

# False Claims Act Update - 16 Hospitals to Pay \$15.69M Related to Medically Unnecessary Psychotherapy Services

AUTHOR: SANDBERG PHOENIX

On May 7, 2015, the Department of Justice reported settlement with 16 separate hospitals for medically unnecessary or unreasonable psychotherapy services. The claims under scrutiny were Intensive Outpatient Psychotherapy (IOP) services, which represent a variety of treatment methods. The services, while billed to Medicare by the providers, were performed on the providers' behalf by Allegiance health Management, a post-acute healthcare management company. The settlements resolve allegations of knowingly billing Medicare for services that did not qualify for Medicare as the patient condition did not qualify for IOP; were not provided according to the individualized treatment plan to address the patient's specific mental health needs and reach achievable goals; inadequately tracking or documenting the patient's progress; patient's not receiving an appropriate level of treatment; and/or providing therapy that was primarily recreational or diversional in nature, and not therapeutic. Health Management Associates, Inc. (HMA) and 14 hospitals formerly owned and operated by HMA settled collectively for \$15 Million, while Community Health Systems and its subsidiary Wesley Medical Center agreed to pay \$210,000, and North Texas Medical Center agreed to pay \$480,000.

In October 2013, LifePoint Hospitals, Inc. and two of its subsidiaries settled similar allegations for \$4,672,469.80.

These False Claims Act settlements demonstrate that the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative continues to focus its efforts to reduce and prevent Medicare and Medicaid financial fraud.

Whenever providers contract for healthcare services, they need to ensure that those services meet medical necessity criteria. HEAT has demonstrated that it takes its focus on fraud and abuse seriously. The various reviews being performed by the MACs, RACs, MICs and ZPICs need to be taken seriously, as these reviews can lead to further scrutiny of the medical necessity of services being provided.