

## The Largest Stark Settlement (So Far) is Pending in the Halifax Health Case

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Health Law

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On March 3, 2014 **Halifax Health** and the **U.S. Department of Justice** agreed to settle part of a whistleblower lawsuit that alleged federal **Stark law** violations, illegal kickbacks and Medicare false claims. Instead of a trial that was scheduled to begin on March 3, the parties agreed that Halifax Health would pay \$85 million plus expenses over five years and enter into a corporate integrity agreement with the government. The hospital did not admit any wrongdoing in its statements.

This trial would have considered facts surrounding the compensation paid to six oncologists and three neurosurgeons and whether the amount of compensation and the method of determining compensation violated the federal Stark law, a strict liability law. Violation of the Stark law can lead to Medicare false claims and anti-kickback law liability. Halifax Health faced over \$500 million in potential penalties on this portion of the lawsuit.

This case began in 2009 when Elin Baklid-Kunz, a Halifax Health employee filed suit based on various allegations of wrongdoing that she learned as the compliance officer. The US Department of Justice joined the case and led the prosecution of the first part of the trial. This settlement, assuming it is completed by the March 12, 2014 deadline imposed by the judge in the case, is the largest related to Stark violations.

The second part of the case is scheduled for trial in July and will focus on allegations that Halifax Health routinely admitted patients who lacked medical necessity for their admission and then billed Medicare and Medicaid for the unnecessary hospital services. Ms. Baklid-Kunz' private attorneys, not the Justice Department, will try this part of the case, which has potential damages and penalties exceeding \$400 million.

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