

The Office of the Inspector General (OIG), Department of Defense (DoD), announced today that on May 16, 2001, a civil settlement agreement of \$10.25 million was reached between Catholic HealthCare West (CHW) and Mercy HealthCare Sacramento (Mercy) and the U.S. Government.

The settlement was the result of an investigation that disclosed CHW and Mercy allegedly defrauded the Medicare and TRICARE programs by filing false cost reports. The allegations of fraud originated in an employee whistle-blower complaint filed against the companies under seal three years ago in federal court and unsealed today. The investigation disclosed that between 1992 and 1999, CHW and Mercy allegedly submitted large numbers of false claims to inflate reimbursement from the Medicare, Medi-Cal and TRICARE health insurance programs.