

The Office of the Inspector General (OIG), Department of Defense (DoD), announced today that on August 24, 2001, Grace Hospital, Morganton, NC and the U.S. Department of Justice, settled a qui tam lawsuit in which Grace Hospital will pay the U.S. Government \$750,000.

The settlement resolves allegations that Grace Hospital fraudulently classified inpatients as observation outpatients and billed for respiratory therapy services that were not provided, from approximately January 1990 to January 1998.

Under the terms of the settlement agreement, the relator will receive 25 percent of the settlement amount. Judge Lacy H. Thornburg presided over the settlement agreement.

Grace Hospital is a not for profit hospital which operates in Burke County, North Carolina, with a principal place of business located in Morganton, NC.