

August 6, 2021

San Mateo Medical Center Statement about Settlement with the Office of the Inspector General & Department of Justice

Statement from Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

San Mateo Medical Center (SMMC) has reached a financial settlement of approximately \$11.4M with federal agencies regarding allegations related to prior year billing issues.

In mid 2016, SMMC leadership was made aware of billing concerns related to the admission of certain Fee for Service Medicare patients to the inpatient medical-surgical units of San Mateo Medical Center. SMMC launched an investigation, which included the engagement of outside experts to audit SMMC's billing practices.

In early 2017, SMMC was notified that the Office of the Inspector General had initiated an investigation into billing practices based on allegations brought forward by a (now former) SMMC employee.

San Mateo Medical Center has fully cooperated with both the Office of the Inspector General and the Department of Justice over the four years of the investigation. The investigation's focus has primarily been the documentation of medical necessity when Medicare patients are admitted to the hospital.

When patients are admitted to the hospital, they must meet certain medical criteria to fully bill for the hospitalization, and those criteria must be documented in the medical record.

As a safety net institution, San Mateo Medical Center must at times admit patients to the hospital who cannot be safely discharged to home. These are often elderly patients, or those with other disabilities, who can no longer take care of themselves at home. Because these needs could theoretically be met in other settings such as residential care or skilled nursing facilities, the inability to care for oneself at home does not, in and of itself, meet the medical necessity standard.

San Mateo Medical Center will not discharge patients to an unsafe environment, and so when an appropriate level of care is not available, we are often forced to admit patients to the hospital or keep them in the hospital after medical necessity has ended.

These admissions are appropriate and do not, by themselves, represent a compliance issue. But it has been our expectation that these hospitalizations would be compliantly billed. This usually means that any days or stays for which medical necessity could not be supported or documented would not be billed.

We believe that this lengthy and in-depth investigation has revealed that SMMC has always made a good faith effort to bill these hospitalizations compliantly. The investigation, however,

did reveal that for a period from January 1, 2013 to February 28, 2017, there were instances when our systems failed to ensure that these types of stays were appropriately billed consistently.

In light of these errors, and recognizing SMMC's numerous efforts to respond to the issues once we became aware of them, the Department of Justice has decided that \$11.4M is an appropriate settlement.

San Mateo Medical Center, in consultation with counsel and County leadership, has decided that this settlement amount is appropriate in order to move forward productively with our federal partners.

As part of the settlement, SMMC will be subject to a 5-year Corporate Integrity Agreement that will involve additional training and monitoring requirements. SMMC maintains a compliance hotline to receive complaints or concerns from employees who wish to remain anonymous.

San Mateo Medical Center has a duty both to our patients and to the fiscal practices that support their care. The safety of our patients will always be our top priority, and we will not discharge patients to unsafe circumstances or to the street. As we care for these patients, we will continue to ensure that bills for hospital stays comply with federal standards.

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