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FOR IMMEDIATE RELEASE

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NEW YORK HEART CENTER TO PAY MORE THAN \$1.33 MILLION TO SETTLE ALLEGATIONS OF FALSE CLAIMS ACT AND STARK LAW VIOLATIONS

Cardiology Practice Allegedly Compensated Physicians for Improper Referrals

ALBANY, NEW YORK: Cardiovascular Specialists, P.C., d/b/a New York Heart Center (NYHC) – a group practice of cardiologists with offices throughout central and northern New York – has agreed to pay the United States \$1,336,636.98 plus interest to resolve allegations that it violated the False Claims Act and the Physician Self-Referral Law (commonly known as the Stark Law) by knowingly compensating its physicians in a manner that violated federal law, announced United States Attorney Richard S. Hartunian.

The Stark Law is intended to ensure that a physician's medical judgment is not compromised by improper financial incentives that encourage referrals for unnecessary services, which drive up health care costs for Medicare beneficiaries and the Medicare program. The law prohibits physicians from referring Medicare beneficiaries to health care providers, including providers in their own group medical practices, for certain services if their financial relationships with the provider do not fall within an exception to the Stark Law. In the case of financial relationships between a medical practice and its physicians, the exceptions do not permit practices to compensate physicians in a manner that directly takes into account the volume or value of the physician's referrals for services that are not personally performed by the ordering

physician. If a group's financial relationship with a physician does not satisfy an exception, the group cannot bill Medicare for the physician's prohibited referrals.

The settlement announced today resolves allegations that, from September 2007 through August 2008, compensation for each NYHC partner-physician was determined using a formula that took into account the volume or value of that physician's referrals for nuclear scans and CT scans, in violation of the Stark Law and the False Claims Act. The government's investigation revealed that NYHC adopted this formula with knowledge that it could violate the Stark Law.

United States Attorney Hartunian said: "Today's settlement is another example of this office's commitment to ensure that services paid for by federal health care programs are based on the best interests of patients rather than the financial interests of referring physicians. The United States Department of Health and Human Services' Office of Inspector General should be commended for bringing this issue to light and for its outstanding investigation."

"Medical decisions should always be made on the basis on what's best for the patient's health, not the physician's finances. The compensation system in place in this case had the potential to influence medical judgment, which would be unacceptable," said Special Agent in Charge Thomas O'Donnell of the Department of Health and Human Services Office of Inspector General (HHS-OIG), New York region.

The investigation and settlement were the result of a coordinated effort between the United States Attorney's Office for the Northern District of New York and HHS-OIG, with the assistance of the Department of Justice's Civil Division. Locally, the United States was represented by Assistant United States Attorney Adam J. Katz.

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