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JUSTICE NEWS

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New Jersey Hospital to Pay \$8.3 Million for Alleged Kickbacks and Causing Submission of False Claims to Medicare

WASHINGTON - The University of Medicine and Dentistry of New Jersey (UMDNJ) has agreed to pay the government \$8.3 million to settle allegations that it illegally paid kickbacks to cardiologists and caused the submission of false claims to Medicare, the Justice Department announced today.

UMDNJ's University Hospital, which is located in Newark, N.J., is a state-licensed Level 1 Trauma Center. To maintain funding and accreditation from the state, University Hospital was dependent on the annual performance of a certain number of cardiac procedures, including cardiac catheterizations and cardiothoracic surgery.

The government alleged that beginning in 1995, University Hospital was experiencing a decline in these procedures, and to remedy the problem, embarked on a program to bring in more cardio surgery patients through part-time employment contracts with a number of community cardiologists. The government alleges that those employment contracts served as vehicles to pay illegal kickbacks to the cardiologists for their referrals.

"Today's settlement reflects the Justice Department's ongoing commitment to protect the integrity of the doctor-patient relationship," said Tony West, Assistant Attorney General for the Civil Division. "Patients must have confidence that the medical advice and treatments they are getting from their doctors are for the right reasons."

In 2008, the government reached settlements with six of the cardiologists who had allegedly received kickbacks through their employment contracts with UMDNJ. Two other cardiologists pleaded guilty to criminal embezzlement charges in connection with the employment contract scheme. The government has also filed a civil suit against two other cardiologists who had allegedly illegal employment contracts with UMDNJ.

"The Department of Justice continues to pursue those who make referrals based on financial, rather than patient health, considerations," said Marc Larkins, 1st Assistant U.S. Attorney for the District of New Jersey.

The settlement was the result of a coordinated effort among the U.S. Attorney's Office for the District of New Jersey, Affirmative Civil Enforcement Unit; the Commercial Litigation Branch of the Justice Department's Civil Division; the FBI; and the U.S. Department of Health and Human Services, Office of Inspector General.

Criminal Division