



THE UNITED STATES ATTORNEY'S OFFICE  
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**Department of Justice**

U.S. Attorney's Office

District of Arizona

FOR IMMEDIATE RELEASE

Monday, August 18, 2014

## **Carondelet Health Network To Pay \$35 Million To Resolve False Claims Allegations Involving St. Joseph's And St. Mary's Hospitals In Tucson**

TUCSON, Ariz. – Carondelet Health Network, an Arizona non-profit corporation doing business as Carondelet St. Mary's Hospital and Carondelet St. Joseph's Hospital in Tucson, Ariz., has agreed to pay the United States \$35,000,000 to resolve civil allegations that the hospitals violated the federal False Claims Act by submitting false bills to Medicare and other federal health care programs.

"This settlement is the largest-ever False Claims Act recovery in Arizona, and it reflects the longstanding and ongoing efforts of our office to guard the vital but limited funding of federal health care programs," said United States Attorney John S. Leonardo. "Inpatient rehabilitation services are very costly to taxpayers, and it is critical that these federal dollars be reserved only for those qualified patients who need the intense rehabilitation therapy services provided in an inpatient setting."

"This settlement shows OIG's hard work to safeguard the taxpayer dollars," said Glenn R. Ferry, Special Agent in Charge for the Los Angeles Region of the United States Department of Health and Human Services, Office of Inspector General. "Health care fraud victimizes both patients and the American taxpayers, and we are dedicated to investigating and prosecuting these types of activities."

The settlement agreement resolves allegations that from April 7, 2004, through Dec. 31, 2011, Carondelet St. Mary's Hospital and Carondelet St. Joseph's Hospital billed Medicare, the Federal Employees Health Benefit Program, and the Arizona Health Care Cost Containment System (Arizona's Medicaid agency) for inpatient rehabilitation facility services that were not properly reimbursable under applicable coverage criteria because the patients were not appropriate for inpatient rehabilitation facility services. The United States alleged that as a result of these false claims, federal health care programs paid substantially more than was warranted.

Shortly before becoming aware of the United States' investigation, Carondelet disclosed to the government some inpatient rehabilitation overpayments and tendered a substantial repayment. However, based on its investigation, the United States had concerns about the nature of Carondelet's disclosure, including concerns that the disclosure and the repayment Carondelet tendered were not timely, complete, or adequate. Despite these concerns, the United States considered Carondelet's efforts in this regard as one of several factors in reaching the settlement amount and the resolution of the case. The settlement is

neither an admission of liability by the hospitals, nor is it a concession by the United States that its claims are not well founded.

The settlement resolves a lawsuit filed in November 2011 by Jacqueline Bloink under the *qui tam*, or whistleblower, provisions of the False Claims Act, which allow private citizens to bring civil actions on behalf of the United States and share in any recovery obtained. The case was filed in the United States District Court for the District of Arizona and is captioned *United States ex rel. Bloink v. Carondelet Health Network, et al.*, (CV-11-721-TUC-FRZ). Ms. Bloink will receive a share of the settlement payment that resolves the *qui tam* suit she filed.

The case was investigated by the United States Attorney's Office for the District of Arizona; the United States Department of Health and Human Services, Office of Inspector General; and the United States Office of Personnel Management, Office of Inspector General.

Individuals with information regarding fraud, waste, or abuse related to Medicare or other federal programs are encouraged to file a complaint with the United States Attorney's Office through the office's website, <http://www.justice.gov/usao/az/>, or by calling (602) 514-7500.

Attachment: [Carondelet Settlement Agreement](#) (PDF)

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