

The New York Times ¹

August 6, 2012

Hospital Chain Inquiry Cited Unnecessary Cardiac Work

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In the summer of 2010, a troubling letter reached the chief ethics officer of the hospital giant HCA, written by a former nurse at one of the company's hospitals in Florida.

In a follow-up interview, the nurse said a doctor at the Lawnwood Regional Medical Center, in the small coastal city of Fort Pierce, had been performing heart procedures on patients who did not need them, putting their lives at risk.

"It bothered me," the nurse, C. T. Tomlinson, said in a telephone interview. "I'm a registered nurse. I care about my patients."

In less than two months, an internal investigation by HCA concluded the nurse was right.

"The allegations related to unnecessary procedures being performed in the cath lab are substantiated," according to a confidential memo written by a company ethics officer, Stephen Johnson, and reviewed by The New York Times.

Mr. Tomlinson's contract was not renewed, a move that Mr. Johnson said in the memo was in retaliation for his complaints.

But the nurse's complaint was far from the only evidence that unnecessary — even dangerous — procedures were taking place at some HCA hospitals, driving up costs and increasing profits.

HCA, the largest for-profit hospital chain in the United States with 163 facilities, had uncovered evidence as far back as 2002 and as recently as late 2010 showing that some cardiologists at several of its hospitals in Florida were unable to justify many of the procedures they were performing. Those hospitals included the Cedars Medical Center in Miami, which the company no longer owns, and the Regional Medical Center Bayonet Point. In some cases, the doctors made misleading statements in medical records that made it appear the procedures were necessary, according to internal reports.

Questions about the necessity of medical procedures — especially in the realm of cardiology — are not uncommon. None of the internal documents reviewed calculate just how many such procedures there were or how many patients might have died or been injured as a result. But the documents suggest that the problems at HCA went beyond a rogue doctor or two.

At Lawnwood, where an invasive diagnostic test known as a cardiac catheterization is performed, about half the procedures, or 1,200, were determined to have been done on patients without significant heart disease, according to a confidential 2010 review. HCA countered recently with a different analysis, saying the percentage of patients without disease was much lower and in keeping with national averages.

At Bayonet Point, a 44-year-old man who arrived at the emergency room complaining of chest pain suffered a punctured blood vessel and a near-fatal irregular heartbeat after a doctor performed a procedure that an outside expert later suggested might have been unnecessary, documents show. The man had to be revived. "They shocked him twice and got him back," according to the testimony of Dr. Aaron Kugelmass in a medical hearing on the case.

In another incident, an outside expert described how a woman with no significant heart disease went into cardiac arrest after a vessel was cut when a Bayonet Point cardiologist inserted a

stent, a meshlike device that opens coronary arteries. She remained hospitalized for several days, according to a person who has reviewed internal reports.

On Monday morning, in a conference call with investors, company executives disclosed that in July the civil division of the United States attorney's office in Miami requested information on reviews assessing the medical necessity of interventional cardiology services provided at 10 of its hospitals, located largely in Florida, but also two or three hospitals in other states. In the conference call and in a statement on its Web site, the company also referred to inquiries by The Times. HCA's stock ended nearly 4 percent lower Monday, at \$25.55.

In a recent statement, HCA declined to provide evidence that it had alerted Medicare, state Medicaid or private insurers of its findings, or reimbursed them for any of the procedures that the company later deemed unnecessary, as required by law.

"When the company becomes aware of a situation in which we might have a reimbursement obligation, we assess, with outside resources, what our reimbursement obligations might be," the statement said.

HCA also declined to show that it had ever notified patients, who might have been entitled to compensation from the hospital for any harm.

Some doctors accused in the reviews of performing unnecessary procedures are still practicing at HCA hospitals.

The cardiologists say the reviews of their work did not accurately reflect the care they provided, and HCA says the reviews "are not, by any means, definitive," according to an e-mailed response by the company. HCA says it took whatever steps were necessary to improve patient care. It also said "significant actions were taken to investigate areas of concern, to bring in independent reviewers, and to take action where necessary."

Details about the procedures and the company's knowledge of them are contained in thousands of pages of confidential memos, e-mail correspondence among executives, transcripts from hearings and reports from outside consultants examined by The Times, as well as interviews with doctors and others. A review of those communications reveals that rather than asking whether patients had been harmed or whether regulators needed to be contacted, hospital officials asked for information on how the physicians' activities affected the hospitals' bottom line.

HCA denies its decisions at these hospitals were motivated by financial considerations, but rather "demonstrate the strong focus we have on quality patient care." The company also says that more than 80 percent of its hospitals are in the top 10 percent of government rankings for quality.

Although HCA has hospitals in about 20 states from California to Virginia and Alaska to Texas, Florida, with its large older population, is a critical and growing market for hospital chains and especially for HCA. HCA's Florida hospitals provide about 20 percent of the company's revenue.

The need to root out Medicare fraud — billing for unnecessary procedures, for example — is high for all hospitals. In 2003, Tenet Healthcare agreed to pay \$54 million to settle allegations that unnecessary cardiac procedures were being performed over six years and billed to Medicare and Medicaid at one of its hospitals in California, Redding Medical Center.

But the pressure is even greater for HCA. In 2000, the company reached one of a series of settlements involving a huge Medicare fraud case with the Justice Department that would eventually come to \$1.7 billion in fines and repayments. The accusations, which primarily involved over-billing, occurred when Rick Scott, now the governor of Florida, was the company's chief executive. He was removed from the post by the board but was never personally accused of wrongdoing.

As part of the settlement with the federal regulators, HCA signed a 97-page Corporate Integrity

Agreement that extended through late 2008. It detailed what had to be reported to authorities and provided for stiffer penalties if HCA failed to do so.

If there were intentional violations of such an agreement, it would mean “that a defendant, already caught once defrauding the government, has apparently not changed its corporate culture,” said Michael Hirst, a former assistant United States attorney in California who oversaw the case against Tenet. Mr. Hirst now represents whistle-blowers.

In its statement, HCA said it fulfilled any obligation it had under the agreement to report “substantial overpayment.” The revelations in the documents come at a significant time in the evolution of medical treatment in the United States — from independently owned hospitals to large, corporate chains.

HCA exemplifies the trend. In 2006, HCA was taken private by a group of private equity firms, including Bain Capital, the firm co-founded by Mitt Romney, the presumptive Republican presidential nominee. (By that time, Mr. Romney was no longer a partner in Bain.) By mid-2010, the private equity owners were eager to start cashing out of their investment. While HCA prepared for an initial public offering of its stock that took place in 2011, it borrowed to pay the private equity firms \$4.3 billion in dividends.

The ability to take these financial steps hinged on HCA showing continued robust profit growth at its hospitals.

And for that the company turned, in part, to cardiac care.

An Early Sign of Trouble

Two years after the 2000 fraud settlement, company executives uncovered problems in the cardiac catheterization lab at Cedars Medical Center, according to accounts that became public.

An outside consulting group hired by HCA provided a report that raised “questions regarding the medical necessity of some of the procedures,” the company said in a news release in early 2003. HCA said it was suspending eight physicians from doing certain cardiac procedures, was providing the report to a United States attorney and would refund any inappropriately submitted hospital claims.

“This issue at Cedars and the steps taken to investigate and resolve it should be seen and understood in the larger context of HCA’s commitment to quality care and patient safety,” Jack O. Bovender Jr., who was then the company’s chief executive, told investors in a conference call that February.

HCA will not say whether it had ever refunded payments for the unnecessary procedures. Medicare officials said they could not determine whether the agency had received payments, and the United States attorney’s office in Miami declined to comment. The hospital allowed four of the physicians to return under monitoring, according to HCA, and two did so. “We believe the hospital acted appropriately,” the company said in its recent statement. Still, the negative publicity swirling around Cedars worried HCA executives, according to internal e-mails. They wanted to avoid a replay when similar problems were discovered at another HCA hospital — Bayonet Point.

An Outbreak of Stents

Nestled along the west coast of Florida, about 45 miles northwest of Tampa, the town of Hudson, with its winding canals, is largely a quiet fishing community.

Soon after the Cedars episode, HCA executives noticed that the hospital in Hudson, the 290-bed Regional Medical Center Bayonet Point, was implanting an unusually high number of cardiac stents, given the size of the population.

Late in 2003, executives from HCA's headquarters in Nashville dispatched a group that oversees its hospitals' cardiac care to investigate. In a confidential memo, the team cited incidents at Bayonet Point where patients were treated for multiple lesions, or blockages, even when "the second lesion (or third) did not appear to have significant disease." The team went on to note "several cases" in which patients were treated even though their arteries did not have significant blockages.

In a transcript of confidential hearings held later, the lawyers for HCA were blunt. In looking at one physician, Dr. Sudhir Agarwal, Dr. Martin I. Kalish, a physician who served as an outside lawyer for HCA, said the "style of clinical practice leads to unnecessary procedures and unnecessary complications."

On the team's recommendation, HCA brought in an external company, CardioQual Associates of Franklin, Mich., in 2004 to examine medical records from Bayonet Point.

In a confidential memo prepared in December 2004 and reviewed by The Times, CardioQual concluded that as many as 43 percent of 355 angioplasty cases, where doctors performed invasive procedures to open up a patient's arteries, were outside reasonable and expected medical practice.

Worse, the investigation revealed that some physicians had indicated in medical records that the patients had blockages of 80 to 90 percent when a later, more scientific analysis of a sampling of cases revealed the blockages had ranged from 33 to 53 percent.

Cardiologists generally do not operate on any blockage less than 70 percent, said Dr. Rita Redberg, a prominent cardiologist at the University of California, San Francisco. The significant disparities between the magnitude of blockage being cited by the doctors at Bayonet Point and the CardioQual review "raises real concerns that this wasn't just error, but it was intent" by the doctors, she said.

After receiving the CardioQual report, Bayonet Point suspended the privileges of nine physicians in late 2004. But unlike the Cedars episode, when HCA turned over its findings to regulators and authorities, HCA took steps to withhold details of its conclusions to the media and others, according to internal communications. In January 2005, David Williams, who was then the chief executive of Bayonet Point, wrote in an e-mail: "Clearly, we have protected ourselves under the peer review umbrella and have released very little information." The recipients of his message included Dan Miller, who then oversaw HCA's hospitals in western Florida, and Charles R. Evans, a Nashville executive who was president of all of HCA's hospitals on the eastern side of the country.

In his response, Mr. Evans thanked Mr. Williams for the update and asked for a "summary as to the business impact."

In a later internal communication, a representative for HCA said the company had successfully used confidentiality rules to withhold the damaging CardioQual report from the Florida attorney general, whose Medicaid Fraud Control Unit had started an investigation of the physicians. In response to questions from The Times, however, HCA said it had provided "substantially all of the information in the report" to state regulators. The attorney general's office did not return calls seeking comment.

One of the subjects of that investigation was Dr. Agarwal. The CardioQual review of 20 of his cases concluded that fewer than half were within reasonable and expected practice. Dr. Agarwal did not return a call to his office.

Anthony Leon, a lawyer for Dr. Agarwal and the other eight Bayonet Point physicians, said in a statement: “There is absolutely no merit to any allegation that any of these doctors were performing unnecessary procedures or performing procedures that led to unnecessary complications as a style or pattern of practice.” The suspensions of Dr. Agarwal and another physician were found to have been done in error by an outside panel in hearings in 2005 and 2006, Mr. Leon added. A doctor on the panel said Dr. Agarwal’s procedures were found to be within established medical practice, and his full privileges were reinstated in early 2006.

Dr. Agarwal and the other eight physicians have filed defamation lawsuits in county court, claiming the actions and statements of the hospital and HCA ruined their practices. HCA has denied the claims.

HCA would soon discover its problems didn’t end at Bayonet Point.

A Nurse Speaks Out

C. T. Tomlinson said he could not believe his eyes as Dr. Abdul Shadani prepared to insert a stent in a heart patient in the cardiac catheterization lab of HCA’s Lawnwood hospital in the late spring of 2008.

Mr. Tomlinson, a traveling nurse who had worked at more than a dozen cath labs before arriving at Lawnwood, said in a telephone interview that he saw no blockages in the images of the patient’s artery.

“Sir, what are we going to fix?” Mr. Tomlinson recalled asking Dr. Shadani. The doctor responded by asking the nurse if he did not see the 90 percent blockage in the artery. Mr. Tomlinson did not, and looked at the others in the room. They all shrugged, he said, and Dr. Shadani inserted the stent.

Mr. Tomlinson reported his concerns to hospital officials. Shortly after, he was told his contract would not be renewed. An internal memo, however, concluded that Mr. Tomlinson had been retaliated against. Even so, that summer the hospital opened an investigation. Internal communications show that HCA officials in charge of quality were involved in the decision to review a sample of cases from some cardiologists at the hospital.

The reviewer, an outside heart specialist, concluded there were problems with 13 of the 17 cases performed by Dr. Shadani, including unwarranted cardiac catheterizations and patients who were needlessly subjected to multiple procedures.

While it is not clear whether HCA accepted the reviewer’s findings, Dr. Shadani continues to practice at Lawnwood, according to the Web site. Dr. Shadani did not return several telephone calls seeking comment.

The outside reviewer found similar problems with several other cardiologists at Lawnwood. The company declined to say whether it alerted regulators or patients of its findings but it said it established stricter rules governing how cardiologists should document their cases.

A Moneymaking Practice

Cardiology is a lucrative business for HCA, and the profits from testing and performing heart surgeries played a critical role in the company's bottom line in recent years.

Some of HCA's busiest Florida hospitals perform thousands of stent procedures each year. Medicare reimburses hospitals about \$10,000 for a cardiac stent and about \$3,000 for a diagnostic catheterization.

But in recent years, doctors across the country have been less quick to implant stents, instead relying on drugs to treat blockages. Medicare has also questioned the need for patients who receive cardiac stents to stay overnight at the hospital, cutting into the profitability of the procedures at many hospitals.

HCA has more than 100 catheterization labs across the country and the one at Lawnwood was a financial juggernaut. It accounted for 35 percent of the hospital's net profits, according to financial documents.

In fact, one of the physicians from Lawnwood's cardiac cath lab, Dr. Prasad Chalasani, was highlighted by the hospital in a 2009 business plan as being the most profitable doctor at the facility. "Our leading EBDITA MD," the plan described him. (Ebitda, or earnings before interest, taxes, depreciation and amortization, is a measure of corporate earnings.) Just a few months earlier, hospital executives had received an outside review that characterized Dr. Chalasani as too quick to perform catheterizations, often without first doing the stress tests necessary to determine whether a patient needed the invasive and costly test.

When reached by telephone, Dr. Chalasani defended his work, saying the 2008 findings were the result of poor documentation about what had occurred before the patients received the catheterizations. "The tests were done," he said.

Dr. Chalasani emphasized that he was not paid by the hospital, and had privileges at other hospitals. Since 2008, he said, doctors have improved their documentation. Among the changes, he said, is the use of forms requiring the doctors to indicate that they are following established guidelines.

"To my knowledge, we have made tremendous progress," he said.

The questions raised by the 2008 incident might have ended there if not for Mr. Tomlinson's 2010 letter to Alan R. Yuspeh, the head of HCA's ethics and compliance. HCA undertook another review of Lawnwood and some of its other hospitals in Florida, including Kendall Regional Medical Center, in Miami, and Palms West Hospital, near West Palm Beach. The results showed that some patients without heart disease were receiving questionable treatment, and HCA has responded by conducting still more reviews.

Notes

¹<http://www.nytimes.com/2012/08/07/business/hospital-chain-internal-reports-found-dubious-cardiac-work.html>