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DOCTORS ACCUSED OF PERFORMING UNNECESSARY HEART SURGERIES AT REDDING MEDICAL CENTER AGREE TO PAY MILLIONS TO SETTLE FRAUD ALLEGATIONS AND ACCEPT RESTRICTIONS ON THEIR MEDICAL PRACTICE

- The Agreement Preserves the Right to Revoke the Doctors' Licenses and Exclude Them From the Medicare Program.
- The Agreement Also Resolves The Dispute Between the False Claims Act Whistleblowers, Who Will Share Over \$9.88 million.

SACRAMENTO - United States Attorney McGregor W. Scott announced today that four doctors accused of performing unnecessary heart surgeries at Redding Medical Center in Redding, California, have agreed to a total settlement worth over \$32.5 million to the victims of the procedures and the Medicare and Medi-Cal programs. In addition, two of the doctors agreed never to perform any heart procedures or surgeries on Medicare, Medi-Cal or TRICARE patients.

"Today's settlement brings to a close a very difficult chapter for the community in Redding. It also provides redress to the victims of unnecessary heart procedures performed at the Redding Medical Center. The physicians responsible for this ordeal have paid dearly, both financially and in terms of their professional reputations. Through the whistleblowers and outstanding investigative work of the FBI and HHS, citizens seeking medical assistance in Redding are far safer today," stated United States Attorney Scott.

To compensate the victims of the surgeries who filed medical malpractice actions against the doctors in Shasta County Superior Court, the settlement requires Dr. FIDEL REALYVASQUEZ, Dr. KENT BRUSETT, and Dr. RICARDO JAVIER MORENO-CABRAL to provide their insurance carrier with a consent to settle for their insurance policy limits, which total \$24 million.

In addition, Dr. FIDEL REALYVASQUEZ, 57, a heart surgeon, and Dr. CHAE MOON, 58, a cardiologist, will each pay \$1.4 million in the settlement. Dr. KENT BRUSETT, 46, a heart surgeon in Dr. Realyvasquez's group, will pay \$250,000 over 10 years.

Also included as part of the settlement terms, Drs. MOON and

REALYVASQUEZ each agreed never to perform any cardiology procedures or surgeries on any Medicare, Medi-Cal or TRICARE patients.

Previously, Tenet Healthcare Corporation (Tenet), which owned Redding Medical Center (RMC), agreed to pay \$54 million to settle allegations that the company defrauded the government through the unnecessary heart surgeries performed at the hospital. As part of the agreement announced today, Tenet also agreed to pay another \$5.5 million to complete the terms of the original settlement.

According to Assistant United States Attorney Michael A. Hirst, who prosecuted the civil cases against the hospital and Tenet, the terms of the settlement fully preserve the rights of the Medical Board of California and the United States Department of Health and Human Services to revoke the doctor's licenses and exclude the physicians from any participation whatsoever in the Medicare program, matters under the jurisdictions of those entities.

The settlement also resolves a dispute among the whistle-blowers who filed False Claims Act (FCA) complaints against Tenet and the doctors. Father John Corapi, a Catholic priest, had coronary artery bypass surgery recommended to him at RMC, but he didn't believe he needed the surgery. After conferring with other physicians and meeting with RMC hospital officials, he and his friend, Joseph Zerga, filed a FCA complaint under seal on November 5, 2002. Three days later, Dr. Patrick Campbell, a local doctor in Redding, filed his complaint under seal, alleging suspicions about the unnecessary surgeries. Campbell's complaint was dismissed by the district court but later re-instated by the Ninth Circuit Court of Appeals. Despite mediation and other attempts to divide the 15-25% statutory reward available to whistle-blowers under the FCA, the whistle-blowers could not determine how to share the award.

Under the terms of the settlement, the whistle-blowers will divide a 15% share of the total \$62.55 million recovery for the government (\$54 million previously from Tenet, plus another \$5.5 million from Tenet, \$1.4 million each from Drs. Realyvasquez and Moon, and \$250,000 from Dr. Brusett). Corapi and Zerga will each receive \$2,712,281, for a total recovery of \$5,424,562. Campbell will receive \$4,457,938.

In addition to resolving the FCA cases, including the whistle-blower share dispute, and requiring the doctors to offer their \$24 million insurance policy limits to victims of the surgeries, the settlement also requires Tenet to pay \$1 million to settle a pending California Insurance Code case filed by Corapi and Zerga. Of that \$1 million settlement, the California Department of Insurance will receive \$500,000 and Corapi and Zerga will receive \$500,000 (an amount included in their recoveries listed above).

Under the terms of the settlement, the doctors will be given a letter advising that the U.S. Attorney's Office will not initiate criminal charges against the physicians.

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