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Hospital Chain Pays \$117M to Settle FCA Case About Medical Necessity, Therapy

By Nina Youngstrom

Putting to rest 19 whistleblower lawsuits, Universal Health Services Inc. and UHS of Delaware Inc. have agreed to pay \$117 million to settle false claims allegations that its hospitals billed Medicare, Medicaid and other federal programs for inpatient behavioral health care that wasn't medically necessary or adequate, the Department of Justice said July 10.^[1] The allegations run the gamut, and include keeping patients in the hospital too long, billing for services not provided and using restraints improperly. Some patients allegedly didn't belong in a psychiatric hospital at all.

UHS, which is headquartered in King of Prussia, Pennsylvania, operates 354 acute-care hospitals and behavioral health facilities. Most of the whistleblower lawsuits were handled by the U.S. Attorney's Office for the Eastern District of Pennsylvania, although they were filed in various districts.

"This was sobering reading," said Georgia Rackley, senior clinical specialist with SunStone Consulting in Harrisburg, Pennsylvania. The settlement is a very expensive reminder for health systems with psychiatric services to look under their hood, she said. "Behavioral health units tend to be overlooked because they're not a big cash cow," Rackley said. "It is benign neglect. Compliance departments can't forget about these behavioral health units. Then you end up with a mess."

Universal Health Services didn't admit liability in the settlement. In a statement, the company said it disputes any wrongdoing and contends the settlement doesn't constitute "failure to provide appropriate care and treatment in accordance with governing rules and regulations. "

Medicare Part A covers inpatient psychiatric admissions with a valid admission order before discharge when physicians certify the need for services at admission and at day 12 of the patient's hospitalization and recertify 30 days later and again 30 days after that, according to the conditions for Medicare payment for inpatient psych services (42 C.F.R. § 424.14(a)-(d)).

One of the complaints was filed against Universal Health Services' Havenwyck Hospital in Auburn Hills, Michigan, by two whistleblowers employed there: Sandra McLauchlin, who worked in nursing management, and Christina Varner, a charge nurse. They alleged the hospital ran afoul of various Medicare requirements for inpatient psychiatric hospitals, including treatment plans, assessments and certifications.

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