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UMDNJ's payment to cardiologists is probed Question of kickbacks at center of inquiries

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The state Senate launched an investigation yesterday into allegations that the University of Medicine and Dentistry of New Jersey illegally paid cardiologists to send patients to its failing cardiac surgery program.

Meanwhile, the federal monitor investigating UMDNJ for the past year said he will soon issue a report on his own inquiry into the heart program and will then refer it to the U.S. Attorney's Office.

Senate President Richard Codey (D-Essex) called for hearings by the Senate Health, Human Services & Senior Citizens Committee "as soon as possible," following a story in The Sunday Star-Ledger detailing how UMDNJ sidestepped federal anti-kickback laws to increase the number of patients undergoing heart surgery.

The newspaper found the university offered high-paying faculty jobs to nearly 20 cardiologists in private practice -- including two who failed their cardiology boards -- in an effort aimed at boosting the number of cases in a surgery program that the state was threatening to shut down for poor performance.

But despite the faculty appointments and contracts that spelled out a range of services they were expected to perform, the doctors did not spend much time at UMDNJ or its teaching hospital in Newark, according to records, sworn testimony and interviews. Their only real responsibility, officials said in sworn testimony, was to refer their patients to UMDNJ's University Hospital.

"This is something that is unconscionable," declared Codey. "You can't pay somebody to direct patients to your hospital. It's just unconscionable -- morally, ethically, and it's criminal."

He called the allegations mind-boggling.

"We've got great physicians in the state and great hospitals. This just gives us a black eye," said Codey. "When a physician refers you to a certain hospital, the assumption is that that hospital is the best hospital for you in that condition. You never think, 'Is that physician doing it for his own financial health?'"

He said his staff already is working on a schedule and the logistics of the hearings.

Senate health committee chairman Joseph Vitale (D-Middlesex) said UMDNJ appeared to have "offered what are essentially no-show jobs in exchange for patients."

Vitale questioned whether the university put patients' lives at risk during the period when the hospital's mortality rate was dangerously high and its cardiac volume was well below acceptable state standards.

UMDNJ is bracing for possible further revelations about the program.

Herbert J. Stern, the federal monitor overseeing the university, has separately been investigating the kickback allegations for the past five months, said John Inglesino, a member of the monitor's staff.

"We have been conducting interviews, gathering documents and investigating anti-kickback violations, as well as Stark Law violations," said Inglesino. "We will be issuing a report shortly and will be providing a copy to the U.S. attorney."

Federal anti-kickback laws make it a criminal violation to pay doctors for the referral of patients. The Stark Law prohibits the referral of Medicaid and Medicare patients to entities in which a physician may have a financial interest -- except under certain exemptions.

"We believe any problems occurred in the past, and we continue to work with the monitor," said UMDNJ spokeswoman Anna Farneski. "We will gladly share our information with the Legislature, but until then, it's important that our patients know they're receiving state-of-the-art care."

According to documents and interviews with current and former UMDNJ officials, the university paid the local cardiologists salaries and stipends as high as \$150,000 to become clinical assistant professors at New Jersey Medical School. Among them were two who had repeatedly failed their cardiology boards.

The allegations came to light after Rohit Arora, former chief of the university's Division of Cardiology, settled a whistleblower lawsuit in state Superior Court for \$2.2 million in June. The suit charged that UMDNJ broke the law and then forced Arora out when he objected to the appointments.

Arora said in an interview that the doctors did nothing in return for their faculty appointments and were simply private practitioners with offices.

Codey said that in retrospect, state regulators should have taken a harder line on UMDNJ for the hospital's lag in cardiac surgery because such action might have kept the kickback scheme from ever occurring.

"I knew for years they were not up to the required number of surgeries. Unfortunately, as a state, we didn't clamp down," he said.

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