

On March 3, 2014, Halifax Hospital agreed to pay \$85 million to settle part of a whistleblower case. The settlement was announced just before the case was set to proceed to trial in federal court in Orlando, Florida.

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The lawsuit was first filed in 2009 by Halifax Health employee Elin Baklid-Kunz, a former compliance officer for the Daytona Beach Hospital. Baklid-Kunz stands to receive between 15-25 percent of the settlement amount as the relator's share, the portion of the recovery which typically goes to the whistleblower first reporting fraud on the government.

The part of the case that was resolved would have focused on allegations that payments made to six oncologists and three neurosurgeons violated the federal Stark Law, a law which makes it illegal for doctors to financially benefit from referring patients for hospital care. Commentators and experts note that such arrangements can lead to physicians admitting patients to the hospital and performing procedures that are not medically necessary. Often those medical expenses are then passed on to Medicare or other government programs, ultimately costing taxpayers. Prior to the settlement with Halifax Health, the largest amount ever paid in a case involving a Stark violation came from Tuomey Healthcare Systems in South Carolina, which paid \$39.3 million in Stark penalties.

The second trial will focus on allegations that for more than a decade the hospital made a practice of admitting patients to the hospital who did not need to be admitted, then billing government payers - Medicare and Medicaid - for their care. That part of the False Claims Act case could result in damages and penalties of up to \$400 million, according to lawyers involved in the case.

Whistleblower cases are an important tool in combating healthcare fraud. Individuals with knowledge of any person or entity submitting false or fraudulent claims to be paid by the government (e.g. Medicare, Medicaid) should contact an attorney with specialized knowledge regarding qui tam ("whistleblower") cases. Martin & Jones, PLLC is actively investigating and pursuing whistleblower claims in North Carolina.