 2006. The United States alleged Mercy sought reimbursement for non-allowable costs included in Oakland's 2003 through 2006 Medicare and Medicaid cost reports.

In a settlement agreement, Mercy denied any wrongdoing but agreed to pay the United States \$400,000 to settle the government's claims.

"Health care providers knowingly overcharging federal health care programs will be made to pay the price," said United States Attorney Stephanie M. Rose. "The integrity of the federal health care system for the citizens of Iowa depends on honest dealings, and this office will continue to root out fraudulent claims."

The case was handled by Assistant United States Attorney Robert M. Butler. The Los Angeles United States Attorney's Office and the Office of the Inspector General, Offices of Investigations and Audit Services, Department of Health and Human Services, provided investigative assistance. Iowa and Nebraska Medicaid Fraud Control Units and Medicare Program Safeguard Contractors, Cahaba Safeguard Administrators and IntegriGuard, also assisted.