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Prime Settles Another Hospital FCA Case; CDSs Allegedly Pushed M.D.s to Add Diagnoses

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After Prime Healthcare Services acquired Roxborough Memorial Hospital in Philadelphia, physicians there allegedly were pressed to add complications or comorbidities (CCs) to their Medicare patients' medical records. Clinical documentation specialists (CDSs) employed by Prime, a California-based hospital chain, gave physicians leading queries so they could document higher-paying MS-DRGs, according to a False Claims Act complaint. If physicians didn't play ball, they allegedly were suspended until they got with the game.

The alleged strategy appeared to work, according to the complaint. For example, the number of syncope cases (MS-DRG 312) dropped 17% in 2013, the year after the hospital acquisition, while cases of cranial and peripheral nerve disorders (MS-DRG 074), which is similar to syncope but pays \$1,000 more, rose 30%, the complaint alleged. But it wasn't just a matter of money because the complaint alleged that patients were treated as if they had the more serious conditions.

Now Prime Healthcare Services and its CEO, Prem Reddy, M.D., have agreed to pay \$1.25 million to settle allegations that Roxborough Memorial Hospital and another Prime hospital—Lower Bucks Hospital in Bristol—submitted false claims to Medicare by upcoding diagnoses and admitting inpatients who only required outpatient care, the U.S. Attorney's Office for the Eastern District of Pennsylvania said Feb. 15.

The settlement came down about seven months after Prime and Reddy paid \$65 million to resolve a separate false claims lawsuit in California, which was set in motion by a whistleblower. The Department of Justice alleged 10 of its hospitals billed for inpatient admissions that should have been outpatient or observation services from 2006 to 2013. Reddy had to personally pay \$3.25 million of the settlement amount. ("Prime Healthcare, CEO Settle FCA Case for \$65M Over Admissions; Accountability Expands," *RMC* 27, no. 29)

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