



OIG NEWS

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OIG and Tenet Healthcare Corporation Reach Divestiture Agreement To Address Exclusion of Redding Medical Center

Acting Principal Deputy Inspector General Dara Corrigan announced today that the Office of Inspector General (OIG) of the Department of Health and Human Services has entered into an agreement with Tenet Healthcare Corporation to address the OIG's potential exclusion of Redding Medical Center through the sale of the hospital. The OIG had initiated proceedings to exclude Redding from Medicare, Medicaid and other Federal health care programs based on allegedly unnecessary invasive cardiology services provided to patients of the hospital over a four year period.

“When hospital quality review systems break down and unnecessary medical care is provided, we will use our authorities to remedy the problem,” stated Corrigan. “In a serious case such as this, those remedies may involve excluding an entity from participation in Federal health care programs, requiring the sale or transfer of a facility to

an unrelated third party, or imposing stringent integrity and quality measures, as appropriate. At the same time, we will strive to ensure that patients have access to care. We believe that the decision to allow Tenet to sell this hospital is in the best interest of the health care programs and their beneficiaries,” she added.

Under the terms of the agreement, Tenet agrees to divest Redding to an unrelated party and the OIG agrees to withhold issuing a formal notice of exclusion for the alleged misconduct. If Tenet sells the hospital in compliance with the terms of the agreement, the OIG will not proceed with the exclusion. If Tenet fails to comply with the agreement, however, the OIG at its discretion may impose monetary penalties or implement the exclusion.

“Today’s agreement allows for care to continue to be provided to beneficiaries in the Redding area while at the same time maintaining the integrity of the Federal health care programs,” Corrigan stated. “This agreement demonstrates our commitment to working with providers to resolve matters in a way that reduces the risk of harm to patients.”

On September 3, 2003, the OIG notified Redding, a 269-bed acute care facility in Redding, California, of the OIG’s intent to exclude the hospital based upon unnecessary and substandard invasive cardiology services provided at the hospital between 1999 and 2002. The services at issue included cardiac catheterizations and open heart surgeries known as “coronary artery bypass grafts.” This is the first case in which the OIG initiated the exclusion of a hospital based on unnecessary or substandard care.

Since the September letter, the OIG has met with representatives of Redding and Tenet and considered written argument and evidence offered by Tenet. Had an agreement

not been finalized earlier today, the next step in the process would have been for the OIG to issue a notice of exclusion to the hospital, after which the exclusion would have gone into effect in 20 days. Tenet would then have had the opportunity to appeal the exclusion before a federal Administrative Law Judge. An excluded hospital cannot bill Medicare, Medicaid or any other Federal health care program for items or services furnished to beneficiaries of those programs.

Tenet previously entered into a \$54 million civil False Claims Act settlement with the Department of Justice on August 4, 2003, related to the same conduct that is the subject of the proposed exclusion action. The civil settlement did not include a resolution of the OIG's potential exclusion of Redding. The OIG and the Department of Justice are continuing criminal investigations of individuals involved in this conduct at Redding. In addition, the OIG and the Department of Justice have several other open criminal and civil investigations of Tenet and its hospitals.