

Breaking Legal NEWS For Immediate Release

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Healthcare Fraud Qui Tam Whistleblower

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Cabrini Medical Center Pays \$3.4 Million To Settle Allegations
Of Medicaid Fraud; Third And Final Hospital To Settle Whistleblower
Allegations; It Illegally Kicked Back Millions For Alcohol And Drug Detox
Patients For Nearly Two Years, When Its Alcohol Treatment Program
Was Not Certified By The State, Original Whistleblower Complaint Alleged

NEW YORK CITY — Cabrini Medical Center (“Cabrini”), operator of a hospital located on East 19th Street in Grammercy Park, is paying \$3.4 million to settle whistleblower allegations that it illegally kicked back millions to a consulting firm that delivered alcohol and drug detoxification patients to the hospital over a 23-month period, Manhattan-based attorneys Timothy J. McInnis, Esq. and David A. Koenigsberg, Esq. announced today.

McInnis, a former Assistant U.S. Attorney who prosecuted white-collar crimes, now concentrates in *qui tam* and other False Claims Act (“FCA”) whistleblower cases; Koenigsberg, also a former Assistant U.S. Attorney, specialized in civil FCA cases before he entered private practice.

Cabrini is the final defendant to settle Medicaid fraud allegations in this years-long matter first brought to the Government under seal by McInnis and Koenigsberg.

- In January 2005, Catskill Regional Medical Center, formerly known as Community General Hospital of Sullivan County, Bushville Road, Harris, New York, agreed to pay \$1.5 million to settle allegations of Medicaid fraud. In some instances, alcohol and substance abuse patients were scooped up off Manhattan streets and delivered to Catskill, which is an approximately two-hour drive - 100 miles - from New York City, McInnis and Koenigsberg said when the case first became public.
- In July 2005, The Mount Vernon Hospital, Mount Vernon, New York, agreed to pay \$2.65 million to settle allegations that it paid \$60,000 per month to a consulting firm for seven years for sham services and delivering patients to it for detox treatment; and
- In September 2005 two alcohol and substance abuse treatment consulting firms in New York City, which had been identified in the Catskill, and Mount Vernon Complaints as receiving the kickbacks, settled related civil Medicaid fraud charges with the federal Government.

(More)

Under the Cabrini Stipulation and Order, not excluded are possible IRS or criminal liabilities. Cabrini also will execute a Corporate Integrity Agreement but will not be debarred from providing Medicare or Medicaid services. Should Cabrini default on the agreement, which allows the medical center to pay the settlement over five years, it will immediately be barred from federal medical programs, the Stipulation and Order states.

The New York State Commission on Health Care Facilities in the Twenty-First Century has recommended that Cabrini be closed, "in an orderly fashion." Cabrini is contesting the order and the legislation that created the commission.

This final settlement is last chapter in a qui tam whistleblower suit filed under seal nearly seven years ago by McInnis and Koenigsberg, both of whom are in private practice in New York City. Koenigsberg explained that a "qui tam" provision in the FCA allows a whistleblower (formally called a "relator") to sue a person or entity defrauding the United States, for example, by submitting false invoices. If the suit is successful, the whistleblower can receive a reward from 15 to 30 percent of any recovery, according to McInnis.

The whistleblower/relator in this case received percentages of the Catskill, Mount Vernon and ACI settlements and also will receive 20 percent of the Cabrini settlement, according to the Stipulation and Order.

The "Stipulation and Order is neither an admission of liability, wrongdoing, or improper conduct by Cabrini nor a concession by the United States that its claims are not well founded," the Stipulation and Order states. The Missionary Sisters of the Sacred Heart of Jesus, a Catholic order of nuns founded in 1880 by Mother (Maria Francesca) Cabrini and the sponsor of Cabrini, is also a signatory to the agreement, and also has not admitted any wrongdoing.

The U.S. Attorney's Office for the Southern District of New York, under the direction of U.S. Attorney Michael J. Garcia, is represented by Assistant U.S. Attorney Heidi I. Wendel, of the office's Civil Division.

Contact Information

For public documents in this case contact Attorneys Koenigsberg or McInnis or visit <http://www.PRforLAW.com> for possible postings.

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