

PRESS RELEASE

For Immediate Release



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Hospital Association Joins Hospital and Nursing Home Leaders in Opposing Planned Rehabilitation Proposal, Citing Lack of Need and Applicant's Lack of Disclosure Regarding Medicare Fraud Settlement

(Providence, RI, March 9, 2020) The Hospital Association of Rhode Island will join several of its member hospitals and the state's nursing home industry in opposing an application by Encompass Health that seeks approval for construction of a new 50-bed rehabilitation hospital in Johnston.

The Health Services Council, which reviews Certificate of Need applications for new programs and services, will meet on Tuesday at 1pm at the RI Health Department, to hear additional arguments and possibly vote on the proposal.

According to a Rhode Island Health Department consultant, the state has ample, high quality, nationally recognized inpatient rehabilitation resources in place that have more than enough capacity to meet current and future needs. The consultant also reported that the addition of a large new facility not only would duplicate existing resources but would likely threaten the viability of existing programs to maintain themselves and the jobs of the hundreds of Rhode Islander's employed at these facilities. The State's own consultant has validated these conclusions. Encompass also acknowledges that it must drive more patients into their inpatient rehabilitation facility, driving up the costs of healthcare in Rhode Island.

Further, the applicant, Encompass Health, recently paid a \$48 million settlement to the United States Department of Justice (DOJ) regarding allegations of misdiagnosing patients at several of its facilities in order to receive higher Medicare reimbursement. At the time of the settlement, the DOJ U.S. Attorney Maria Chapa Lopez stated "This important civil settlement concludes a lengthy, comprehensive investigation that brought to light a nationwide scheme that the government contends was intended to defraud our fragile public health program."

Significantly, Encompass did not reveal this settlement as part of its required disclosure to the Department of Health at the time it applied for approval under the state's Certificate-of-need process or for the 8 months since they filed their application.

Hospital Association President Teresa Paiva-Weed stated "It is bad enough when the state's own consultant finds that there is no need for this expensive new facility. It is even worse that in its application Encompass failed to properly disclose paying \$48 million dollars to settle of claims of its alleged history of fraudulent billing activity to the Department of Health. For these reasons, we believe that the Encompass application should be denied"

James E. Fanale, MD, President & CEO of Care New England added, "Kent Hospital's inpatient rehabilitation unit has been delivering high quality accessible health care for Rhode Islanders for years as have the other rehabilitation units in RI. Current capacity requirements are fully met with the existing number of beds. The addition of more beds will not improve access but clearly will increase the cost of care for all of Rhode Island."

CharterCARE Health Partners CEO Jeffrey Liebman added, "Our health care community relies on the Certificate-of-Need process to assure Rhode Island does not pay for unnecessary duplication of services.

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There are more than enough quality rehabilitation programs serving Rhode Islanders. A new 50-bed facility is clearly not needed and it certainly not in the best interests of sound health policy for our state.”

“RI already has a free-standing, high quality hospital dedicated exclusively to inpatient and outpatient rehabilitation – RHRI,” Said Michael Souza, CEO of Landmark Medical Center and RHRI. “A duplicate facility is simply not needed as proven by the state’s own consultant and would clearly marginalize all other providers and likely lead to some closures.”

Link to the DOJ announcement of the settlement:

<https://www.justice.gov/opa/pr/encompass-health-agrees-pay-48-million-resolve-false-claims-act-allegations-relating-its>

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Founded over a half century ago, the Hospital Association of Rhode Island (HARI) is a statewide trade organization that assists member hospitals in effectively meeting the healthcare needs of Rhode Island, through advocacy, representation, education and services. HARI members work collaboratively to improve the quality of care delivered and address issues threatening access to healthcare. HARI members work together to ensure that all Rhode Islanders will receive comprehensive, high-quality healthcare.