AJC
Atlanta. News. Now.

Piedmont Healthcare pays $16 million to settle kickback complaint

NEWS 1 June 25, 2020

By Ariel Hart and Carrie Teegardin, The Atlanta Journal-Constitution

Piedmont Healthcare has agreed to pay $16 million to settle a whistleblower lawsuit that claimed the system overbilled Medicare and Medicaid for cardiac care and illegally paid kickbacks to practitioners who referred heart patients to its hospitals, the Justice Department announced Thursday.

To get higher payments from the federal health programs, Piedmont over a five-year period admitted thousands of patients to its hospitals for cardiac procedures that could have been performed on an outpatient basis, according to the original complaint filed in federal court in Atlanta.

Piedmont also was accused of acquiring medical practices at grossly inflated prices and paying doctors above-market salaries to induce them to steer patients to Piedmont facilities.

“Billing the government for unnecessary inpatient services wastes precious government resources and taxpayer dollars,” U.S. Attorney Byung J. “BJay” Pak said in a written statement.

Derrick L. Jackson, special agent-in-charge of the U.S. Department of Health and Human Services Office of the Inspector General, said such “greed-fueled” schemes “undermine the public’s trust in the health care industry.”

In agreeing to the settlement, Piedmont did not admit to wrongdoing. It issued a statement saying that the overbilling stemmed from nationwide confusion over whether patients in the hospital should be classified as observation status or inpatient status, and it did the best it could. Piedmont settled the case, it said, to end "a costly and time-consuming investigation."

"Staying true to our purpose, Piedmont Healthcare's doctors and nurses always make decisions based on the best interest and the health of the patient," the statement said. "The care provided in these circumstances from over ten years ago was no different."

The original lawsuit was filed by the anonymous whistleblower in 2016 under the federal False Claims Act and the Georgia False Medicaid Claim Act, which allow whistleblowers to sue on behalf of the government for allegations of fraud. The Department of Justice then intervened in the lawsuit, agreeing with the whistleblower on the claims of overbilling and kickbacks.

Under the laws, the whistleblower will receive $2,967,400 of the settlement.

The whistleblower's attorney, Raymond Moss of the Moss and Gilmore law firm, did not comment on Piedmont, but said that actions such as the Department of Justice's intervention in this case are "a loud wake-up call to hospitals and physicians throughout the country."

With the settlement, the whistleblower abandoned additional claims that the government did not take up.

The whistleblower's original claims alleged a broad scheme by Piedmont to build a heart care powerhouse by acquiring three cardiac care specialty practices, including Atlanta Cardiology Group, in 2007, and then using financial rewards to get some of the doctors to refer patients to Piedmont's hospitals.

Piedmont doctors involved in the scheme threatened and intimidated other doctors and staff to get them to comply, the lawsuit alleged.

As part of the scheme, the lawsuit claimed, medically unnecessary procedures were performed on some patients, including implanting pacemakers and stents. The lawsuit alleged that Piedmont's computerized records system allowed patients to be admitted for more care than needed. Sometimes, a canned description of a problem was inserted into the record, even though it was not written by the patient's doctors. The doctor would be expected to approve the description afterward even if he or she didn't believe it, according to the complaint.

Some surgeries were justified by falsely documenting the existence of a lesion in a blood vessel, or giving a false description of its extent, the complaint claimed.

Asked to comment on these additional claims that were dismissed, a spokesman for Piedmont declined.

The allegations of wrongdoing echoed claims leveled more than a decade ago against St. Joseph's Hospital, which the Atlanta Cardiology Group worked with before the group was acquired by Piedmont in 2007. Less than a month after Piedmont sealed the deal for Atlanta Cardiology Group to move there from St. Joseph's, St. Joseph's agreed to pay the U.S. government a $26 million settlement for overbilling for cardiac care. A nurse there, the whistleblower in that case, said the culture of St. Joseph's was to admit patients too easily rather than keeping them for observation and testing, making a lot of money for the hospital but wasting resources.

St. Joseph's management at the time said the billing problems there followed confusing changes in Medicare billing rules.

In the last 15 years, hospitals in Atlanta and across the country have merged into large health care systems that employ physicians instead of simply granting them privileges to practice at the hospital. Many have purchased physician groups as part of that trend.

Today, about 70% of cardiologists are employed instead of owning their own practice groups, said Jim Price, a principal with Progressive Healthcare, a consulting group.

One of the main reasons health care systems want comprehensive cardiology services is because heart and vascular care are often the largest profit center for hospitals, Price said.

Bret R. Williams, a former federal prosecutor in both Atlanta and New York, said whistleblower actions offer an incentive for insiders to reveal fraud and waste. “Otherwise, it would be very difficult to ferret out wrongdoing,” he said, “particularly at the upper levels.”

He said the settlement showed that Piedmont cheated the system, both in its billing and by paying more than fair market value for a physician practice. Williams, who is now in private practice in Atlanta, said those actions have consequences for the nation’s health care system. “They are undermining access to medical care paid for by taxpayers and taking the money to line their own pockets,” he said.

PIEDMONT HEALTHCARE STATEMENT

Piedmont issued a statement Thursday regarding its $16 million payment to settle claims brought by a whistleblower.

“Staying true to our purpose, Piedmont Healthcare’s doctors and nurses always make decisions based on the best interest and the health of the patient. The care provided in these circumstances from over ten years ago was no different.

“The issue in this matter from 2009 to 2013 involved decisions regarding whether a hospital patient should be classified as an inpatient status or as on observation status, which was a major challenge for every health system in the country at the time. Since that time, the government itself recognized the confusing standards and in 2013 instituted a new ‘two-midnight’ rule to provide clarity.

“During the period in question, Piedmont assigned patient status as best it could, in part with the assistance of an industry-leading third-party vendor that helped interpret these technical definitions. In all cases, our doctors and nurses made their decisions based on the best interest and health of their patients — just like they always have and always will.

“Our decision to settle is not an admission of liability, simply the best way to end a costly and time-consuming investigation so we can continue to focus on caring for the communities we serve across Georgia.”