



Carondelet pays \$35M to settle false claim allegations

BY STEPHANIE INNES

The Carondelet Health Network, which has two Tucson hospitals, is paying \$35 million to settle accusations that it submitted false claims to Medicare and other federal health programs.

A former employee of the Catholic nonprofit health network will receive nearly \$6 million in the settlement. Jacqueline Bloink first made the allegations that Carondelet knowingly engaged in fraudulent billing in a federal whistle-blower lawsuit she filed in 2011, according to officials with the office of John S. Leonardo, U.S. attorney for Arizona.

The settlement, announced late Monday, is not an admission of liability by Carondelet. Carondelet issued a news release in response to the settlement that characterized the issue as a billing discrepancy — a failure to meet “technical Medicare/Medicaid billing requirements.”

“There has never been any allegation that patients were harmed or had their care compromised in any way related to the issues in this case,” the release states.

The settlement said Carondelet St. Mary’s and Carondelet St. Joseph’s hospitals in Tucson were accused of submitting false bills to Medicare, to the Federal Employees Health Benefit Program and to the Arizona Health Care Cost Containment System, the state’s Medicaid program.

The claims were for inpatient rehabilitation services billed between April 2004 and December 2011, court documents show.

Officials with Leonardo’s office said the settlement is the largest-ever recovery of money under the federal False Claims Act, and “reflects the long-standing and ongoing efforts” to guard federal health-care programs.

Bloink could not be reached for comment Monday evening.

One of her Philadelphia-based attorneys released a statement saying the settlement confirms the essential role that private whistle-blowers play in combating health-care fraud.

“Our client is a person of tremendous integrity, and it took great courage for her to file this suit,” says the statement from attorney **David J. Caputo**. “We commend the government for its thorough investigation of our client’s allegations and for the substantial recovery of precious health-care dollars accomplished as a result.”

Carondelet officials say they discovered the problem through their own internal review of procedures in 2010. In some cases, “documentation was lacking to fully support billing of inpatient rehabilitation services to federal health-care programs.”

As a result of its internal investigation, Carondelet said that in 2011, the network put new protocols and processes in place to correct the documentation issues, and that it voluntarily repaid about \$24 million to Medicare and Medicaid in 2012.

Indeed, federal officials say they considered Carondelet’s repayment when reaching the settlement.

But a news release from Leonardo’s office said the government also had concerns about that effort, “including concerns that the disclosure and the repayment Carondelet tendered were not timely, complete or adequate.”

Carondelet’s hospitals have had serious operating losses in recent years. Dallas-based Tenet Healthcare Corp. and California-based Dignity Health recently signed a letter of intent to own and operate Carondelet. A period of due diligence will precede any definitive agreement, and that’s expected to take 90 days.

Officials with Tenet, Dignity and Missouri-based Ascension, which is Carondelet’s current owner, did not immediately respond to a request for comment on whether the settlement will have any effect on the planned Carondelet acquisition.