

NEW YORK HOSPITAL OWNER PAYS \$4 MILLION REAL ESTATE-RELATED SETTLEMENT TO SETTLE FALSE CLAIMS ACT AND STARK LAW ALLEGATIONS

On September 13, 2017, the Department of Justice ("DOJ") announced a \$4 million settlement with a New York-based hospital owner that owns and operates two hospitals in New York.

The *qui tam* lawsuit was filed July 15, 2013, and the relator was an employed physician at one of the hospitals implicated in the lawsuit (the "Hospital"). Allegations in the lawsuit claimed that the Hospital and a physician organization ("Physician Entity") that provides professional medical services to the Hospital entered into office lease arrangements and other arrangements that induced the Physician Entity to refer patients to the Hospital. Additionally, allegations were made that the Hospital submitted claims to Medicare for services provided to such referred patients, violating Stark and Anti-Kickback. The relator claimed that the Hospital offered the Physician Entity below-market rent for offices and provided free janitorial services, utilities, stationary, collection of medical waste, subsidized parking for patients, phone, fax and pager services, as well as providing human resources services to employees of the Physician Entity at no cost in an effort to induce referrals.

PRACTICAL TAKEAWAYS

- Ensure all ancillary services being provided under office lease arrangements are documented in the lease agreement or in a supporting document and the amount paid for the services is consistent with the fair market value of the services.
- Ensure that any non-monetary compensation is documented and accounted for in physician compensation plans and professional services agreements.

If you have any questions or would like additional information about this topic, please contact at Rene Larkin at (720) 282-2024 or rlarkin@hallrender.com or your regular Hall Render attorney.