

A federal judge rejected a proposed settlement of charges against Raleigh-based WakeMed arising from false claims submitted to Medicare. A criminal charge for making false claims for Medicare payments was lodged against WakeMed by the U.S. Attorney for the Eastern District of North Carolina. The case arose after a government auditor noticed in 2007 that WakeMed had one of the highest rates in the nation for "zero-day stays," in which the hospital seeks reimbursement for costly inpatient care even though the Medicare beneficiaries never actually spent a night in the hospital. The false billing by WakeMed resulted in at least \$1.2 million in overpayments from Medicare.

The proposed settlement called for an \$8 million payment by WakeMed. The hospital would also enter into a deferred prosecution agreement that would wipe away the criminal charge after two years. Judge Terrence Boyle, of the United States District Court for the Eastern District of North Carolina, rejected the settlement and was particularly critical of the deferred prosecution agreement. He characterized that aspect of the proposed settlement as a "slap on the hand" and noted that such agreements are typically used for minor criminal offenses, not something as serious as fraud on the government which resulted in more than a \$1 million loss to taxpayers. Judge Boyle declined to approve the settlement and continued the hearing until February 5.

Read the News & Observer story '**Boyle Boils in WakeMed Case**'.