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Department of Justice

U.S. Attorney's Office

Eastern District of Pennsylvania

FOR IMMEDIATE RELEASE

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Universal Health Services, Inc. to Pay \$117 Million to Settle False Claims Act Allegations

Alleged Violations Involve Medically Unnecessary Inpatient Behavioral Health Services

PHILADELPHIA – United States Attorney William M. McSwain today announced that Universal Health Services, Inc. and UHS of Delaware, Inc. (together, UHS) have agreed to pay \$117 million to resolve alleged violations of the False Claims Act for billing for medically unnecessary inpatient behavioral health services and failing to provide adequate and appropriate services. UHS, which is headquartered in King of Prussia, Pennsylvania, owns and provides management and administrative services to nearly 200 acute care inpatient psychiatric hospitals and residential psychiatric and behavioral treatment facilities nationwide.

The resolution of these claims in the Eastern District of Pennsylvania is part of a comprehensive settlement between the Department of Justice and UHS, which arose out of UHS's billing practices in multiple healthcare institutions across the United States. UHS will pay the United States and participating states a total of \$117 million to resolve allegations that its hospitals and facilities knowingly submitted false claims for payment to the Medicare, Medicaid, TRICARE, Department of Veterans Affairs, and Federal Employee Health Benefit programs for inpatient behavioral health services that were not reasonable or medically necessary and/or failed to provide adequate and appropriate services for adults and children admitted to UHS facilities across the country.

The government alleged that between January 2006 and December 2018, UHS facilities admitted as patients federal healthcare beneficiaries who were not eligible for inpatient or residential treatment because their conditions did not require that level of care, while also failing to properly discharge appropriately admitted beneficiaries when they no longer required inpatient care. The government further alleged that UHS facilities billed for services not rendered, billed for improper and excessive lengths of stay, failed to provide adequate staffing, training, and/or supervision of staff, and improperly used physical and chemical restraints and seclusion. In addition, UHS facilities allegedly failed to develop and/or update individual assessments and treatment plans for patients, failed to provide adequate discharge planning, and failed to provide required individual and group therapy services in accordance

with federal and state regulations.

Of the \$117 million to be paid by UHS to resolve these claims, the federal government will receive a total of \$88,124,761.27, and a total of \$28,875,238.73 will be returned to individual states, which jointly fund state Medicaid programs.

“Quality mental health treatment is critical for the patients who place their trust in the hands of service providers,” said U.S. Attorney McSwain. “The allegations involved in this matter -- inappropriate billing and inadequate care -- have no place in our health care system. Behavioral health service entities must have strong mechanisms in place, including appropriate supervision and oversight, to avoid fraud and abuse in order to ensure they provide the level of care that their patients deserve.”

The government’s investigation included 19 lawsuits filed under the whistleblower provision of the False Claims Act, which permits private citizens to file suit on behalf of the United States for false claims and share in a portion of the government’s recovery. The global settlement with UHS involved 18 cases that are currently pending in the Eastern District of Pennsylvania, Western District of Michigan, the Eastern District of Michigan, and Northern District of Georgia. As part of the resolution with UHS, the whistleblowers will receive \$15,862,457.03, from the federal share of the settlement.

“We sincerely thank the relators in these cases. Together with their lawyers, these citizens provided essential assistance to the government throughout this case. Without the willingness of relators to shed light on allegations of fraud, preserving government program funds would be far more challenging. Their efforts played a vital role in the resolution of these cases,” said U.S. Attorney McSwain.

“The Department of Justice is committed to protecting patients and taxpayers by ensuring that the treatment provided to federal healthcare beneficiaries is reasonable, necessary, and free from illegal inducements,” said Acting Assistant Attorney General Ethan P. Davis for the Department of Justice’s Civil Division. “The Department will continue to be especially vigilant when vulnerable patient populations are involved, like those served by behavioral healthcare providers.”

In connection with the settlements, UHS has entered into a Corporate Integrity Agreement with the U.S. Department of Health and Human Services, Office of Inspector General (OIG), which will remain in effect for five years. UHS must retain an independent monitor, selected by the OIG, which will assess UHS’s Behavioral Health Division’s patient care protections and report to the OIG. In addition, an independent review organization will perform annual reviews of UHS inpatient behavioral health claims to federal health care programs.

“Today’s settlement resolves allegations of failing to provide adequate and appropriate mental health services to beneficiaries of multiple federal health care programs, to include Medicare and Medicaid,” said Maureen R. Dixon, Special Agent in Charge of the Office of Inspector General, U.S. Department of Health and Human Services in Philadelphia. “We will continue to work with the U.S. Attorney’s Office to investigate violations of the False Claims Act and ensure the integrity of our federal health care programs.”

The settlement with UHS was the result of a collaborative effort among numerous federal and state agencies. The Commercial Litigation Branch of the Justice Department’s Civil Division and the U.S. Attorney’s Office for the Eastern District of Pennsylvania handled the cases, with substantial assistance from the U.S. Attorney’s Offices for the Middle District of Florida, the Northern District of Georgia, the Eastern District of Michigan, the Western District of Michigan, the Middle District of Georgia, the Northern District of Illinois, the Middle District of North Carolina, the Western District of North Carolina, the District of Oregon, the Middle District of Pennsylvania, the Southern District of Texas, the District of Utah, the Eastern District of Virginia, the Western District of Virginia, the Northern District of Oklahoma, and the District of Wyoming, as well as the National Association of Medicaid Fraud Control Units (NAMFCU). The nationwide investigation was a coordinated effort among the DOJ Civil Frauds Division,

NAMFCU, and the Office of Inspector General for the Department of Health and Human Services; the Department of Defense Criminal Investigative Service; the Department of Veterans Affairs, Office of Inspector General; the Office of Personnel Management, Office of Inspector General; and the Federal Bureau of Investigation.

The civil settlement with UHS involved the cases that are captioned: *United States ex rel. Gardner v. Universal Health Services, Inc.*, 2:17-cv-03332-AB (E.D. Pa.); *United States ex rel. Naylor v. Universal Health Services, Inc.*, 2:14-cv-06198-AB (E.D. Pa.); *United States ex rel. Jain v. Universal Health Services, Inc., et al.*, No. 2:13-cv-06499-AB (E.D. Pa.); *United States ex rel. Chisholm v. Universal Health Services, Inc., et al.*, 2:17-cv-01892-AB (E.D. Pa.); *United States ex rel. Doe, et al. v. Universal Health Services, Inc., et al.*, No. 2:14-cv-00921 (E.D. Pa.); *United States ex rel. Pate v. Behavioral Hospital of Bellaire, et al.*, 2:15-cv-00554-AB (E.D. Pa.); *United States ex rel. Brinson, et al. v. Universal Health Services, Inc., et al.*, 2:14-cv-07275-AB (E.D. Pa.); *United States ex rel. Mitchell v. Turning Point Care Center, Inc., et al.*, 2:15-cv-00259-AB (E.D. Pa.); *United States ex rel. Peterson v. Universal Health Services, Inc., et al.*, 2:17-cv-01897-AB (E.D. Pa.); *United States ex rel. Conaway, et al. v. Universal Health Services, Inc., et al.*, 2:17-cv-02233-AB (E.D. Pa.); *United States ex rel. Eborall v. Universal Health Services, Inc., et al.*, 2:17-cv-03249-AB (E.D. Pa.); *United States ex rel. Sachs, et al. v. Universal Health Services, Inc., et al.*, 2:17-cv-03604-AB (E.D. Pa.); *United States ex rel. Klotz v. Universal Health Services, Inc., et al.*, 2:17-cv-05163-AB (E.D. Pa.); *United States ex rel. Brockman, et al. v. Universal Health Services, Inc., et al.*, 2:17-cv-05350-AB (E.D. Pa.); *United States ex rel. Glass v. Hughes Center, LLC., et al.*, 2:18-04018-AB (E.D. Pa.); *United States ex rel. Parent-Leonard v. Forest View Psychiatric Hospital, et al.*, No. 1:18-cv-1426 (W.D. Mich.); *United States ex rel. Russell, et al. v. Universal Healthcare Services, Inc., et al.*, No. 1:19-CV-0764 (N.D. Ga.); *United States ex rel. McLaughlin, et al. v. Havenwyck Holdings, Inc., et al.*, No. 2:19-cv-10832 (E.D. Mich).

The claims resolved by these settlements are allegations only, and there has been no determination of liability.

Assistant United States Attorney Charlene Keller Fullmer, Deputy Chief for the Civil Division, Assistant United States Attorney Stacey L.B. Smith, and Auditor Dawn Wiggins handled the matters filed in the Eastern District of Pennsylvania, working jointly with the Civil Frauds Division of the Department of Justice.

Topic(s):

False Claims Act

Component(s):

[USAO - Pennsylvania, Eastern](#)

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