



OIG NEWS

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OIG Reports \$2.9 Billion in Recoveries for the First Half of Fiscal Year 2007

Washington, DC—The Department of Health and Human Services (HHS) Office of Inspector General (OIG) Semiannual Report to Congress reported \$2.9 billion in expected recoveries for the first half of fiscal year (FY) 2007 (October 1, 2006 – March 31, 2007). OIG’s \$2.9 billion in expected recoveries encompasses \$1.5 billion in audit receivables and \$1.4 billion in investigative receivables.

During this period, OIG reported the exclusion of 1,278 individuals and organizations for fraud or abuse of Federal health care programs and/or their beneficiaries; 209 criminal actions against individuals or organizations that engaged in crimes involving HHS programs; and 123 civil actions, which include False Claims Act and unjust enrichment suits, Civil Monetary Penalty Law settlements, and administrative recoveries related to provider self-disclosure matters.

“Addressing fraud and improving the efficiency and effectiveness of HHS programs is an evolving challenge that requires a comprehensive and coordinated government strategy,” said Inspector General Daniel R. Levinson. “These results demonstrate the significant impact of the dedicated efforts of OIG and our many partners.”

Highlights of OIG accomplishments from the first half of FY 2007 include:

- Tenet Healthcare Corporation, operator of the Nation’s second largest hospital chain, agreed to pay the Government \$900 million plus interest and enter into a 5-year corporate integrity agreement (CIA) to resolve allegations of improper billing, unlawful outlier payments, and kickbacks. Tenet will pay over \$788 million to resolve claims related to Medicare outlier payments it received based on inflated charges for inpatient and outpatient care. More than \$47 million will resolve Tenet’s liability for allegedly paying kickbacks to physicians for patient referrals and for billing Medicare for services ordered by physicians who

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had financial relationships with Tenet. Tenet is also alleged to have submitted Medicare claims with diagnosis-related group codes that were improper or were not supported by patient records. The CIA includes unprecedented provisions that require Tenet's Board of Directors to undertake a review of the company's compliance program and enact resolutions resulting from the review.

- OIG officials made unannounced site visits to 1,581 suppliers of durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) in three South Florida counties to determine whether the suppliers complied with certain Medicare standards. Investigators found that, contrary to Medicare requirements, 31 percent of suppliers in Miami-Dade, Broward, and Palm Beach Counties did not maintain facilities or their facilities were not open for business or staffed. OIG recommended that the Centers for Medicare & Medicaid Services strengthen the Medicare DMEPOS supplier enrollment process and ensure that suppliers meet Medicare supplier standards. The report was part of a multiagency effort to address Medicare fraud in the DMEPOS industry in South Florida.
- Omnicare, Inc., a nationwide institutional pharmacy that exclusively services nursing home patients, agreed to pay \$49.5 million and enter into a 5-year CIA for allegedly improperly switching tablets to capsules. The Government alleged that Omnicare improperly switched Medicaid patients from cheaper to more expensive versions of three medications to increase reimbursements and avoid Federal upper payment limits and State regulations. The improper switches cost Medicaid and the Federal Government approximately \$26 million more than if the drugs had not been switched.
- OIG assessed the U.S. Public Health Service Commissioned Corps' (Corps) response to Hurricanes Katrina and Rita. OIG found that the Commissioned Corps officers provided valuable support to States but that improvements were needed, including more officers, mental health professionals, dentists, and especially nurses. In addition, although most deployed officers met Corps readiness standards, many lacked prior deployment experience, effective training, and familiarity with response plans. Logistical difficulties involving contacting officers for deployment, making travel arrangements, and communicating assignments delayed officers' arrival in the field.

To read more about OIG's activities, the full text of the Semiannual Report can be found at:

<http://oig.hhs.gov/publications/docs/semiannual/2007/semiannualfirsthalf07.pdf>