



# Department of Justice

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### **TWO CHARLOTTE AREA HOSPITALS AMONG \$260 MILLION GLOBAL SETTLEMENT BETWEEN HOSPITAL CHAIN AND THE UNITED STATES**

#### *Settlement to Resolve False Claims Act Allegations against Lake Norman Regional Medical Center and Davis Regional Medical Center*

CHARLOTTE, N.C. – The Department of Justice announced today that Health Management Associates, LLC (HMA), formerly a major U.S. hospital chain headquartered in Naples, Florida, will pay over \$260 million to resolve criminal charges and civil claims relating to a scheme to defraud the United States. This global settlement also resolves False Claims Act allegations against two Charlotte-area hospitals, Lake Norman Regional Medical Center and Davis Regional Medical Center.

“Today’s settlement demonstrates the government’s commitment to hold companies accountable for the abuse of government healthcare programs,” said Andrew Murray, United States Attorney for the Western District of North Carolina. “My office will continue to steadfastly use the False Claims Act to safeguard the integrity of our healthcare system and protect taxpayer dollars from healthcare providers that engage in this type of fraudulent activity.”

The government alleged that HMA knowingly billed government health care programs for inpatient services that should have been billed as outpatient or observation services, paid remuneration to physicians in return for patient referrals, and submitted inflated claims for emergency department facility fees. Lake Norman Regional Medical Center and Davis Regional Medical Center, are two HMA hospitals in which the alleged fraudulent scheme was carried out.

Today’s settlement resolves multiple allegations against HMA for both criminal and civil liability. As part of today’s settlement, HMA agreed to pay \$62.5 million to resolve HMA’s liability for submitting false claims between 2008 and 2012 as part of a corporate-wide scheme to increase inpatient admissions of Medicare, Medicaid and the Department of Defense’s (DOD) TRICARE program beneficiaries over the age of 65. The government alleged that the inpatient admission of these beneficiaries was not medically necessary, and that the care needed by, and provided to, these beneficiaries should have been provided in a less costly outpatient or observation setting.

HMA agreed to pay \$61,839,718 to the United States and \$706,084 to participating States. HMA also agreed to pay \$12 million to resolve allegations that from September of 2009 through December of 2011, certain HMA hospitals submitted claims to Medicare and Medicaid seeking reimbursement for falsely inflated emergency department facility charges. HMA agreed to pay \$11,028,000 to the United States and \$972,000 to participating States to settle HMA's inflated billing practices.

This settlement resolves certain claims brought by Doctors Thomas L. Mason, Steven G. Folstad and their company Mid-Atlantic Emergency Medical Associates (MEMA), in a *qui tam* complaint filed on September 23, 2010 in the Western District of North Carolina. MEMA, Mason and Folstad's company, provided contracted emergency department physician service to HMA at Lake Norman Regional Medical Center and Davis Regional Medical Center. Mason and Folstad alleged that because they resisted HMA's efforts to enact this scheme, HMA fired MEMA and awarded the contract for emergency department services to EmCare, Inc. (EmCare), a large national emergency department services company. Mason and Folstad also named EmCare as a defendant in their complaint. The settlement amount of \$62.5 million and \$12 million resolves allegations of fraud included in doctors Mason and Folstad's complaint. EmCare previously settled its civil liability with the government in December 2017 for \$29.6 million. More information on EmCare's settlement can be found [here](#).

Mason and Folstad filed their complaint under the *qui tam* provisions of the False Claims Act, which allows private citizens with knowledge of potential fraud to file a complaint on behalf of the United States. These whistleblowers, known as relators under the statute, often bring corporate wrongdoing to the attention of the United States.

"The efforts of relators like Doctors Mason and Folstad are essential to protecting the integrity of our Medicare and Medicaid systems," said U.S. Attorney Murray. "We thank them for bringing these allegations to the United States."

Under the False Claims Act, the United States investigates relators' allegations, often with assistance from relators and their counsel, to determine if it will intervene in the case.

"Relators' counsel has provided invaluable assistance to the United States during this long investigation," said Murray. "Such assistance greatly enhances government resources allowing us to more effectively fight fraud on government programs."

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