New Jersey Hospital and Investors to Pay $30.6 Million for Alleged Medicare Fraud



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According to a recent announcement from the United States Department of Justice, Silver Lake Hospital, a long-term care hospital based in Newark, New Jersey, has agreed to pay over $18.6 million, plus interest, to resolve alleged violations of the federal False Claims Act for claiming excessive cost outlier payments from the Medicare program. In addition, several investors in Silver Lake Hospital have agreed to pay $12 million, plus interest, to resolve alleged Federal Debt Collection Procedures Act (FDCPA) violations for the fraudulent transfer of money by the hospital to its investors.

According to the Department of Justice, from 2018 to 2023, Silver Lake Hospital overbilled Medicare for in-patient services under the so-called "cost outlier" program, designed to incentivize and compensate hospitals for treating patients with unusually expensive care, in violation of the federal False Claims Act. Silver Lake allegedly defrauded the cost outlier payment system by rapidly increasing its charges far more than actual increases in its costs for providing care, thereby receiving excessive payments from Medicare. The Department of Justice further alleged that Silver Lake Hospital transferred millions of dollars to its investors without receiving equivalent value in return, when the hospital knew or should have known that it would not be able to repay its debts to Medicare, in violation of the FDCPA.

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