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Carondelet Health Network to Pay \$35 Million to Settle False Claims Act Charge

By [Editor](#) Filed in [News](#) August 19th, 2014 @ 10:42 am

Carondelet Health Network, an Arizona corporation doing business as Carondelet St. Mary's Hospital and Carondelet St. Joseph's Hospital in Tucson, Arizona, will pay \$35 million to resolve civil allegations that the hospitals violated the federal False Claims Act by submitting false bills to Medicare and other federal healthcare programs.

The settlement agreement resolves allegations that 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.

Federal officials 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.

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.

Bloink will received \$5.9 million as her part of the settlement.

Bloink was represented by David J. Caputo, a partner at Kline & Specter in Philadelphia, Pennsylvania.

"This settlement is an extraordinary achievement and confirms once again the essential role that private whistleblowers and their counsel play in helping our partners in the government to combat healthcare fraud," Caputo said. "Our client is a person of tremendous integrity, and it took great courage for her to file this suit. We commend the government for its thorough investigation of our client's allegations and for the substantial recovery of precious health care dollars accomplished as a result."

"From the moment our client came forward, the government team was responsive and diligent. The settlement announced today results from precisely the sort of public-private partnership envisioned by the False Claims Act."



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