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# OIG NEWS

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## **OIG Notifies Tenet of Potential Exclusion of Alvarado Hospital**

Inspector General Daniel R. Levinson announced today that the Office of Inspector General (OIG) of the Department of Health and Human Services (HHS) has notified Alvarado Hospital Medical Center (Alvarado) and its parent company, Tenet HealthSystem Hospitals, Inc., of OIG's intent to exclude Alvarado from participation in Medicare, Medicaid, and all other Federal health care programs. Today's notice is based on OIG's allegation that Alvarado knowingly and willfully paid kickbacks in order to induce referrals of patients to Alvarado for the furnishing of items and services payable by Federal health care programs.

OIG alleges that, from 1992 to 2003, Alvarado entered into physician relocation agreements through which Alvarado funneled money to existing physician practices in the San Diego area in exchange for patient referrals. Although the relocation agreements were purported to benefit the doctor who actually relocated to the San Diego area, in practice, the agreements primarily benefited the established physician practices where the new doctors were placed. OIG contends these often-excessive payments actually were used to buy referrals. The agreements typically provided the new physician a monthly salary and a monthly guarantee for overhead expenses. The new physician paid this money over, in large part, to the established practice. The agreements also provided the existing physician practices directly with money intended to make improvements to their offices and purchase equipment necessary to accommodate the new physician.

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Alvarado was indicted on felony kickback charges in the Southern District of California for this conduct. The United States Attorney's Office for the Southern District of California tried Alvarado for this conduct in two jury trials that both ended with hung juries.

Inspector General Daniel R. Levinson stated, "Today's announcement should be a continuing reminder to health care providers that referrals of Federal health care program beneficiaries should be based on the quality of care that is to be provided to the beneficiary, and not as a result of a financial benefit to be realized by the source of the referral or the practitioner providing the services."

Alvarado has 30 days to submit documentary and other evidence concerning the proposed exclusion and whether it is warranted. After reviewing the additional information Alvarado provides, OIG may propose to exclude Alvarado from participation in Federal health care programs. Alvarado would have the right to an administrative appeal of the proposed exclusion.

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