



Tenet to pay over \$513M for kickback scheme involving pregnant patients

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The Department of Justice (DOJ) recently [announced](#) that Tenet Healthcare Corporation and two of its hospitals, Atlanta Medical Center Inc. and North Fulton Medical Center Inc., will pay over \$513 million and enter guilty pleas to settle criminal charges and civil claims involving alleged payments of kickbacks for obstetric patient referrals.

With regard to the criminal settlement, two Tenet subsidiaries in the Atlanta metro area) have agreed to plead guilty to conspiracy to defraud the United States and violate the Anti-Kickback Statute (AKS) and will forfeit over \$145 million, which represents the amount Medicare and Georgia Medicaid paid to the Tenet subsidiaries for services furnished to patients as a result of the scheme. The criminal case alleged that the two Atlanta area hospitals paid bribes and kickbacks to owners of prenatal clinics serving primarily undocumented Hispanic women in exchange for referring them to the Tenet hospitals for labor and delivery services. The hospitals were charged with conspiring to defraud the Department of Health and Human Services (HHS), because, allegedly, hospital executives and others concealed the unlawful payments from HHS and the Office of Inspector General. At the same time Tenet falsely certified compliance with a Corporate Integrity Agreement (CIA) and failed to disclose the unlawful relationship.

In addition, Tenet entered into a non-prosecution agreement (NPA) with the Criminal Division's Fraud Section of the DOJ and the U.S. Attorney's Office of the Northern District of Georgia. Under the terms of the NPA, Tenet will avoid prosecution if it, among other requirements, cooperates with the government's ongoing investigation and enhances its compliance through an ethics program and internal controls. Tenet also agreed to retain an independent compliance monitor to address and reduce the risk of any recurrence of violations of the AKS by any entity owned in whole, or in part, by Tenet. The term of Tenet's obligations under the NPA is three years; however, the NPA may be extended for up to one year.

In the civil settlement, Tenet agreed to pay \$368 million to resolve claims in a whistleblower lawsuit, *United States ex rel. Williams v. Health Mgmt. Assocs.*, Tenet

Healthcare, et al. under the federal and Georgia False Claims Act. The lawsuit alleged that Tenet and four of its hospitals made illegal payments to prenatal clinics in exchange for over 20,000 illegal Medicaid patient referrals.

According to the Principal Deputy Assistant Attorney General David Bitkower, “[t]he Tenet case is the first brought through the assistance of the Criminal Division’s corporate health care fraud strike force. This is one of more than a dozen active corporate investigations by the strike force, and we are committed to following evidence of health care fraud wherever it leads – whether it be individual physicians, pharmacy owners or corporate boardrooms.”

“The FBI continues to play a significant role in ensuring that federal laws related to the healthcare industry, to include the federally funded Medicare and Medicaid programs, are enforced,” added Acting Special Agent in Charge George Crouch. “The settlement agreements announced today involving Tenet Healthcare Corporation, as well as related guilty pleas by two of its Atlanta-based hospitals, Atlanta Medical Center Inc., and North Fulton Medical Center Inc., are a clear example of those efforts.”