

**THE UNITED STATES DEPARTMENT OF JUSTICE MOVES TO INTERVENE IN WHISTLEBLOWER LAWSUIT BY FORMER HOSPITAL EXECUTIVES AGAINST HEALTH MANAGEMENT ASSOCIATES**

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**PHILADELPHIA – January 9, 2014** – The United States Department of Justice moved to unseal a whistleblower lawsuit filed against Health Management Associates, Inc., (“HMA”) and a large independent physician group located in and around Lancaster, Pennsylvania. Federal district court Judge Mitchell Goldberg unsealed the matter on January 7, 2014. The United States also moved to partially intervene in the Relators’ action. The Government has notified the court that it intends to intervene in the action against HMA and its subsidiaries. The government received an extension from the court until March 14, 2014 to elect to intervene against the Lancaster-based physician group.

The federal lawsuit alleges that HMA cheated the Medicare and Medicaid Programs for years by illegally inducing physicians to steer patients to HMA-owned facilities across the United States, then HMA fraudulently billed the government for inpatient and outpatient healthcare services that were tainted by the illegal kickbacks and Stark law violations. In particular, the lawsuit alleges:

- HMA USES WHOLE-HOSPITAL JOINT VENTURES TO INDUCE PHYSICIANS TO REFER PATIENTS TO HMA FACILITIES THROUGHOUT THE COUNTRY;
- PHYSICIANS DEMANDED AND RECEIVED KICKBACKS FROM HMA IN EXCHANGE FOR RETAINING OR INCREASING THE VALUABLE REFERRAL STREAM FROM PHYSICIANS AND THE MANY THOUSANDS OF PATIENTS THEY CONTROLLED; and
- HMA PAID KICKBACKS THROUGH EXCESSIVE COMPENSATION AND BOGUS CO-MANAGEMENT OR MEDICAL DIRECTORSHIP FEES.

The “qui tam” whistleblower lawsuit was filed in federal district court in Philadelphia, Pennsylvania under federal and state false claims acts by two former HMA hospital executives.

HMA is a multi-billion dollar for-profit hospital corporation which, as of 2010, operated through its subsidiaries 55 hospitals in 15 states, totaling approximately 8,400 beds. HMA is publicly traded on the NYSE under the symbol “HMA.” On Wednesday, January 8, 2014, HMA shareholders voted to sell the hospital company to Community Health Systems (“CHS”) for \$3.9 Billion. The transaction is scheduled to close this month.

Physicians Alliance Ltd. (“PAL”), also named as a defendant in the case, is a Pennsylvania professional corporation that includes more than 100 primary care physicians (family doctors and

internists) and specialists. According to the Complaint, PAL, a physician group that was critical to HMA's survival in the Lancaster, Pennsylvania market, accepted HMA's inducements. Since 2009, PAL has been a major investor in HMA's whole hospital joint venture at Lancaster Regional Medical Center.

The matter is being investigated by the United States Department of Justice, the United States Attorney's Office for the Eastern District of Pennsylvania, the United States Department of Health & Human Services - Office of the Inspector General ("HHS-OIG"), and the Federal Bureau of Investigation ("FBI"). The claims asserted against the defendants are allegations only; there has been no determination of liability. Under federal and state qui tam statutes, should the government decline to intervene in any part of their action, the Relators, through private counsel, may pursue those allegations on behalf of taxpayers.

"This is a significant and rather creative fraud aimed at influencing physicians' independent medical judgment in determining where thousands of patients across the country should receive medical care," said lead counsel in the case, Marc S. Raspanti, of the Philadelphia law firm of Pietragallo Gordon Alfano Bosick & Raspanti, LLP, regarding his clients' allegations.

"HMA executives at the highest levels approved the whole hospital joint venture program and other physician inducements aimed at capturing and maintaining referrals from local physicians," said Pamela C. Brecht, an attorney with Pietragallo Gordon Alfano Bosick & Raspanti, LLP, who has worked for years investigating the scope of the alleged fraud.

"We look forward to prosecuting this case to a successful conclusion for both federal and state taxpayers," said Michael A. Morse, a partner with the Pietragallo firm.

Pietragallo Gordon Alfano Bosick & Raspanti, LLP, is one of the largest and most successful whistleblower law firms in the United States. Lawyers in the nationwide whistleblower practice group of Pietragallo Gordon Alfano Bosick & Raspanti have served for more than 25 years as lead counsel in whistleblower cases that have recovered more than \$1.8 billion for federal and state taxpayers.

The lawsuit is captioned *United States of America, et. al. ex rel. Miller and Metts, v. Health Management Associates, Inc., et. al.*, No. 10-3007 (ED PA). The matter is assigned to the Honorable Mitchell S. Goldberg, Judge, United States District Court for the Eastern District of Pennsylvania.

A copy of the unsealed qui tam complaint can be found at the district court or at [www.falseclaimsact.com](http://www.falseclaimsact.com).