



U.S. Department of Justice

Criminal Division

September 30, 2016

Kathryn H. Ruemmler
Latham & Watkins LLP
555 11th Street, N.W.
Suite 1000
Washington, DC 20004

Re: Tenet HealthSystem Medical, Inc.

Dear Ms. Ruemmler:

The United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Northern District of Georgia (the "Offices") and Tenet HealthSystem Medical, Inc. (on its behalf and on behalf of its subsidiaries) (collectively, "Tenet Subsidiary"), pursuant to authority granted by the Board of Directors of its parent, Tenet Healthcare Corporation ("Tenet") attached hereto (Attachment B), enters into this Non-Prosecution Agreement ("Agreement"). As indicated below, Tenet is undertaking certain obligations under the Agreement.

1. Relevant Considerations. The Offices enter into this Agreement based on the individual facts and circumstances presented by this case, including those described below.

a. Tenet Subsidiary and Tenet engaged in remedial measures, including:

- i. substantially restricting the types of services that they permit their hospitals to purchase from a referral source;
- ii. adding new policies and amending existing policies for contracts with referral sources to make more clear the requirements as to the identification of the need for contracted-for services, defining the scope of contracted-for services, justifying the selection of a particular contractor over a non-referral source option, compensating contractors at fair market value, and obtaining adequate documentation to justify payments for services rendered;
- iii. making improvements to its corporate auditing and monitoring of hospital contracts with referral sources, including verifying that payments to referral sources are substantiated with appropriate supporting documentation pursuant to the terms of the contract, and amending policies to require that, in the event an audit has identified a

deficiency related to a referral source contract and the hospital has failed to meet a deadline to take corrective action, the hospital must suspend all federal program bills related to the audit deficiency;

- iv. instituting an enhanced training program to implement and ensure compliance with the new and enhanced policies described above;
 - v. taking steps to centralize oversight of all referral-source contracts by shifting contract administrator positions from hospitals to its corporate headquarters and having these positions report to the legal department; and
 - vi. divesting, in April 2016, three subsidiary hospitals involved in the conduct described in the Statement of Facts attached hereto (Attachment A): (1) Atlanta Medical Center, Inc. ("Atlanta Medical"); (2) North Fulton Medical Center, Inc. d/b/a North Fulton Hospital ("North Fulton"); and (3) Spalding Regional Medical Center, Inc. d/b/a Spalding Regional Medical Center ("Spalding");
- b. Tenet Subsidiary and Tenet have committed to continue to enhance their compliance and ethics program and internal controls, including ensuring that their compliance program is designed and implemented to prevent and detect violations of the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b), and the Stark Law, 42 U.S.C. § 1395nn;
- c. Tenet has agreed to retain an Independent Compliance Monitor to aid in the enforcement, implementation, and maintenance of its compliance and ethics program and internal controls, as provided in Paragraphs 7-9, below;
- d. Tenet, Tenet Subsidiary, and their subsidiaries that previously owned and operated hospitals, including Atlanta Medical and North Fulton, have agreed to a global resolution of criminal and civil liability relating to the conduct described in the Statement of Facts attached hereto (Attachment A), which includes this Agreement and the following components:
- i. Atlanta Medical, a direct subsidiary of Tenet HealthSystem Medical, Inc. and an indirect subsidiary of Tenet, has agreed to plead guilty to one count of conspiring under Title 18, United States Code, Section 371 to violate the Anti-Kickback Statute, Title 42, United States Code, Sections 1320a-7b(b)(2)(A) and (B) and 1320a-7b(b)(1)(A) and (B), and to defraud the United States, and to pay a \$84,696,727 forfeiture money judgment pursuant to a negotiated plea agreement, which is incorporated by reference into this Agreement (Attachment D);
 - ii. North Fulton, a direct subsidiary of Tenet HealthSystem Medical, Inc. and an indirect subsidiary of Tenet, has agreed to plead guilty to one

count of conspiring under Title 18, United States Code, Section 371 to violate the Anti-Kickback Statute, Title 42, United States Code, Sections 1320a-7b(b)(2)(A) and (B) and 1320a-7b(b)(1)(A) and (B), and to defraud the United States and to pay a \$60,019,618 forfeiture money judgment pursuant to a negotiated plea agreement, which is incorporated by reference into this agreement (Attachment E); and

- iii. Tenet has agreed to pay \$368,000,000 to the United States, the State of Georgia, and the State of South Carolina to resolve its civil liability for certain civil claims, including under the federal False Claims Act and State of Georgia Medicaid False Claims Act pursuant to a civil Settlement Agreement, which is incorporated by reference into this Agreement (Attachment F);
- e. the nature and seriousness of the offense, including that senior executives and employees of Tenet Subsidiary, some working as senior executives at Atlanta Medical, North Fulton, Spalding, and Hilton Head Hospital, engaged in at least a 10-year scheme to pay over \$12 million to the owners and operators of a chain of prenatal care clinics designed to induce the owners and operators to: (1) refer Medicaid patients to Atlanta Medical, North Fulton, Spalding, and Hilton Head Hospital for labor and delivery services; and (2) arrange for these hospitals to provide services to these Medicaid patients and their newborns, resulting in the hospitals receiving over \$146 million from the Medicaid and Medicare programs for the illegally referred patients;
- f. Tenet Subsidiary has no prior criminal history; and
- g. Tenet Subsidiary and Tenet (on its behalf and through its subsidiaries and affiliates) have agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of Tenet Subsidiary, Tenet, their subsidiaries and affiliates and their officers, directors, employees, agents, business partners, and consultants relating to violations of the Anti-Kickback Statute, or additional conduct, as provided in Paragraph 5, below.

2. Acceptance of Responsibility. Tenet Subsidiary admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as set forth in the attached Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the facts described in Attachment A are true and accurate. Tenet Subsidiary also admits, accepts, and acknowledges that the facts described in Attachment A constitute a violation of law, specifically a conspiracy under Title 18, United States Code, Section 371; to violate the Anti-Kickback Statute, Title 42, United States Code, Sections 1320a-7b(b)(2)(A) and (B) and 1320a-7b(b)(1)(A) and (B), and to defraud the United States.

3. Tenet Subsidiary and Tenet expressly agree that they shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for Tenet Subsidiary or Tenet make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility set forth above or the facts described in the Statement of Facts attached hereto as Attachment A. Tenet Subsidiary and Tenet agree that if they or any of their direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, Tenet Subsidiary and Tenet shall first consult the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters relating to this Agreement; and (b) whether the Offices have any objection to the release.

4. Term of the Agreement. Tenet Subsidiary's and Tenet's obligations under this Agreement shall have a term of 3 years from the later of the date on which the Agreement is executed or the date on which the independent compliance monitor (the "Monitor") is retained by Tenet, as described below (the "Term"). Tenet Subsidiary agrees, however, that in the event the Offices determine, in their sole discretion, that Tenet Subsidiary or Tenet, or any of Tenet's subsidiaries or affiliates has knowingly violated any provision of this Agreement, subject to Paragraph 12, below, an extension or extensions of the term of the Agreement may be imposed by the Offices, in their sole discretion, for up to a total time period of one year, without prejudice to the Offices' right to proceed as provided in Paragraphs 13-14, below. Any extension of this Agreement extends all terms of this Agreement, including the terms of the monitorship in Attachment C, for an equivalent period. Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for a monitorship as described in Attachment C, or that the other provisions of this Agreement have been satisfied, the monitorship or the Term of this Agreement may be terminated early.

5. Future Cooperation and Disclosure Requirements. Tenet Subsidiary and Tenet shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and Attachment A and other conduct under investigation by the Offices or any other component of the Department of Justice at any time during the Term of this Agreement, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the Term. At the request of the Offices, Tenet Subsidiary and Tenet shall also cooperate fully with other law enforcement and regulatory authorities and agencies in any investigation of Tenet Subsidiary or Tenet or Tenet's affiliates and subsidiaries, or any of their present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and Attachment A and other conduct under investigation by the Offices or any other component of the Department of Justice at any time during the Term of this Agreement. Tenet Subsidiary and Tenet agree that their cooperation shall include, but not be limited to, the following:

- a. Tenet Subsidiary and Tenet shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to their activities, those of their affiliates, and those of their present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which they have any knowledge or about which the Offices may inquire. This

obligation of truthful disclosure includes, but is not limited to, the obligation of Tenet Subsidiary and Tenet to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of Tenet Subsidiary or Tenet.

- b. Upon request of the Offices, Tenet Subsidiary and Tenet shall designate knowledgeable employees, agents or attorneys to provide to the Offices the information and materials described above on behalf of Tenet Subsidiary and Tenet. It is further understood that Tenet Subsidiary and Tenet must at all times provide complete, truthful, and accurate information.
- c. Tenet Subsidiary and Tenet shall use their best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of Tenet Subsidiary and Tenet within one month of the Offices' request. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of Tenet Subsidiary and Tenet, may have material information regarding the matters under investigation.
- d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, Tenet Subsidiary and Tenet consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities of such materials as the Offices, in their sole discretion, shall deem appropriate.
- e. During the Term of the Agreement, should Tenet Subsidiary or Tenet learn of evidence or allegations of actual or potential violations of the Anti-Kickback Statute, they shall promptly report such evidence or allegations to the Offices. No later than thirty days after the expiration of the Term of this Agreement, Tenet, by the Chief Executive Officer of Tenet and the Chief Financial Officer of Tenet, will certify to the Department that Tenet Subsidiary and Tenet have met their disclosure obligations pursuant to this Agreement. Such certifications will be deemed a material statement and representation by Tenet Subsidiary and Tenet to the executive branch of the United States for purposes of 18 U.S.C. § 1001.

6. Corporate Compliance Program. Tenet Subsidiary and Tenet represent that they have implemented and will continue to maintain Tenet's compliance and ethics program throughout its operations, including those of its subsidiaries, affiliates, agents, and joint ventures (to the extent that Tenet Subsidiary or Tenet manages or controls such joint ventures), that is designed and implemented to prevent and detect violations of the Anti-Kickback Statute and Stark Law.

7. Independent Compliance Monitor. Tenet agrees to retain a Monitor for the term of 3 years from the date on which the Monitor is retained by Tenet, subject to extension or early termination as described above. The Monitor's duties and authority, and the obligations of Tenet with respect to the Monitor and the Offices, are set forth in Attachment C, which is incorporated by reference into this Agreement. Upon the execution of this Agreement, and after consultation with the Offices, Tenet will propose to the Offices a pool of three qualified candidates to serve as the Monitor. If the Offices determine, in their sole discretion, that any of the candidates are not, in fact, qualified to serve as the Monitor, or if the Offices, in their sole discretion, are not satisfied with the candidates proposed, the Offices reserve the right to seek additional nominations from Tenet. The parties will use their best efforts to complete the monitor selection process within sixty calendar days of the execution of this Agreement. The Monitor candidates or their team members shall have, at a minimum, the following qualifications:

- a. demonstrated expertise with respect to monitoring and/or evaluating the effectiveness of corporate compliance programs in the health care industry;
- b. experience designing, reviewing and/or counseling on corporate compliance policies, procedures and internal controls, including the Anti-Kickback Statute, the Stark Law, referral source arrangements, and procurement policies, procedures and internal controls;
- c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Agreement; and
- d. sufficient independence from Tenet to ensure effective and impartial performance of the Monitor's duties as described in the Agreement.

8. The Offices retain the right, in their sole discretion, to choose the Monitor from among the candidates proposed by Tenet, though Tenet may express its preference(s) among the candidates. In the event the Offices reject all proposed Monitors, the Offices shall propose an additional three candidates within twenty business days after providing notice of the rejection to Tenet. This process shall continue until a Monitor acceptable to both parties is chosen. The Offices and Tenet will use their best efforts to complete the monitor selection process within sixty calendar days of the execution of this Agreement. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and in Attachment C, Tenet shall within twenty business days of receipt of notice from the Monitor or the Offices, whichever comes first, recommend a pool of three qualified Monitor candidates from which the Offices will choose a replacement.

9. The Monitor's powers, duties, and responsibilities, as well as additional circumstances that may support an extension of the Monitor's term, are set forth in Attachment C. Tenet agrees that it will not employ or be affiliated with the Monitor or the Monitor's firm for a period of not less than two years from the date on which the Monitor's term expires. Nor will Tenet discuss with the Monitor or the Monitor's firm the possibility of further employment or affiliation during the Monitor's term.

10. Monetary Penalty. The Offices are not requiring Tenet Subsidiary to pay a monetary penalty under this Agreement, which is conditioned on: (1) Atlanta Medical entering its guilty plea and paying a \$60,091,618 forfeiture money judgment within 10 days after its sentencing; (2) North Fulton entering its guilty plea and paying a \$84,696,727 forfeiture money judgment within 10 days after its sentencing; and (3) Tenet paying \$368,000,000 to the United States, the State of Georgia, and the State of South Carolina under the civil Settlement Agreement. The Offices and Tenet Subsidiary agree that this disposition is appropriate given the relevant considerations outlined above, including Atlanta Medical and North Fulton's agreement to pay the forfeiture money judgments under their respective plea agreements with the Offices, and Tenet's agreement to pay the civil settlement amount to the United States and the State of Georgia under the Settlement Agreement. Nothing in this Agreement shall be deemed an agreement by the Offices that no monetary penalty may be imposed in any future prosecution in the event of a breach of this Agreement, and the Offices are not precluded from arguing in any potential future prosecution that the Court should impose a penalty and the amount of such penalty.

11. Conditional Release from Liability. The Offices agree, except as provided herein, that they will not bring any criminal or civil case against Tenet Subsidiary or any of its present or former affiliates and parents, including Tenet and its subsidiaries and affiliates, relating to any of the conduct described in the Statement of Facts, attached hereto as Attachment A. The Offices, however, may use any information related to the conduct described in the attached Statement of Facts against Tenet Subsidiary or Tenet or any of Tenet's subsidiaries or affiliates: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by Tenet Subsidiary, Tenet, or any of its present or former parents, affiliates, or subsidiaries. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with Tenet Subsidiary or Tenet.

12. Breach. If, during the Term of this Agreement, (a) Tenet Subsidiary commits any felony under U.S. federal law or if Tenet commits a felony related to the Anti-Kickback Statute; (b) Tenet Subsidiary or Tenet provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) Tenet Subsidiary or Tenet fails to cooperate as set forth in this Agreement; (d) Tenet Subsidiary or Tenet fails to continue to implement and maintain a compliance and ethics program as set forth in this Agreement; (e) Tenet fails to retain an Independent Compliance Monitor as set forth in this Agreement and in Attachment C; or (f) Tenet Subsidiary or Tenet otherwise fails specifically to perform or to fulfill completely each of Tenet Subsidiary and Tenet obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term of the Agreement is complete, Tenet Subsidiary and Tenet, and Tenet's subsidiaries and affiliates shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the attached Statement of Facts, which may be pursued by the Offices in the U.S. District Court for the Northern District of Georgia or any other appropriate venue. Determination of whether Tenet Subsidiary or Tenet has breached the Agreement and whether to pursue

prosecution of Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by executing this Agreement, Tenet Subsidiary and Tenet agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, Tenet Subsidiary and Tenet agree that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

13. In the event the Offices determine that Tenet Subsidiary or Tenet has breached this Agreement, the Offices agree to provide Tenet Subsidiary and Tenet with written notice prior to instituting any prosecution of Tenet Subsidiary or Tenet resulting from such breach. Within thirty days of receipt of such notice, Tenet Subsidiary and Tenet shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of the breach, as well as the actions Tenet Subsidiary and Tenet have taken to address and remediate the situation, which the Offices shall consider in determining whether to pursue prosecution of Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates.

14. In the event that the Offices determine that Tenet Subsidiary or Tenet has breached this Agreement: (a) all statements made by or on behalf of Tenet Subsidiary or Tenet, or Tenet's subsidiaries or affiliates to the Offices or to the Court, including the attached Statement of Facts, and any testimony given by Tenet Subsidiary or Tenet, or Tenet's subsidiaries or affiliates before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall not be challenged by Tenet Subsidiary and Tenet or Tenet's subsidiaries or affiliates and shall be admissible in evidence in any and all criminal proceedings brought by the Offices against Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates; and (b) Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, Tenet Subsidiary, Tenet, or Tenet's subsidiaries or affiliates, will be imputed to Tenet Subsidiary or Tenet for the purpose of determining whether Tenet Subsidiary or Tenet has breached any provision of this Agreement shall be in the sole discretion of the Offices.

15. Sale or Merger. Except as may otherwise be agreed by the parties in connection with a particular transaction, Tenet Subsidiary and Tenet agree that in the event that, during the Term of the Agreement, they sell, merge, or transfer all or substantially all of their respective business operations or the business operations of their subsidiaries or affiliates involved in the conduct described in Attachment A of the Agreement attached hereto as they exist as of the date of the Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, they shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser to retain the commitment of Tenet Subsidiary or Tenet, or any successor in interest thereto, to comply with the obligations described in this Agreement, such that the obligations of this Agreement continue to apply to such business operations following the completion of the transaction. Notwithstanding the foregoing, nothing in this Section 15 shall be construed as applying to assets not owned by Tenet or Tenet Subsidiary as of the date immediately prior to the closing of any such sale, merger, transfer or other change in corporate form. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, if, during the Term of the Agreement, Tenet Subsidiary or Tenet undertake any change in corporate form that involves business operations that are material to their consolidated operations or to the operations of any subsidiaries or affiliates involved in the conduct described in Attachment A of the Agreement attached hereto, whether such transaction is structured as a sale, asset sale, merger, transfer, or other change in corporate form, Tenet Subsidiary and Tenet shall provide notice to the Offices at least thirty (30) days prior to undertaking any such change in corporate form. If such transaction (or series of transactions) has the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Offices, it shall be deemed a breach of this Agreement.

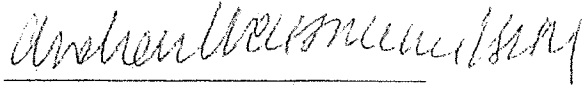
16. Limitations on Binding Effect of Agreement. This Agreement is binding on Tenet Subsidiary, Tenet (as reflected in the resolution hereto attached as Attachment B), and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state or local law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of Tenet Subsidiary and Tenet and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by Tenet Subsidiary or Tenet.

17. The Offices and Tenet Subsidiary agree that this Agreement is null and void if: (a) Atlanta Medical does not enter its guilty plea and does not pay a forfeiture money judgment in the amount of \$84,696,727 within 10 days of its sentencing; (b) North Fulton does not enter its guilty plea and does not pay a forfeiture money judgment in the amount of \$60,091,618 within 10 days of its sentencing; and (c) Tenet does not pay \$368,000,000 to the United States, the State of Georgia, and the State of South Carolina under the terms of the civil Settlement Agreement.

18. It is further understood that Tenet Subsidiary, Tenet, and the Offices may disclose this Agreement to the public.

19. Complete Agreement. This Agreement sets forth all the terms of the agreement between Tenet Subsidiary and the Offices. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for Tenet Subsidiary, and duly authorized representatives of Tenet Subsidiary.

Sincerely,

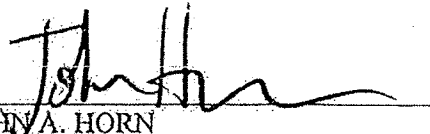


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JOHN A. HORN
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Randy S. Chartash
Chief, Economic Crime Section

Stephen H. McClain
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ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the non-prosecution agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Northern District of Georgia (the "Offices"). Tenet HealthSystem Medical, Inc. (on its behalf and on behalf of its subsidiaries identified below) (collectively, "Tenet Subsidiary"), hereby agrees and stipulates that the following information is true and accurate. Tenet Subsidiary admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below:

The Federal Health Care Anti-Kickback Statute

1. The federal Anti-Kickback Statute prohibited any person from knowingly and willfully offering or paying any remuneration (including a kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to any person to induce such person: (a) to refer an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment can be made in whole or part by a Federal health care program; or (b) to purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program. 42 U.S.C. § 1320a-7b(b)(2)(A)-(B).

2. The statute likewise prohibited any person from knowingly and willfully soliciting or receiving any remuneration (including a kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind: (a) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment can be made in whole or part by a Federal health care program; or (b) in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program. 42 U.S.C. § 1320a-7b(b)(1)(A)-(B).

3. The Medicare Program and the Medicaid Program were "Federal health care program[s]," as defined in Title 42, United States Code, Section 1320a-7b(f) and "health care benefit program[s]" as defined in Title 18, United States Code, Section 24(b).

The Medicare Program

4. In 1965, Congress enacted Title XVIII of the Social Security Act, known as the Medicare program, to pay for the costs of certain healthcare services. Entitlement to Medicare is based on age, disability or affliction with end-stage renal disease. 42 U.S.C. §§ 426, 426A.

5. The Department of Health and Human Services ("HHS") was responsible for the administration and supervision of the Medicare program. The Centers for Medicare and Medicaid Services (CMS) was an agency of HHS and was directly responsible for the administration of the Medicare program.