

NEWS

Cape Cod Hospital to pay \$24.3M after Medicare false claims reported



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Cape Cod Hospital has agreed to pay more than \$24.3 million to resolve allegations that it did not follow Medicare cardiac procedure rules, according to the U.S. Attorney's office.

Investigators found that the hospital's physicians did not perform patient evaluations for transcatheter aortic valve replacements, a procedure known as TAVR that involves replacing a patient's damaged heart valve with an artificial one, in compliance with the rules for Medicare reimbursement.

From November 2015 to December 2022, Cape Cod Hospital knowingly submitted "hundreds of claims to Medicare for TAVR procedures that did not comply with the applicable NCD (National Coverage Determination) requirements," according to the settlement, meaning the hospital submitted millions of dollars of false claims to Medicare in violation of the False Claims Act.

What did Cape Cod Hospital do wrong, according to U.S. Attorney?

In some cases, not enough physicians evaluated a patient's suitability for the procedure while other times physicians did not document and share their findings with the medical team responsible for the TAVR procedure.

“Medicare permitted coverage for this newly developed cardiac procedure only under certain conditions, to ensure patient safety. Cape Cod Hospital ignored those rules and received millions of dollars from Medicare to which it was not entitled. This conduct persisted for years despite internal warnings,” said Acting U.S. Attorney Joshua S. Levy for the District of Massachusetts in a statement. “This investigation and settlement ensure that patient safety is prioritized over a hospital’s bottom line.”

In a statement, Cape Cod Hospital noted that the settlement did not allege that patients who received TAVR procedures were harmed or that Cape Cod Hospital billed Medicare for procedures that were not performed.

Many of the physicians who provided the services at issue are no longer employed by or contracted to provide services at the hospital, according to the hospital. Cape Cod Hospital has since "augmented its documentation practices and believes its Heart Team clinicians, which now include talented cardiac surgeons from Beth Israel Lahey Health, provide outstanding medical care in compliance with all applicable Medicare requirements."

In a statement, Bruce Johnston, Chairman of the Board of Trustees, praised the leadership of CEO Michael Lauf and his management team and highlighted the upcoming Edwin Barbey Patient Care Pavilion, which he said will house a new cancer center, consolidate the hospital's cardiology programs, and add 32 new medical and surgical beds to address demand.

"Though it is unfortunate to be in this situation, the Board of Trustees remains confident in and supportive of the organization’s leadership. During Michael Lauf’s tenure, Cape Cod Hospital has been recognized numerous times for its excellent care and has significantly enhanced its operational and financial position," said Johnston. "We look forward to a bright and strong future under the continued leadership of Mike Lauf and his management team."

'Largest-ever False Claims Act' settlement, attorney says

Richard Zelman is a former Cape Cod Hospital cardiologist who founded and ran the hospital's TAVR program. He filed a lawsuit against the hospital in 2022 alleging he was fired after blowing the whistle on what he called the hospital's unethical practices prioritizing profit over patient care.

Zelman will receive approximately \$4.36 million of the settlement as the whistleblower. On his website, Zelman's attorney, Gregg Shapiro, called the settlement amount the "largest-ever False Claims Act recovery from a Massachusetts hospital."

"Dr. Zelman is gratified that the government conducted a thorough investigation and that the case has been successfully resolved," said Shapiro.

What will Cape Cod Hospital have to do?

Cape Cod Hospital has also entered into a five-year Corporate Integrity Agreement with the U.S. Department of Health and Human Services, Office of Inspector General, which provides for an annual review of its paid Medicare claims by an independent review organization, according to the U.S. Attorney's office.

Cape Cod Healthcare, based in Hyannis, operates two acute care hospitals, Cape Cod Hospital and Falmouth Hospital, along with a homecare and hospice agency, a skilled nursing and rehabilitation facility, an assisted living facility and a number of health programs.

The hospital no longer has a contract with Brigham and Women's Hospital in Boston, which had partnered with Cape Cod Hospital's open-heart program since its inception in 2002. The hospital has been affiliated with Beth Israel Lahey Health since 2022.

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