Indiana Health System Reaches $345 Million Settlement to Resolve Alleged False Claims Act Violations



1/31/2024

On December 19, 2023, the U.S. Department of Justice announced a settlement with Community Health Network Inc. (Community), an Indiana healthcare system, in the amount of $345 million to resolve allegations of violations of the False Claims Act by knowingly submitting Medicare claims for services referred in violation of the Stark Law. The Stark Law prohibits physicians from referring patients to facilities with whom they have a financial relationship unless specific exceptions are met. Furthermore, it mandates that the remuneration for employed physicians be fair market value and does not take into account the volume of referrals from these physicians.

The complaint alleged that Community's compensation to specialists, including cardiologists, cardiothoracic surgeons, vascular surgeons, neurosurgeons, and breast surgeons, exceeded fair market value. In addition, Community incentivized physicians by giving bonuses linked to the number of their referrals and Community filed claims with Medicare for services originating from these illicit referrals. In addition to the monetary payment, Community will enter a five-year Corporate Integrity Agreement with the U.S. Department of Health and Human Services Office of Inspector General.

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