



## State of North Carolina

ROY COOPER  
ATTORNEY GENERAL

Department of Justice  
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April 6, 2004

North Carolina Senate President Pro Tempore Marc Basnight  
North Carolina House of Representatives Speaker James Black  
North Carolina House of Representatives Speaker Richard T. Morgan  
Co-Chairs, Joint Legislative Commission on Governmental Affairs

Senator Scott Thomas  
Representative R. Phillip Haire  
Representative Joe L. Kiser  
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly  
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreement in Columbia/HCA  
Healthcare

Gentlemen:

G.S. §114-2.5 requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for Medicaid reimbursement to the State and Federal governments in the above-referenced matters. Pursuant to federal law (42 CRS 433.320) recoveries in these cases are shared on a pro-rata basis by the State and Federal governments.

On January 20, 2004 a Settlement Agreement was executed between Columbia/HCA Healthcare and the North Carolina Department of Justice. The State and Federal governments alleged that Columbia/HCA improperly billed federal and state health care programs based upon fraudulent cost reports and made illegal payments to influence referrals, among others. The settlement covers the time period from January 1, 1989 to December 31, 1999.

The United States received restitution and penalties in the amount of \$371,446.31. The North Carolina Medicaid Program received restitution of \$207,653.52. A portion of the state share will be returned to the affected counties based upon their financial participation in the Medicaid Program. In addition, pursuant to Article IX, Section 7 of the North Carolina

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Constitution and G.S. §115C-457.1, the penalty portion of the settlement amount of \$222,074.79 will be paid to the Civil Penalty Forfeiture Fund for the support of public schools.

We will be happy to respond to any questions you may have regarding this report.  
With warm regards I am

Very truly yours,

Julia White  
Chief of Staff

JW:mkd

cc: Chloe Gossage, NCGA Fiscal Research  
Jim Johnson, NCGA Fiscal Research  
Nels Roseland, NCDOJ Chief Fiscal Officer