



## Former CEO settles allegations amid further Tuomey fallout

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When we [last addressed](#) the Tuomey saga nearly one year ago, the matter appeared to have finally come to a close. Ten years after the original whistleblower lawsuit was filed, the United States Department of Justice (DOJ) announced it had reached a settlement with Tuomey Healthcare System. The settlement was for \$72.4 million and resolved claims that the hospital violated the Stark Law and the False Claims Act as a result of its improper financial relationships with 19 physicians.

While the settlement resolved the underlying case, the fallout continues. The DOJ recently announced that it reached a settlement with the former CEO of Tuomey Healthcare System for his alleged role in the impermissible Medicare and Medicaid billings. The government alleged that Ralph Cox, III, caused Tuomey to enter into the impermissible contracts as a result of his concern that Tuomey could lose lucrative outpatient surgical referrals to a competing freestanding surgery center. In addition, during the trial of the underlying case, the government argued that Cox ignored warnings from one of Tuomey's attorneys concerning the contracts at issue.

Under the terms of the settlement, Cox agreed to pay \$1 million to resolve the allegations against him. In addition, he will be excluded from participating in federal health care programs for four years, which will preclude him from providing management or administrative services that are paid for by federal health care programs.

According to the DOJ's [press release](#), this settlement demonstrates law enforcement's efforts to "hold individual decision makers accountable for their involvement in causing the companies and facilities they run to engage in unlawful activities." This situation should serve as yet another reminder of the serious consequences that can affect both facilities and individual actors when violations of the False Claims Act occur.



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