



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

District of Arizona

FOR IMMEDIATE RELEASE

Tuesday, October 4, 2016

Yavapai Regional Medical Center to Pay \$5.85 Million to Resolve False Claims Allegations

PHOENIX – Yavapai Regional Medical Center (Yavapai), an Arizona not-for-profit community health system, has agreed to pay the United States \$5.85 million to resolve claims that it violated the False Claims Act by misreporting data about the hours worked by its employees on its annual cost reports, which improperly inflated the amount of money it received from the Medicare program.

“The United States Attorney’s Office has invested and will continue to invest significant time, effort, and resources in successfully enforcing the False Claims Act to hold health care providers, including hospital systems, accountable for false billings,” said U.S. Attorney John S. Leonardo. “False bills to the Medicare program threaten the viability and effectiveness of the program, undermine public confidence, waste precious taxpayer dollars, and will not be tolerated.”

“Falsifying records and extracting unwarranted funds from Medicare will be detected and stopped,” said Christian J. Schrank, Special Agent in Charge for the Los Angeles Region of the United States Department of Health and Human Services, Office of Inspector General. “Medicare funds are intended to care for patients, not line the pockets of providers who submit false claims.”

The United States alleged that between 2006 and 2009, Yavapai misreported the hours worked by its employees, which inflated the wage index for the Prescott, Arizona area. The United States alleged that the artificially inflated wage index was used by the Medicare program when it calculated the amount of the payments it made to Yavapai. The United States also alleged that as a result of Yavapai’s false claims, federal health care programs paid substantially more than was warranted. The settlement is neither an admission of liability by Yavapai, nor is it a concession by the United States that its claims are not well founded.

The settlement resolves a lawsuit filed in April 2016 by Gregory Kuzma 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. The case was filed in the United States District Court for the District of Arizona and is captioned *United States ex rel. Kuzma v. Yavapai Regional Medical Center* (CV-16-08072-PCT-JAT). Mr. Kuzma will receive \$1.17 million as his share of the settlement payment that resolves the *qui tam* suit he filed.

The case was handled by the Commercial Litigation Branch of the Justice Department's Civil Division, the United States Attorney's Office for the District of Arizona, and the United States Department of Health and Human Services' Office of the 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.

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Topic:

Financial Fraud

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