



UNITED STATES ATTORNEY'S OFFICE District of Vermont

August 16, 2007

ST. ALBANS HOSPITAL SETTLES WITH UNITED STATES REGARDING POTENTIAL LIABILITY FOR VIOLATION OF ANTI-KICKBACK AND RELATED LAWS

The United States Attorney's Office announced today that it has entered into a settlement with Northwestern Medical Center, the hospital in St. Albans, resolving the hospital's potential liability for violating the federal anti-kickback and related laws. These laws prohibit hospitals from paying physicians in exchange for patient referrals. They also prohibit charging federal health care programs, such as Medicare, for services provided to patients referred by such doctors. These rules are intended to make sure that health care professionals exercise independent judgment that is in the best interest of the patient. They are also intended to avoid unnecessary costs associated with the over-use of health care items and services.

Northwest Medical Center brought this matter to the Government's attention in the Spring of 2006, when it acknowledged paying above-market rent to an orthopedic doctors' office in St. Albans in exchange for the doctors providing the hospital with a space within their office in which the hospital provided x-ray services to the doctors' patients. Because the hospital was paying the doctors more than the market would normally justify, the anti-kickback laws were implicated.

In addition to bringing the matter to the Government's attention, the hospital thereafter cooperated with the Government's investigation into the arrangement. United States Attorney Thomas D. Anderson complimented the hospital on its approach to this issue, noting that such self-disclosure was evidence of the hospital's good faith in trying to address and correct its past mistakes, factors that weighed very much in the hospital's favor and the United States' decision to resolve the matter without litigation.

The hospital's potential liability was significant. In addition to penalties, it potentially could have been required to pay back up to three times the amount it collected from federal health care programs for care provided to patients referred by the orthopedic practice. Pursuant to the agreement, the hospital has paid the United States \$30,000 to resolve its potential liability.

Assistant United States Attorney Michael Drescher handled the matter for the United States. The hospital was represented by Anne Cramer, Esq., of Burlington.