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**HIP OF GREATER NY AND COGENT HEALTHCARE, INC. ACCUSED OF
VIOLATING THE U.S. RACKETEER INFLUENCED AND CORRUPT
ORGANIZATIONS ACT (RICO) BY BROOKDALE UNIVERSITY HOSPITAL**

**RICO Suit Charges HIP and Cogent Used a “Fraudulent Business Plan and Pattern
of Racketeering Activity” To Deny Millions of Dollars in Coverage for HIP
Members’ Medical Care and Raises Questions of “Corporate Practice of Medicine”**

New York, NY, April 12, 2007--Health Insurance Plan of Greater New York and Cogent Healthcare, Inc. and their subsidiaries are the targets of a U.S. Racketeer Influenced and Corrupt Organizations (RICO) Act suit filed by Brookdale University Hospital and Medical Center. HIP, Cogent and the other defendants are accused of using “a pattern of racketeering activity” to improperly deny coverage to HIP members cared for by Brookdale Hospital, in violation of the Public Health Law and federal Medicare and Medicaid regulations.

HIP, Cogent, Central Brooklyn Medical Group, P.C., HealthCare Partners LLC and other related organizations, “utilized fraudulent business practices to deprive Brookdale Hospital of millions of dollars in compensation by manipulating the Utilization Review Process to deny payment for hospital services that are medically necessary, usually after the patients were treated and discharged,” according to the RICO suit filed in the U.S. District Court, Eastern District of New York.

“To implement this fraudulent business plan, HIP, Cogent and the other defendants corrupted the concept of ‘medical necessity’ to deny coverage and payment for HIP members treated at Brookdale. This allowed the HMO to retain millions of dollars in compensation that the Hospital should have received for treating HIP members,” said David P. Rosen, President and CEO of Brookdale and the three-hospital MediSys Health Network, citing the Complaint.

“Our complaint documents HIP’s corrupt and dishonest practices and strategies that are designed to obscure from patients, their families, physicians, and hospitals HIP’s extensive denials of coverage, as well as HIP’s obstruction of legally mandated rights of patients and hospitals to appeal these denials. In so doing, HIP is consistently violating multiple provisions of the federal Medicare Laws, the State Public Health Law and State Insurance Law,” said Mr. Rosen.

“HIP’s extensive and medically unjustifiable denials of coverage means that Brookdale Hospital loses one dollar out of every five that HIP should pay us for the care we provide to its members,” said the Brookdale CEO. “This unconscionable behavior deprives our community, and undoubtedly other communities, of the scarce medical resources they deserve.”

“HIP’s wrongful denial of coverage, often after hospital admission and medical treatment for its members had been approved by HIP, and after they were cared for by the Hospital, is a perversion of the concepts of health insurance and utilization review,” said Michael Brown of Ohrenstein & Brown, attorneys for Brookdale Hospital.

The Brookdale Hospital RICO Complaint reveals systemic fraud by HIP and Cogent that implicates the “corporate practice of medicine,” said Mr. Brown. The Complaint alleges that HIP-Cogent improperly used the licenses of physicians to allow non-physicians to make adverse determinations regarding coverage of Hospital care for HIP members, as evidenced by such irrelevant and unbelievable justifications for denying coverage that they could not have been made by a licensed physician. These justifications either did not give a clinical rationale, or provided a rationale completely at odds with the clinical information supplied to HIP. In addition, the Complaint states that the signatures of the HIP-Cogent physicians giving the adverse determinations are never original, but are always “electronic signatures.”

The RICO Complaint details HIP's fraudulent scheme from late in 2001 when the HMO convinced Brookdale to implement a "hospitalist utilization monitoring program" using HIP's "consultant" Cogent to provide doctors and nurses purportedly "specially trained" to deal with hospital practices and procedures.

HIP and Cogent stated that the purpose of their program was to increase the quality of care, and the efficiency of providing that care, in connection with patients referred by Central Brooklyn Medical Group, one of HIP's participating physician groups with privileges at Brookdale and other hospitals. Brookdale at that time had its own hospitalist program, and offered to use it to support HIP-CBMG patients, but HIP and CBMG rejected that offer and insisted Brookdale instead use the HIP-Cogent program, telling the Hospital that by so doing, it would increase its patient referrals from CBMG and avoid "carve outs" and denials. "Carve outs" are days of hospital care for which the managed care company denies coverage and payment. The Complaint alleges that the real purpose of bringing Cogent "experts" into Brookdale was to assist HIP in increasing its denials of coverage for treatment of its members at Brookdale.

The Complaint alleges that:

HIP concealed from Brookdale that it induced Cogent and CBMG to participate in an illicit scheme—the HIP Enterprise—as defined by federal RICO statutes, to increase the flow of patients to Brookdale while shifting a substantial portion of the cost of caring for those HIP members to Brookdale Hospital notwithstanding that HIP-NY received premiums and fees for arranging insurance to pay for its members' care.

"Compounding the situation, we have been informed by the Health Department that Cogent is not registered with the New York State Department of Health as a utilization review agent," said Mr. Brown.

"Our RICO complaint cites egregious examples of denials and carve outs of coverage of HIP members treated at Brookdale, often as a result of utilization reviews conducted by HIP and Cogent personnel who, the Complaint charges, lacked the medical qualifications mandated by the Public Health Law," Mr. Brown said.

Examples of the abuses cited in the RICO complaint, from among hundreds found in Brookdale's records, include:

--A patient at Brookdale suffering from a malignant brain tumor, acute renal failure, respiratory failure and other serious conditions was denied coverage by HIP for eight days of hospital care leading up to her death. HIP denied coverage, finding the case was not "medically necessary" based on standards dealing with the treatment of "infectious diseases"--although no infectious disease was involved with this patient.

--An 80 year old HIP member with a history of pulmonary embolism, was sent to the Emergency Room at Brookdale Hospital on September 14, 2006, from a HIP affiliated clinic, suffering from acute swelling of the left leg, excruciating pain and acute deep vein thrombosis. At Brookdale he was seen and admitted by a HIP-Cogent Hospitalist and treated in the Hospital for six days for blood clot formations large enough to pass into his lungs. HIP denied the entire 5-day hospital stay despite the fact that this patient was admitted under HIP's own requirement that Brookdale admit HIP members if a physician in the ER deems the emergency admission necessary, and that his treatment was overseen by HIP-Cogent hospitalists.

According to the RICO Complaint, "Apparently, the economic incentives offered to its conspirators by HIP-NY and the HIP Enterprise are so great that HIP-Cogent nurses even directed the denial of payment for days before the fact," as in a case of a patient admitted to Brookdale with heart palpitations and a dangerously low pulse rate, placing her at risk for a heart attack, lethal cardiac arrhythmia and stroke. Her condition was exacerbated by hypertension and diabetes, conditions that could also cause major organ damage.

Nevertheless, the first notations on the Cogent nurse's chart were entered on September 8--with a notation that patient had received a rehabilitation consult, and to "carve out 9/8, 9/9, 9/10." Then, on September 11, the Cogent nurse instructed HIP to also "carve out" the next day, September 12--despite the fact that the Cogent nurses listed the patient as receiving "acute care" on each day's report.

The Complaint details several other examples:

--In the case of the Brookdale patient with a malignant brain tumor, the HIP-Cogent denial of coverage cited the standard for treating infectious disease, “clearly not the standard a qualified physician would use for a patient with a malignant brain tumor.”

--For another patient, HIP-Cogent’s adverse determination noted the patient was admitted for an “abdominal mass” but cited the guidelines for treating adult “cardiac conditions” as the standard to justify the denial.

--Another patient, cited in the Complaint was being treated at Brookdale by a vascular surgeon who was awaiting the results of a bone scan that had been conducted. The patient had “a glucose reading of 43, a critical lab value with which a patient may not be discharged.” Nevertheless, the Cogent hospitalist wrote an order discharging the patient - - despite the fact that the laboratory tests he had ordered would not be done until the following morning. Further, the medical records disclosed that the vascular surgeon determined the patient had a thrombosis in both legs and an occlusion of the arteries behind both knees. Regardless, HIP-Cogent issued an adverse determination while the Cogent hospitalist was still ordering tests. Again, no qualified physician would order the discharge of such a patient -- but the HIP-Cogent “qualified” reviewer concluded the patient should have been discharged as of the date the word “discharge” first appeared in the record created by the HIP-Cogent hospitalist.

In many cases “HIP and its conspirators consistently violated federal “Notice of Discharge and Medicare Appeal Rules” (‘NODMAR’) which apply to Medicare Advantage organizations such as HIP,” said Mr. Brown. This regulation requires that if the patient disagrees with the HMO’s discharge decision, or if the HMO (HIP) is not discharging the patient from the hospital but “no longer intends to continue coverage of the inpatient stay,” the HMO (HIP) must obtain the concurrence of the responsible physician before discharging the patient or changing the level of care in an inpatient hospital setting. The NODMAR Notice “must be issued” no later than the day before hospital coverage ends.

“The Complaint alleges that there are countless examples of how “HIP and its conspirators, all substantial organizations that are familiar with Medicare and the rules and regulations governing Medicare, violated these federal regulations,” said Mr. Brown, who noted HIP regularly denied coverage before issuing a NODMAR--if one was even issued at all.

An example of HIP’s violation of the federal NODMAR Regulations is the case of the patient described earlier with a malignant brain tumor for whom HIP Health denied coverage based on standards for treating an infectious disease.

This patient was admitted to Brookdale Hospital on October 14, 2006, and passed away on October 25, 2006. HIP Health issued an “adverse determination,” denying coverage, which, while dated October 20, 2006, was in fact faxed to Brookdale on October 30, 2006. HIP’s adverse determination found that the patient’s continued hospitalization was “not medically necessary as of October 17, 2006,” which was three days before her death.

Notwithstanding HIP-NY’s authorization of coverage for this patient’s admission, the Complaint alleges that HIP never received the required concurrence of the patient’s treating physician for her discharge, and it did not issue a federally-required NODMAR notice--much less issue one before terminating her hospital coverage, Mr. Brown said.

Brookdale Hospital is designated as a Level One Trauma Center, one of the busiest in New York City. Its Emergency Department handles over 100,000 visits per year, making it one of the biggest in New York City. It is also a State designated HIV Center, and a designated Stroke Center. The 530-bed Hospital is located at Linden Boulevard and Rockaway Parkway in Brooklyn.

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