



PRESS RELEASE

Colorado Department of Law
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COLORADO ATTORNEY GENERAL ANNOUNCES \$22 MILLION SETTLEMENT WITH DaVITA REGARDING ILLEGAL KICKBACKS

DENVER—Colorado Attorney General John Suthers today announced five states have reached a \$22 million settlement with [DaVita Healthcare Partners, Inc.](#), of which Colorado will recover more than \$3 million. The settlement resolves allegations that between 2008 and 2013, DaVita entered into a number of transactions with physicians and/or physician groups in which the company would buy or sell shares in dialysis clinics at prices that were manipulated to make the transactions financially attractive for the physicians and generate patient referrals to its dialysis centers.

“This represents a significant recovery for Colorado’s Medicaid program,” commented Attorney General Suthers. “Colorado will not tolerate any arrangement that appears to compromise the objectivity of physicians and the efficiency of the Medicaid program.”

The dialysis centers were located in Arvada, Boulder Lakewood, Longmont and Thornton Colorado. Payments to induce patient referrals can constitute illegal kickbacks and Medicaid claims for those services are illegal under state law. If a patient referral results in a kickback to the physician, a serious concern is raised that the patient’s best interest is not the motivating factor behind the referral.

An investigation by the [Medicaid Fraud Control Unit](#) of the Attorney General’s Office found that DaVita included unrealistic assumptions in its financial models to support lower purchase prices for clinic shares and allow the physicians to receive artificially high returns on investment. In exchange, the company expected and received the referrals of the

physicians' patients needing dialysis. Patients would almost always follow their physician's recommendation and receive treatment at the DaVITA clinic.

An attorney from the Colorado Attorney General's Medicaid Fraud Control Unit led the settlement negotiations for Colorado as well as four other states in which suspect transactions occurred (California, Florida, Kentucky, and Ohio). The settlement follows a [\\$389 million settlement the U.S. Department of Justice](#) announced in October 2014.

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