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Western District of New York

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Catholic Health To Pay \$6,000,000 To Settle False Claims Act Allegations

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BUFFALO, N.Y.-Acting U.S. Attorney James P. Kennedy, Jr. announced today that the Catholic Health System, Inc. has agreed to pay \$6,000,000 to resolve allegations that its subsidiary, Home & Community Based Care (formerly known as "Continuing Care"), violated the False Claims Act by submitting false claims to government health care programs.

Assistant U.S. Attorney Kathleen A. Lynch, who handled the case, stated that between January 1, 2007, and December 31, 2014, Catholic Health submitted or caused to be submitted, false claims to Medicare for rehabilitation therapy services. The services were provided by Catholic Health at long and short-term skilled nursing care and post-acute care facilities including Father Baker Manor, St. Francis Williamsville, and the McAuley Residence.

The services were administered to beneficiaries at levels that were unreasonable, not medically necessary, and unsupported by the medical records. Specifically, Catholic Health submitted false claims for payment related to Ultra High Resource Utilization Group ("RUG") levels during the relevant time at these facilities.

"A healthcare system that is infected with dishonesty is susceptible to one of the worst afflictions known to mankind—human greed," said Acting U.S. Attorney James P. Kennedy, Jr. "Today's settlement demonstrates our unwavering commitment to eradicating this cancer from our federal health care programs."

"When health care companies charge federal government health programs for medically unnecessary services just to boost profits, taxpayers are victimized and the health care industry's

reputation takes a hit,” said Health and Human Services, Office of Inspector General, Office of Investigations Special Agent-in-Charge Scott J. Lampert. “Our agency will continue to hold companies accountable for such greed-fueled schemes.”

Catholic Health System, Inc. was named as a defendant in a qui tam, or whistleblower, lawsuit brought under the False Claims Act, which permits private citizens to bring lawsuits on behalf of the United States and receive a portion of the proceeds of any settlement or judgment awarded against a defendant.

As part of the False Claims Act settlement agreement and in exchange for a release of OIG’s permissive exclusion authority, Catholic Health has agreed to enter into a five-year corporate integrity agreement with OIG.

The settlement is the result of an investigation by the Department of Health and Human Services, Office of Inspector General, Office of Investigations, under the direction of Special Agent-in-Charge Scott Lampert.

The claims resolved by these settlements are allegations only, and there have been no determinations of liability.

Component(s):

USAO - New York, Western

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