

Report on Medicare Compliance Volume 27, Number 29. August 20, 2018 Mich. Hospital Settles FCA Case for \$84.5M Over Physician Payments

By Nina Youngstrom

William Beaumont Hospital in Detroit, Michigan, agreed to pay \$84.5 million to settle false claims allegations over sweetheart deals with eight referring physicians, including above-fair-market-value compensation and below-fair-market-value rent, the Department of Justice (DOJ) said Aug. 2. The settlement stems from four whistleblower lawsuits alleging violations of the Stark Law and Anti-Kickback Statute.

The hospital also resolved allegations that it misstated on claims to federal health programs that a CT radiology center qualified as an outpatient department.

False Claims Act lawsuits alleging Stark violations are not letting up, says Los Angeles attorney Charles Oppenheim, with Hooper Lundy & Bookman. "I think there will be more and more Stark cases," he says. "That's the trend we are seeing. They snowball." The more people hear about them, the more they think about becoming whistleblowers if they find potential violations in their own facilities, "and there are more whistleblower lawyers who know how to handle those cases."

The whistleblowers are former employees of William Beaumont Hospital, and the allegations center on physician financial relationships between 2004 and 2012. The three facilities that make up William Beaumont—Royal Oak, Troy and Grosse Pointe—affiliated with other hospitals and entities in 2014 to become Beaumont Health.

The whistleblower lawsuits were consolidated, and on July 30, DOJ intervened, but not in all allegations. William Beaumont Hospital did not admit liability in the settlement.

The most complicated complaint was filed by neuroscientist David Felten, M.D., PhD, who was vice president of research and medical director of the Research Institute at William Beaumont Hospital. He claimed the alleged fraud at the hospital came down to ensuring physicians' loyalty so they would refer patients to the hospital. The complaint describes alleged "illegal incentives" for one of Beaumont's cardiology groups, Academic Heart and Vascular PLLC. The cardiologists received salaries from Beaumont as full-time employees and had an office on Beaumont grounds, paying less than fair market value for "prime office space," while also keeping their private practices and the income they generated.

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