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Hospital Settles FCA Case Over Recruitment, Other Physician Payments

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In false claims settlements partly about physician recruitment, Centra Health in Lynchburg, Virginia, and Blue Ridge Ear, Nose, Throat and Plastic Surgery (BRENT), agreed to settle Stark-based allegations that were brought to light by a physician whistleblower who was recruited by the hospital, the U.S. Attorney's Office for the Western District of Virginia said April 22.^[1] Centra Health will pay \$654,000 and BRENT will pay \$1.65 million. At the same time, Centra Health, Centra Medical Group and Southside Community Hospital agreed to pay \$5.9 million to settle false claims allegations arising from their self-disclosures of other improper physician relationships, according to the settlements.

This is the second hospital settlement in less than a year over physician recruitment incentives. Mary Washington Hospital in Fredericksburg, Virginia, agreed to pay \$50,000 to settle a civil monetary penalty case after paying a medical group money for a recruited physician and allegedly turning it into remuneration under the Stark Law and Anti-Kickback Statute by not recovering some of the money, according to the settlement,^[2] which stemmed from a self-disclosure.

Hospitals often give physicians incentives, including loans, income guarantees and malpractice insurance subsidies, to recruit them to the service area. The Stark Law has an exception for physician recruitment incentives under certain conditions. For example, hospitals can't compel the physician to refer all patients to the recruiting hospital or link the incentives to the volume or value of referrals. Incentives may flow through physician practices, although there are strings attached. If a recruitment arrangement takes the form of an income guarantee, the amount is limited to practice expenses that are the "actual additional incremental costs attributable to the recruited physician," according to the Stark regulations.

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