**Department of Justice** 

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, September 28, 2016

## Vibra Healthcare to Pay \$32.7 Million to Resolve Claims for Medically Unnecessary Services

Vibra Healthcare LLC (Vibra), a national hospital chain headquartered in Mechanicsburg, Pennsylvania, has agreed to \$32.7 million, plus interest, to resolve claims that Vibra violated the False Claims Act by billing Medicare for medically unnecessary services, the Department of Justice announced today.

"Medicare beneficiaries are entitled to receive care that is determined by their clinical needs and not the financial interests of healthcare providers," said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. "All providers of taxpayer-funded federal healthcare services, whether contractors or direct billers, will be held accountable when their actions cause false claims for medically unnecessary services to be submitted."

Vibra operates approximately 36 freestanding long term care hospitals (LTCHs) and inpatient rehabilitation facilities (IRFs) in 18 states. LTCHs provide inpatient hospital services for patients whose medically complex conditions require long hospital stays and programs of care. IRFs are intended for patients needing rehabilitative services that require hospital-level care. The government alleged that between 2006 and 2013, Vibra admitted numerous patients to five of its LTCHs and to one of its IRFs who did not demonstrate signs or symptoms that would qualify them for admission. Moreover, Vibra allegedly extended the stays of its LTCH patients without regard to medical necessity, qualification and/or quality of care. In some instances, Vibra allegedly ignored the recommendations of its own clinicians, who deemed these patients ready for discharge.

"Pursuing and recovering fraudulent billing for unnecessary services is a priority of my office," stated U.S. Attorney John E. Kuhn Jr. for the Western District of Kentucky. "This significant case against Vibra Healthcare and today's settlement agreement is but one example of the vigorous work against healthcare fraud taking place in the Western District of Kentucky and across the nation."

As part of the settlement, Vibra also agreed to enter into a chain-wide corporate integrity agreement with the Inspector General of the U.S. Department of Health and Human Services.

"Medical necessity is fundamental if health providers wish to claim taxpayer funds for medical care," said Special Agent in Charge C.J. Porter of the U.S. Department of Health and Human Services' Office of Inspector General (HHS-OIG). "OIG is committed to protecting precious Medicare dollars and ensuring that beneficiaries receive quality, necessary long term care."

Part of the allegations resolved by this settlement were originally filed under the *qui tam* or whistleblower provisions of the False Claims Act by Sylvia Daniel, a former health information coder at Vibra Hospital of Southeastern Michigan. Daniel filed her suit in the Southern District of Texas, where one of Vibra's LTCHs was located. Under the False Claims Act, a private party, known as a relator, can file an action on behalf of the United States and receive a portion of the recovery. Daniel will receive at least \$4 million.

This settlement illustrates the government's emphasis on combating healthcare fraud and marks another achievement for the Health Care Fraud Prevention and Enforcement Action Team initiative, which was announced in May 2009 by the Attorney General and the Secretary of Health and Human Services. The partnership between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in this effort is the False Claims Act. Since January 2009, the Justice Department has recovered a total of more than \$30.7 billion through False Claims Act cases, with more than \$18.5 billion of that amount recovered in cases involving fraud against federal healthcare programs.

This matter was handled by the Civil Division's Commercial Litigation Branch; the U.S. Attorneys' Offices for the Southern District of Texas in Houston and for the Western District of Kentucky; and the HHS-OIG. The *qui tam* case is captioned United States ex rel. Daniel v. Vibra Healthcare, LLC, Civil Action No. 10-5099 (S.D. Tex.).

The claims resolved by the settlements are allegations only and there has been no determination of liability.

16-1113

**Civil Division** 

Updated September 28, 2016